



Australian Children's Performing Arts Company
2016-17 Annual Report

Australian Children's Performing Arts Company

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Date presented to Minister: 28 September 2017

To: The Hon Jay Weatherill
Premier of South Australia
Minister for the Arts

This annual report is presented to Parliament to meet the statutory reporting requirements of *Public Corporations (Australian Children's Performing Arts Company) Regulations 2016* and the *Public Finance and Audit Act 1987* and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Australian Children's Performing Arts Company by:

Kaye Weeks

Executive Producer



28 September 2017

Signature

Date

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Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

Agency purpose or role

Windmill Theatre Co

Our purpose is to be a leading centre for the creation of incredible theatrical works for children, teenagers and families.

We shall do this by engaging excellent artists to create unique and contemporary theatre shows, inspired by the vibrancy, modern sophistication and inventiveness of young people, and to showcase these works to an ever-increasing national and international audience.

Objectives

- To create incredible theatrical works for young audiences and families
- To deliver our work across borders and boundaries
- To be a leading model of interactivity between artists and the public
- To build diverse income streams, supported by strong fiscal management and governance
- To market and communicate our creative output and infectious vibrancy to all stakeholders

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
To be a leading centre for the creation of incredible theatrical works	Creating a vibrant city, Growth through innovation
To deliver our work across borders and boundaries	Every chance for every child, Promoting South Australia's international connections and engagement
To be a leading model of interactivity between artists and the public	Creating a vibrant city, Growth through innovation
To build diverse income streams, supported by strong fiscal management and governance	Growth through innovation
To market and communicate our creative output and infectious vibrancy to all stakeholders	Creating a vibrant city

Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Comments
<p>Developing and presenting new theatrical works</p>	<p>Commenced creative development on new theatrical works as follows:</p> <ul style="list-style-type: none"> - 'Beep' – early childhood theatre show - 'Baba Yaga' – theatre show for 7+ age group (co-production with Imagine Festival) - 'Amphibian' – theatre show for 10+ age group - Grug TV - School Dance Film <p>Presented new theatrical works as follows:</p> <p>'Girl Asleep' the film's broader release in 2016/2017 saw:</p> <ul style="list-style-type: none"> - More than 20,000 Australian cinema attendances - More than 10,000 international cinema attendances - Views on airline playback systems - Netflix release internationally - Live-to-air screening on ABC - DVD and iTunes release nationally <p>Our new family musical 'Rumpelstiltskin' premiered at the Dunstan Playhouse, Adelaide Festival Centre saw strong ticket sales including:</p> <ul style="list-style-type: none"> - More than 9,000 attendances - More than 2,500 school students - School shows sold out in advance - Box office income of over \$250k, the largest in Windmill's history 	<p>This program has achieved a valuable outcome for the SA public by:</p> <ul style="list-style-type: none"> - Partnering with independent artists, smaller companies and larger organisations to amplify and diversify our vibrancy while leveraging financial efficiencies. - Providing great opportunities for South Australian artists, and nurturing the creative literacy of our audience through exposure to the practice of our artists. - Increasing the reach and profile of existing Windmill theatrical works by exploring new mediums.

Program name	Indicators of performance/effectiveness/efficiency	Comments
Touring existing repertoire of theatrical works	<p>National and international touring of existing repertoire as follows:</p> <ul style="list-style-type: none"> - 'Grug and the Rainbow' (China) - 'Big Bad Wolf' (WA, Australia) - 'Girl Asleep' the play (Sydney, Australia) - Grug and the Rainbow (US/Canada) <p>This touring activity generated:</p> <ul style="list-style-type: none"> - Over 8,000 Australian attendances - Over 17,000 international attendances 	<p>This program has achieved a valuable outcome for the SA public by:</p> <ul style="list-style-type: none"> - Increasing the vibrancy of the South Australian arts industry by increasing attendance at arts activities - Showcasing South Australian talent to Australia and the world, consolidating Windmill and SA's reputation as a world leader in the creation of works for young people and families.

Legislation administered by the agency

Public Corporations (Australian Children's Performing Arts Company) Regulations 2016.

13—Functions of subsidiary

(1) The subsidiary is established as a children's performing arts company to produce, present, facilitate, manage and promote high quality performing arts productions and other arts activities for children, young people, families, schools and other groups or bodies, both within the State and nationally and internationally and, in so doing, the subsidiary may—

(a) produce, present, manage, promote or conduct performances and entertainment of any kind as may in its opinion tend to promote artistic performance for children and young people, and their families; and

(b) promote or commission the writing of plays, screenplays or other dramas, the scoring and writing of operas and other musical performances, the scoring, writing and choreography of dance, and other works for performance; and

(c) promote the training of all persons concerned in the production, presentation or performance of artistic performances or presentations; and

(d) assist financially or otherwise in the production, presentation, management, promotion or conduct of performances for children and young people, and their families; and

(e) promote public interest and participation in performance for children and young people, and their families; and

(f) establish and maintain a collection of objects of public interest relating to the past and present practice of the performing arts for children and young people and, for that purpose, purchase, hire, accept by way of gift or loan, or otherwise acquire, any such objects; and

(g) establish and conduct schools, courses, lectures, seminars and discussions on the art of performance; and

(h) undertake or promote research into the art of performance both generally and in the area of performance and theatre practice for children and young people; and

(i) enter into contracts (including contracts of employment), or other forms of agreement, connected with the production, management, presentation or promotion of performances, and enter into other forms of contract or agreement; and

(j) make charges for admission to any performance, production or presentation; and

(k) grant or dispose of rights or arrangements to televise, broadcast or record any performances undertaken under its auspices; and

(l) acquire, develop, hold, enhance or dispose of intellectual property; and

(m) perform or exercise incidental functions or powers; and

(n) undertake other functions or activities approved by the Minister.

(2) The subsidiary must obtain the approval of the Minister before it makes a material change to a policy direction or budget.

(3) The subsidiary should only undertake activities outside the State to the extent approved by the Minister or provided for by its charter.

Organisation of the agency

CORE STAFF

Executive Producer

Artistic Director

Business Manager

Marketing and Development Manager

Production Manager

Associate Producer

Marketing & Development Executive

Admin & Operations Coordinator

Finance Assistant

CREATIVES, CAST AND CREW

Engaged on a project by project basis.

Other agencies related to this agency (within the Minister's area/s of responsibility)

N/A

Employment opportunity programs

Program name	Result of the program
N/A – Windmill does not currently have any formal employment opportunity programs.	Result of the program – max four lines

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Staff performance review	78% of staff have received a performance review in the past 12 months (86% in 15/16).
Training and development spend	\$3,032 spent on training and development in 2016/17, equates to \$384 per FTE (\$615 per FTE in 15/16).

Occupational health, safety and rehabilitation programs of the agency and their effectiveness

Occupational health, safety and rehabilitation programs	Effectiveness
WHS Policy and Procedure Review Project	A WHS contractor was engaged in 16/17 to undertake an overhaul of our WHS policies and procedures. This work continues, with the final policies and procedures to be rolled out in 17/18.

Fraud detected in the agency

Category/nature of fraud	Number of instances
No instances of fraud detected in the period	N/A

Strategies implemented to control and prevent fraud

The annual Financial Compliance Program assessment provides a thorough review of policies and procedures to ensure that effective controls are in place to mitigate the risk of fraud.

Every month the Executive Producer reviews the finance reports– including analysis of major variances to forecast and budget figures, and balance sheet reconciliations. The Finance Committee and Board are also provided with finance reports and variance analysis at each of their six annual meetings.

In 16/17 a part-time (0.4 FTE) Finance Assistant was employed to enable increased segregation of duties in financial processes.

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/windmill-theatre-co-annual-report-data>

Whistle-blowers' disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistle-blowers' Protection Act 1993* 0

Data for the past five years is available at: insert hyperlink to specific data.sa page and ensure data sources are referenced.

Executive employment in the agency

Executive classification	Number of executives
Executive Producer	1
Artistic Director	1

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/windmill-theatre-co-annual-report-data>

For further information, the [Office for the Public Sector](#) has a [data dashboard](#) for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Consultants	Purpose	Value
All consultancies below \$10,000 each	N/A – None to report	\$0
Consultancies above \$10,000 each		
N/A None to report		
Total all consultancies		\$0

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/windmill-theatre-co-annual-report-data>

See also <https://www.tenders.sa.gov.au/tenders/index.do> for a list of all external consultancies, including nature of work and value. See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

Financial performance of the agency

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2016-17 are attached to this report.

ACPAC recorded an \$11k deficit in 16/17, which was an improvement on the approved budget of \$33k deficit. This resulted in a reserves balance of \$570k at 30 June 2017 (\$180k International Touring Development Fund, and \$390k General Reserves).

One of ACPAC's Strategic Goals, as outlined in Windmill's 2016-2020 Strategic Plan is to build the company's reserves to 20% of revenue to enable strategic investment in major company projects as and when required. The \$570k reserves balance at 30 June 2017 represents 25% of average revenue (based on the past 5 year's results).

Windmill's artistic program is developed with consideration of both our strategic objectives, and our financial capacity to deliver the program. Our 'International Touring Development Fund' has enabled us to commit in 17/18 to developing and touring a new co-production with Imagine Festival of Edinburgh, UK.

Other financial information

Nil to report.

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

N/A

Section B: Reporting required under any other act or regulation

Name and date of act or regulation
N/A

Reporting required under the *Carers' Recognition Act 2005*

The *Carers' Recognition Act* is deemed applicable for the following: Department for Communities and Social Inclusion, Department for Education and Child Development, Department for Health and Ageing, Department of State Development, Department of Planning, Transport and Infrastructure, South Australia Police and TAFE SA.

Section 7: Compliance or non-compliance with section 6 of the Carers Recognition Act 2005 and (b) if a person or body provides relevant services under a contract with the organisation (other than a contract of employment), that person's or body's compliance or non-compliance with section 6.

Click to enter or insert text or tables etc. No limit in length but content should be restricted to minimum necessary to address mandatory reporting requirements. Delete whole sub-section if not applicable.

Section C: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

Public complaints received by Australian Children's Performing Arts Company	
Category of complaints by subject	Number of instances
N/A - no complaints to report	

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/windmill-theatre-co-annual-report-data>

Complaint outcomes

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
N/A – no complaints reported	Response

Appendix: Audited financial statements 2016-17

For official use only



Government of South Australia
Auditor-General's Department

Our ref: A17/038

28 September 2017

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Ms K Weeks
Executive Producer
Australian Children's Performing Arts Company
PO Box 12017
Sturt Street
ADELAIDE SA 5000

Dear Ms Weeks

Audit of Australian Children's Performing Arts Company for the year to 30 June 2017

We have completed the audit of your accounts for the year ended 30 June 2017. Three key outcomes from the audit are the:

- 1 Independent Auditor's Report on your agency's financial report
- 2 opinion on your financial controls
- 3 audit management letters.

1 Independent Auditor's Report

We are returning the financial statements for the Australian Children's Performing Arts Company, with the Independent Auditor's Report. This report is unmodified.

2 Opinion on financial controls

In my opinion, the controls exercised by Australian Children's Performing Arts Company 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 Australian Children's Performing Arts Company have been conducted properly and in accordance with law.

3 Audit management letters

As the audit did not identify any significant matters requiring management attention, we will not issue any audit management letters.

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What the audit covered

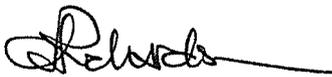
Our audit covered the principal areas of the agency's financial operations and included test reviews of systems, processes, internal controls and financial transactions. Some notable areas were:

- revenue
- expenditure
- payroll
- cash
- general ledger.

Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

I would like to thank the staff and management of your agency for their assistance during this year's audit.

Yours sincerely



Andrew Richardson

Auditor-General

enc

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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INDEPENDENT AUDITOR'S REPORT

To the Chair of the Board Australian Children's Performing Arts Company

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 13(3) of the schedule to the *Public Corporations Act 1993*, I have audited the financial report of the Australian Children's Performing Arts Company for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Australian Children's Performing Arts Company as at 30 June 2017, 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.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, the Chair Finance Committee, the Executive Producer and the Business Manager.

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 Australian Children's Performing Arts Company. 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 Executive Producer and the Board for the financial report

The Executive Producer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated 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 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 Executive Producer
- 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 Executive Producer regarding, 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 'Andrew Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

28 September 2017

**AUSTRALIAN CHILDREN'S PERFORMING ARTS COMPANY
Certification of the Financial Statements**

We certify that the financial statement of the Australian Children's Performing Arts Company for the year ended 30 June 2017:

- are in accordance with the accounts and records of the authority; and
- comply with relevant Treasurer's instructions; and
- comply with relevant accounting standards; and
- present a true and fair view of the financial position of the authority at the end of the financial year and the result of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Australian Children's Performing Arts Company over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Bruce Speirs
Chair
27 September 2017



Adam Smith
Chair Finance Committee
27 September 2017



Kaye Weeks
Executive Producer
27 September 2017



Genevieve Booker
Business Manager
27 September 2017

Australian Children's Performing Arts Company

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2017

	<i>Note</i>	2017 \$'000	2016 \$'000
EXPENSES			
Supplies and services	4	1,691	1,181
Employee benefits expenses	5	697	665
Depreciation expenses	6	27	17
Notional loss on investment in joint venture	18	2	-
Other expenses	7	-	8
Total Expenses		<u>2,417</u>	<u>1,871</u>
INCOME			
Program revenues	8	673	521
Commonwealth revenues	9	406	262
Sponsorship	10	48	66
Private grants	11	40	84
Donations		30	30
Notional gain on investment in joint venture	18	-	10
Other revenues	12	116	49
Total Income		<u>1,313</u>	<u>1,022</u>
Net cost of providing services		<u>(1,104)</u>	<u>(849)</u>
Revenues from SA Government			
Revenues from SA Government	13	<u>1,093</u>	<u>1,074</u>
NET RESULT		<u>(11)</u>	<u>225</u>
TOTAL COMPREHENSIVE RESULT		<u><u>(11)</u></u>	<u><u>225</u></u>

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.

Australian Children's Performing Arts Company

STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	<i>Note</i>	2017 \$'000	2016 \$'000
CURRENT ASSETS			
Cash and cash equivalents	14	904	708
Receivables	15	117	125
Total Current Assets		1,021	833
NON-CURRENT ASSETS			
Plant and equipment	16	77	69
Other financial assets	17	20	20
Investment in joint venture	18	-	2
Total Non-Current Assets		97	91
TOTAL ASSETS		1,118	924
CURRENT LIABILITIES			
Payables	19	204	151
Other liabilities	20	229	84
Employee benefits	21	57	48
Total Current Liabilities		490	283
NON-CURRENT LIABILITIES			
Payables	19	6	6
Employee benefits	21	52	54
Total Non-Current Liabilities		58	60
TOTAL LIABILITIES		548	343
NET ASSETS		570	581
EQUITY			
Retained earnings		570	581
TOTAL EQUITY		570	581

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

Unrecognised contractual commitments 22

Contingent assets and liabilities 23

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

Australian Children's Performing Arts Company

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2015	<u>356</u>	<u>356</u>
Net result for 2015-16	<u>225</u>	<u>225</u>
Total Comprehensive Result for 2015-16	<u>225</u>	<u>225</u>
Balance at 30 June 2016	<u>581</u>	<u>581</u>
Net result for 2016-17	<u>(11)</u>	<u>(11)</u>
Total Comprehensive Result for 2016-17	<u>(11)</u>	<u>(11)</u>
Balance at 30 June 2017	<u><u>570</u></u>	<u><u>570</u></u>

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

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

Australian Children's Performing Arts Company

STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

	<i>Note</i>	2017 \$'000	2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Outflows			
Employee benefit payments		(693)	(632)
Payments for supplies and services		(1,616)	(1,239)
Film investment funding		-	(10)
Deposits paid		(25)	(32)
GST paid to the ATO		(13)	(23)
Cash used in operations		<u>(2,347)</u>	<u>(1,936)</u>
Cash Inflows			
Commonwealth receipts		565	279
Program receipts		851	706
Interest received		17	15
Deposits returned		27	34
GST recovered from ATO		3	24
Cash generated from operations		<u>1,463</u>	<u>1,058</u>
Cash Flows from SA Government			
Receipts from SA Government		1,115	1,078
Cash generated from SA Government		<u>1,115</u>	<u>1,078</u>
Net Cash provided by (used in) Operating Activities		<u>231</u>	<u>200</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash Outflows			
Purchases of plant and equipment		(35)	(33)
Cash used in investing activities		<u>(35)</u>	<u>(33)</u>
Cash Inflows			
Closure of term deposit		-	50
Cash generated from investing activities		<u>-</u>	<u>50</u>
Net Cash provided by (used in) Investing Activities		<u>(35)</u>	<u>17</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash Outflows			
Loan extended to joint venture		-	(141)
Cash used in Financing Activities		<u>-</u>	<u>(141)</u>
Cash inflows			
Loan collected from joint venture		-	407
Cash generated from financing activities		<u>-</u>	<u>407</u>
Net Cash provided by (used in) Financing Activities		<u>-</u>	<u>266</u>
Net Increase (decrease) in cash and cash equivalents		196	483
Cash and cash equivalents at the beginning of the period		<u>708</u>	<u>225</u>
Cash and cash equivalents at the end of the period		<u><u>904</u></u>	<u><u>708</u></u>

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

Australian Children's Performing Arts Company

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Australian Children's Performing Arts Company

ACPAC's functions are to produce, present, facilitate, manage and promote high quality performing arts productions and other arts activities for children, young people, families, schools and other groups or bodies, both within the State, nationally and internationally.

2. Significant Accounting Policies

2.1 Statement of Compliance

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

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 provision of the *Public Finance and Audit Act 1987*.

ACPAC has applied Australian Accounting Standards that are applicable to not-for-profit entities, as ACPAC is a not-for-profit entity.

2.2 Basis of Accounting

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 ACPAC'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; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*.

The financial statements have been prepared based on a twelve 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 2017 and the comparative information presented.

2.3 Reporting Entity and Funding Arrangements

ACPAC is a subsidiary of the Minister for the Arts and was established by Regulations under the *Public Corporations Act 1993*.

The normal business activities of ACPAC are dependent on the continuation of grants from the State Government at appropriate levels. The State Government has advised that funding of \$1,084,000 (including indexation of \$27,000) will be provided for the 2017-18 financial year. Accordingly, this financial report has been prepared on a going concern basis.

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 accounting policy statements 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.

2.5 Rounding

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

2.6 Taxation

ACPAC is not subject to income tax. ACPAC is liable for payroll tax, fringe benefits tax and goods and services tax (GST), emergency services levy, and local government rate equivalents.

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

- when the amount of GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office 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 Australian Taxation Office is classified as part of operating cash flows.

2.7 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.

2.8 Income

Income is recognised to the extent that it is probable that the flow of economic benefits to ACPAC 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:

Revenues from SA Government

Grants from the State government are recognised as revenue when ACPAC obtains control over the funding. Control over funding is normally obtained upon receipt, unless the grant has conditional stipulations including specified timeframes, in which case it is recognised in the Statement of Financial Position as a liability (unearned revenue) until the enforceable stipulations in the funding agreement occur or are satisfied.

Commonwealth revenues

Grants from the Commonwealth government are recognised as revenue when ACPAC obtains control over the funding. Control over grants is normally obtained upon receipt, unless the grant discloses conditional stipulations including specified project timeframes, in which case it is recognised in the Statement of Financial Position as a liability (unearned revenue) until the enforceable stipulations in the funding agreement occur or are satisfied.

ACPAC's currently has a four year funding agreement expiring on 31 December 2020 with Australia Council for general operating purposes. Other Australia Council contributions are program and timeframe specific based upon the success of the individual grant applications.

Donations

Donations income is recognised when ACPAC obtains control over the funds. Control is normally obtained upon receipt, however when donations are received via an intermediary service this income is recognised when the intermediary received the funds.

Private grants

Private grants are recognised as revenue when ACPAC obtains control over the funding. Control over grants is normally obtained upon receipt, unless the grant discloses conditional stipulations including specified project timeframes, in which case it is recognised in the Statement of Financial Position as a liability (unearned revenue) until the enforceable stipulations in the funding agreement occur or are satisfied.

Program revenue

Program revenue is recognised when a production is completed. Presenter fees, partnership fees, royalties and cost recoveries for future productions and productions in progress at reporting date are recognised in the Statement of Financial Position as a liability (revenue received in advance) until the production is complete.

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.

Return on film investment funding

Return on film investment funding is recognised upon receipt.

Sponsorship

Sponsorship revenue is comprised of cash and resources in-kind. Where sponsorship is resources in-kind, it is recognised in the period that the in-kind goods or services are received.

2.9 Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from ACPAC 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:

Program expenditure

Program expenditure related to a performance season is recognised when a season is complete. Program expenditure that is not related to a performance season (eg. creative development) is recognised as incurred. Program expenditure related to performance seasons in progress at reporting date are recognised in the Statement of Financial Position as an asset (prepayments) until the production is complete.

Depreciation

Plant and equipment, having a limited useful life, are systematically depreciated over their estimated 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.

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.

Depreciation of plant and equipment is calculated on a straight-line basis over the estimated useful life of the following classes of assets:

Class of Asset	Useful life (years)
Leasehold Improvements	Life of lease
Computer Equipment	3 - 5
Office Equipment	5 - 7

Employee benefits expenses

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

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.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by ACPAC to various superannuation plans in respect of current services of current ACPAC staff.

2.10 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 twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.11 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.

Short term deposits with SAFA may include foreign currency deposits.

For the purposes of the Statement of Cash Flows, cash and cash equivalents are as defined above.

Cash is measured at nominal value, with foreign currency deposits revalued at the spot rate at reporting date where applicable.

Investments in associates and joint ventures

During 2014-15 ACPAC established a joint venture with Soft Tread Pty Ltd for the purpose of producing the film 'Girl Asleep'.

ACPAC's interest in the joint venture entity 'Girl Asleep Pty Ltd' has been accounted for using the equity method.

Further details on ACPAC's interest in the joint venture, including any significant judgements and assumptions used in valuing ACPAC's interest in the net assets of the joint venture are disclosed in Note 18.

Other financial assets

ACPAC measures other financial assets (bank guarantee and term deposit) at historical cost.

Plant and equipment

Acquisition and recognition

Plant and equipment is initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Plant and equipment is 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 plant and equipment with a value equal to or in excess of \$1,000 are capitalised.

Receivables

Receivables include amounts receivable from sale of goods and services, prepayments and other accruals.

Receivables arise in the normal course of providing 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.

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.

Fair Value measurement - Non-financial assets

In determining fair value, ACPAC has taken into account the characteristics 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).

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

The carrying amounts 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.

Fair Value measurement - Financial assets

ACPAC does not recognise any financial assets or financial liabilities at fair value.

2.12 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.

Accrued salaries and wages

Liabilities for accrued salaries and wages are recognised as the amount unpaid at the reporting date and are measured at remuneration rates current at that date.

Annual Leave

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

Long service leave

The liability for long service leave is recognised after an employee has completed 5 years of service. This calculation is consistent with ACPAC's experience of employee retention and leave taken.

Leases

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

ACPAC has entered into an operating lease for its premises at Sturt Street, Adelaide.

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.

Payables

Payables include creditors, accrued expenses, film investment funding payable, GST payable and employment on-costs 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 ACPAC.

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.

Employee benefits on-costs include payroll tax, return to work premiums and superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave and annual leave.

ACPAC 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 reporting date relates to any contributions due but not yet paid to the superannuation schemes.

2.13 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 Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

2.14 Foreign Currency

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.

3. New and Revised Accounting Standards and Policies

In 2016-17 ACPAC increased its capitalisation threshold for plant and equipment from \$500 to \$1,000. ACPAC did not voluntarily change any other accounting policies during 2016-17.

4. Supplies and services

	2017	2016
	\$'000	\$'000
Artist / contractor expenses	617	359
Production costs	430	251
Marketing, publicity & sponsorship expenses	135	100
Premises rental	80	72
Booking agents fees and commissions	61	57
Education program expenses	47	-
Marketing productions	44	74
Travel & accommodation	41	31
In-kind advertising, marketing, accommodation and events costs	40	57
Professional fees	39	-
Theatre costs	38	60
Audit fees - Auditor-General's Department	23	23
IT support, software & maintenance	17	12
Premises gas and electricity supply	11	7
Premises maintenance, cleaning, security	10	7
Other sundry expenses	58	71
Total Supplies and services	1,691	1,181

5. Employee benefits expenses

	2017 \$'000	2016 \$'000
Salaries & wages	561	525
Annual and long service leave	46	59
Employment on-costs - superannuation	58	56
Employment on-costs - other	32	25
Total Employee Benefits Expenses	<u>697</u>	<u>665</u>

6. Depreciation expenses

	2017 \$'000	2016 \$'000
Leasehold improvements	12	4
Office equipment	9	7
Computer equipment	6	6
Total Depreciation Expenses	<u>27</u>	<u>17</u>

7. Other expenses

	2017 \$'000	2016 \$'000
Doubtful debts	-	8
	<u>-</u>	<u>8</u>

8. Program Revenues

	2017 \$'000	2016 \$'000
Presenter fees	440	361
Program partnerships	169	11
Box office	-	110
Other program recoveries	64	39
Total Program revenues	<u>673</u>	<u>521</u>

Presenter fees

During the year Presenters paid for a number of productions to tour in the following locations:

	2017 \$'000	2016 \$'000
National	3	2
International	2	2
Total number of production tours	<u>5</u>	<u>4</u>

Program partnerships

There was one program partner in 2016-17 (2 in 2015-16).

Box Office

Windmill did not receive box office from any production in 2016-17 (5 in 2015-16).

9. Commonwealth revenues

	2017 \$'000	2016 \$'000
Australia Council:		
General	300	157
Special purpose grants - productions	95	49
Special purpose grants - export market development	-	6
Department of Foreign Affairs and Trade		
Special purpose grants - productions	-	23
Creative Partnerships		
Special purpose grants - productions	-	20
Austrade:		
Special purpose grants - export market development	11	7
Total Commonwealth revenues	406	262

10. Sponsorship

	2017 \$'000	2016 \$'000
Sponsorship - commercial	8	9
Sponsorship - commercial - in kind	40	57
Total Sponsorship	48	66

11. Private grants

	2017 \$'000	2016 \$'000
Grants from trusts & foundations	40	84
Total Private Grants	40	84

12. Other revenues

	2017 \$'000	2016 \$'000
Prizemoney	50	-
Return on film investment funding	32	-
Interest	18	15
Education	4	10
Venue Hire (Sturt Street Studio)	4	8
Grants - Local Government	-	5
Merchandise	-	3
Miscellaneous revenue	8	8
Total Other revenues	116	49

Prizemoney

In August 2016 the feature film 'Girl Asleep' was awarded the \$100,000 top prize at the CinefestzOZ festival in Western Australia. \$50,000 represents ACPAC's share of the prize money in accordance with the Production Agreement between ACPAC, Soft Tread Enterprises Pty Ltd and Girl Asleep Pty Ltd.

Return on film investment funding.

In 2014-15 ACPAC invested \$255,000 in the feature film 'Girl Asleep'. The return on film investment funding represents ACPAC's entitlement to a share of distribution receipts, in proportions set out in the Production Investment Agreement.

13. Revenues from SA Government

	2017	2016
	\$'000	\$'000
Operating grant	1,057	1,031
Special purpose grants	36	43
Total Revenues from SA Government	1,093	1,074

14. Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Cash on hand	2	2
Short term deposit - SAFA	672	537
Cash at bank	230	169
Total Cash and cash equivalents	904	708

Interest rate risk

Cash on hand is non-interest bearing. Cash at bank earns interest, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

15. Receivables

	2017	2016
	\$'000	\$'000
Debtors	18	28
Less allowance for doubtful debts	-	(8)
Accrued income	43	5
Prepayments for future productions	2	50
Other prepayments	19	23
Security deposits paid	25	27
GST receivable	10	-
Total Receivables	117	125

Movement in the allowance for doubtful debts

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

	2017	2016
	\$'000	\$'000
Movement in the allowance for doubtful debts (impairment loss)		
Carrying amount at the beginning of the period	8	-
Increase in the allowance	-	8
Amounts written off	(8)	-
Carrying amount at the end of the period	-	8

16. Plant and equipment

	2017 \$'000	2016 \$'000
Leasehold improvements at cost (deemed fair value)	49	44
Accumulated depreciation at the end of the period	<u>(18)</u>	<u>(6)</u>
Total leasehold improvements	<u>31</u>	<u>38</u>
Office equipment at cost (deemed fair value)	65	44
Accumulated depreciation	<u>(29)</u>	<u>(20)</u>
	<u>36</u>	<u>24</u>
Computer Equipment at cost (deemed fair value)	43	34
Accumulated depreciation	<u>(33)</u>	<u>(27)</u>
	<u>10</u>	<u>7</u>
Total Plant and equipment	<u>77</u>	<u>69</u>

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.

Impairment

There were no indications of impairment of plant and equipment at 30 June 2017

Reconciliation of Plant and Equipment

The following table shows the movement in plant and equipment during the reporting period:

	Leasehold improvements \$'000	Office equipment \$'000	Computer equipment \$'000	Total \$'000
2016-17				
Carrying amount at the beginning of the period	38	24	7	69
Acquisitions	5	21	9	35
Depreciation expenses	<u>(12)</u>	<u>(9)</u>	<u>(6)</u>	<u>(27)</u>
Carrying amount at the end of the period	<u>31</u>	<u>36</u>	<u>10</u>	<u>77</u>

17. Other financial assets

	2017 \$'000	2016 \$'000
Bank guarantee - Commonwealth Bank	<u>20</u>	<u>20</u>
Total other financial assets	<u>20</u>	<u>20</u>

Bank Guarantee

A bank guarantee was provided 5 January 2015, to the landlords of 2/234 Sturt Street, Adelaide SA 5000, as security for the premises lease. The amount of \$19,506.23 represents three months rent plus outgoings.

18. Interest in a joint venture

In 2014, ACPAC and Soft Tread Enterprises Pty Ltd formed a joint venture company 'Girl Asleep Pty Ltd' with 50% interest each. The entity was established to produce the feature film 'Girl Asleep' which premiered at the Adelaide Film Festival in October 2015.

Girl Asleep Pty Ltd was voluntarily deregistered in May 2017.

	2017 \$'000	2016 \$'000
Statement of Financial Position		
Current assets	-	7
Non-current assets	-	-
Current liabilities	-	3
Non-current liabilities	-	-
Equity	<u>-</u>	<u>4</u>
ACPAC's carrying amount of the investment	<u>-</u>	<u>2</u>
	2017 \$'000	2016 \$'000
Statement of Comprehensive Income		
Income	-	55
Expense	(5)	(36)
Administrative expenses	(1)	-
Net gain (loss)	<u>(6)</u>	<u>19</u>
Income tax refund (expense)	2	1
Gain (loss) for the year (continuing operations)	<u>(4)</u>	<u>20</u>
ACPAC's share of gain (loss) for the year	<u>(2)</u>	<u>10</u>

19. Payables

	2017 \$'000	2016 \$'000
Current		
Creditors	107	69
Employment on-costs	30	33
Accrued expenses	67	49
Total Current Payables	<u>204</u>	<u>151</u>
Non-current		
Employment on-costs	6	6
Total Non-Current Payables	<u>6</u>	<u>6</u>
Total Payables	<u>210</u>	<u>157</u>

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has remained unchanged from the 2016 rate (40%).

20. Other liabilities

	2017 \$'000	2016 \$'000
Unearned revenue - Commonwealth Government	130	-
Unearned revenue - private grants	27	-
Unearned revenue - presenter fees	42	76
Unearned revenue - SA Govt special purpose grants	30	8
Total Other liabilities	<u>229</u>	<u>84</u>

Unearned revenue - Government grants

The contributions disclosed have conditional stipulations attached, including specified project timeframes and unspent contributions must be returned to the contributor.

21. Employee benefits

	2017	2016
	\$'000	\$'000
Current		
Accrued salaries & wages	14	8
Annual leave	43	40
Total Current Employee benefits	<u>57</u>	<u>48</u>
Non-current		
Long service leave	52	54
Total Non-current Employee Benefits	<u>52</u>	<u>54</u>
Total Employee benefits	<u>109</u>	<u>102</u>

22. Unrecognised contractual commitments

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

	2017	2016
	\$'000	\$'000
Within one year	83	75
Later than one year and not later than five years	131	199
Total Operating Lease Commitments	<u>214</u>	<u>274</u>

The commitments disclosed in 2017 represents ACPAC's lease of office accommodation at 2/234 Sturt Street, Adelaide. The lease is non cancellable and expires on 1 January 2020. Rent is payable in advance and a rent review of 4% will occur on 2 January 2018 and 2 January 2019 with review to market on renewal dates.

23. Contingent assets and liabilities

ACPAC is not aware of any contingent assets and liabilities.

24. Remuneration of Board Members

Members of the Board of Directors during the reporting period were:

Mr Bruce Speirs (Chair)
Ms Rosey Batt
Ms Rosalba Clemente
Ms Sophie Doyle (appointed 13th April 2017)
Mr Rodney Harrex
Mr Adam Smith
Ms Deonne Smith (appointed 14th February 2017)
Ms Jane Thompson (retired 21st September 2016)
Ms Helen Wildash (retired 13th February 2017)

No members of the Board of Directors received remuneration from ACPAC during the reporting period ended 30 June 2017 (2016: Nil).

Except for members of the Board of Directors receiving complimentary tickets to productions, transactions with members are on conditions no more favourable than those that it is reasonable to expect ACPAC would have adopted if dealing with the related party at arm's length in the same circumstances.

25. Related Party Transactions

ACPAC is a statutory authority established pursuant to the Public Corporations Act 1993, and is a wholly owned and controlled entity of the Crown.

Related parties of ACPAC include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Key Management Personnel

Key management personnel of the Board include the Minister and the joint Chief Executives.

Total compensation for ACPAC's key management personnel during the reporting period ended 30 June 2017 was \$254,090 (2016: \$250,987). Salaries and other benefits the Minister of Arts receives are excluded from this total. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

Transactions with Key Management Personnel and other related parties

ACPAC has not entered into any transactions with key management personnel or other related parties.

26. Events after the end of reporting period

There were no events at the end of the reporting period that have material financial implications on these financial statements.