

Adelaide Economic Development Agency

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023

Adelaide Economic Development Agency

General Purpose Financial Statements for the year ended 30 June 2023

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Adelaide Economic Development Agency

General Purpose Financial Statements

for the year ended 30 June 2023

Certification of Financial Statements

We have been authorised by the Agency to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Agency's financial position at 30 June 2023 and the results of its operations and cash flows for the reporting period,
- internal controls implemented by the Agency provide a reasonable assurance that the Agency's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Agency accounting and other records.

Nikki Govan

CHAIR

ADELAIDE ECONOMIC DEVELOPMENT AGENCY

Clare Mockler

CHIEF EXECUTIVE OFFICER

CITY OF ADELAIDE

Date:

Adelaide Economic Development Agency

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Income			
Rates	2a	3,889	3,810
User Charges	2b	560	355
Reimbursements	2c	7	18
Other Income	2d	11	8
Grants, Subsidies and Contributions	2e	9,850	9,510
Total Income		14,317	13,701
Expenses			
Materials, Contracts & Other Expenses	3a	14,055	13,675
Depreciation, Amortisation & Impairment	3b	33	41
Finance Costs	3c	-	2
Total Expenses		14,088	13,718
Operating Surplus / (Deficit)		229	(17)
Net Surplus / (Deficit) ¹		229	(17)
Total Comprehensive Income		229	(17)

¹ Transferred to Statement of Changes in Equity

Adelaide Economic Development Agency

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current Assets			
Trade & Other Receivables	4a	864	233
Inventories	4b	4	5
Subtotal		868	238
Total Current Assets		868	238
Non-Current Assets			
Infrastructure, Property, Plant & Equipment	5	98	53
Total Non-Current Assets		98	53
TOTAL ASSETS		966	291
LIABILITIES			
Current Liabilities			
Trade & Other Payables	6a	693	192
Borrowings	6b	-	24
Total Current Liabilities		693	216
Non-Current Liabilities			
Borrowings	6b	-	31
Total Non-Current Liabilities		-	31
TOTAL LIABILITIES		693	247
Net Assets		273	44
EQUITY			
Accumulated Surplus		273	44
Total Equity		273	44

Adelaide Economic Development Agency

Statement of Changes in Equity for the year ended 30 June 2023

\$ '000	Notes	Accumulated Surplus	Other Reserves	Total Equity
2023				
Opening Balance		44	-	44
Net Surplus / (Deficit) for Year		229	-	229
Total Comprehensive Income		229	-	229
Distribution made to Owners	11	-		-
Balance at the end of period		273	-	273
2022				
Balance at the end of previous reporting period		231		231
Net Surplus / (Deficit) for Year		(17)	-	(17)
Total Comprehensive Income		(17)	-	(17)
Distribution received from Owners	11	(170)	-	(170)
Balance at the end of period		44	-	44

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Statement of Cash Flows

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts		13,817	13,903
<u>Payments</u>			
Payments for Materials, Contracts & Other Expenses		(13,684)	(13,859)
Finance Payments		-	(2)
Net Cash provided by (or used in) Operating Activities	7a	133	42
Cash Flows from Investing Activities			
<u>Receipts</u>			
Nil			
<u>Payments</u>			
Expenditure on New/Upgraded Assets		(125)	-
Net Cash provided by (or used in) Investing Activities		(125)	-
Cash Flows from Financing Activities			
<u>Receipts</u>			
Nil			
<u>Payments</u>			
Repayment of Lease Liabilities		(8)	(42)
Net Cash provided by (or used in) Financing Activities		(8)	(42)
Net Increase (Decrease) in Cash Held		-	-
plus: Cash & Cash Equivalents at beginning of period		-	-
Cash & Cash Equivalents at end of period		-	-

Adelaide Economic Development Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

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Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Adelaide Economic Development Agency (the Agency) in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention (except as stated below) in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

1.2 Rounding

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

2 Income Recognition

The Agency recognises revenue under *AASB 1058 Income of Not-for-Profit Entities* (AASB 1058) or *AASB 15 Revenue from Contracts with Customers* (AASB 15) when appropriate.

2.1 Rates and utility charges

Rates and utility charges are recognised as revenue when the Agency obtains control over these receipts which is the beginning of the rating period to which they relate. Prepaid rates and utility charges are recognised as a financial liability until the beginning of the rating period. Discounts given and rebates are recognised in the same period as the rates and utility charges to which they relate.

2.2 Fee & statutory charges

Revenue arising from fees and charges are recognised at a point in time when the performance obligation is completed, and the customer receives the benefits of the goods/ services being provided.

Licences and permits granted by the Agency are either short-term or low value. Revenue is recognised at the time the licence or permit is granted.

Leases in which the Agency does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the Statement of Comprehensive Income due to its operating nature. Contingent rents are recognised as revenue in the period in which they are earned.

2.3 Grant income

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations when the revenue is recognised when control of each performance obligation is satisfied. Performance obligations vary in each agreement and payment terms vary depending on terms of the grant. Cash is received upfront for some grants and on the achievement of certain payment milestones for others.

3 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at the Agency's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition.

Note 1. Summary of Significant Accounting Policies (continued)

4 Infrastructure, Property, Plant & Equipment

4.1 Initial Recognition

All assets are initially recognised at cost.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

4.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Agency. Items of property, plant and equipment with a total value less than \$5,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

4.3 Depreciation of Non-Current Assets

Property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of the Agency, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are listed below.

<i>Plant, Furniture & Equipment</i>	
Other Plant & Equipment	3 years

<i>Other Assets</i>	
Right-of-Use Assets	3 years

4.4 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if the Agency were deprived thereof, are not subject to impairment testing.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

5 Payables

5.1 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded.

6 Employee Benefits

The Agency does not have any employees. All employees are engaged through the parent entity, the City of Adelaide.

7 Leases

The Agency assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

7.1 The Agency as a lessee

The Agency recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i.) Right-of-Use-Assets

The Agency recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	3 years
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The right-of-use assets are also subject to impairment.

ii.) Lease Liabilities

At the commencement date of the lease, the Agency recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Agency uses its incremental borrowing rate or the interest rate implicit in the lease.

iii) Short-term leases and leases of low-value assets

The Agency applies the short-term lease recognition exemption to its short-term leases of plant and equipment (ie those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of plant and equipment that are low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

8 GST Implications

In accordance with Interpretation 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

9 New and amended accounting standards and interpretations

In the current year, the Agency adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to the Agency's accounting policies.

The Agency has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

10. Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2023. The Agency does not anticipate that new and amended Australian Accounting Standards, and Interpretations, issued but not yet effective at the time of compiling these illustrative statements will apply to the Agency's future reporting periods.

11 Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

12 Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Adelaide Economic Development Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 2. Income

\$ '000	2023	2022
(a). Rates Revenues		
General Rates		
Nil		
Total General Rates	-	-
Other Rates (Including Service Charges)		
Rundle Mall Separate Rate	3,889	3,810
Total Other Rates	3,889	3,810
Total Rates Revenues	3,889	3,810
(b). User Charges		
Event Fees	154	48
Rundle Mall	406	307
Total User Charges	560	355
(c). Reimbursements		
Other	7	18
Total Reimbursements	7	18
(d). Other Income		
Merchandise Sales	11	8
Total Other Income	11	8

Adelaide Economic Development Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 2. Income (continued)

\$ '000	Notes	2023	-
(e). Grants, Subsidies, Contributions			
Other Grants, Subsidies and Contributions		9,850	9,510
Total Other Grants, Subsidies and Contributions		9,850	9,510
Total Grants, Subsidies, Contributions		9,850	9,510

In the period, an amount of \$9,953,087 (2022: \$8,896,835) was received by the Agency as contribution from the City of Adelaide.

(i) Sources of grants

Commonwealth Government	-	41
State Government	-	550
Other	17	22
City of Adelaide Contribution	9,833	8,897
Total	9,850	9,510

Adelaide Economic Development Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 3. Expenses

\$ '000	2023	2022
(a). Materials, Contracts and Other Expenses		
(i) Prescribed Expenses		
Auditor's Remuneration	47	29
Bad and Doubtful Debts	5	-
Board Fees	97	91
Lease Expense - Low Value Assets / Short Term Leases	36	59
Subtotal - Prescribed Expenses	185	179
(ii) Other Materials, Contracts and Expenses		
Contractors	4,813	4,476
Energy	14	3
Maintenance	7	7
Legal Expenses	2	4
Parts, Accessories & Consumables	18	41
Professional Services	397	328
Sundry	15	5
Advertising and Promotion	2,727	3,315
Catering	87	13
Cleaning	5	12
Communications	1	4
Contractual Expenses	6	74
Water	5	4
External Plant Hire	708	648
Insurance	16	16
Minor Plant and Equipment	9	2
Printing, Freight and Postage	34	43
Rates and Taxes	3	5
Security	380	374
Sponsorships, Contributions and Donations	4,434	4,048
Subscriptions	50	42
Training and Development	5	12
Waste Services	-	12
Venue Hire	114	-
Other	20	8
Subtotal - Other Material, Contracts & Expenses	13,870	13,496
Total Materials, Contracts and Other Expenses	14,055	13,675

Adelaide Economic Development Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 3. Expenses (continued)

\$ '000	Notes	2023	-
(b). Depreciation, Amortisation and Impairment			
Right-of-Use Assets		6	41
Plant & Equipment		27	-
Total Depreciation, Amortisation and Impairment		33	41
(c). Finance Costs			
Interest on Leases		-	2
Total Finance Costs		-	2

Note 4. Current Assets

\$ '000	2023	2022
(a). Trade & Other Receivables		
Debtors - General	54	27
GST Recoupment	172	206
Prepayments	114	-
Inter-Entity Debtor	529	-
Subtotal	869	233
Less: Allowance for Doubtful Debts	(5)	-
Total Trade & Other Receivables	864	233
(b). Inventories		
Trading Stock	4	5
Total Inventories	4	5

Adelaide Economic Development Agency

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 5 Infrastructure, Property, Plant & Equipment

	as at 30 June 2022			Asset Movements during the Reporting Period					as at 30 June 2023		
	At Cost	Accumulated Dep'n	Carrying Value	Asset Additions	Depreciation Expense (Note 3b)	Distribution to Owners	Disposal	Adjustments & Transfers	At Cost	Accumulated Dep'n	Carrying Value
\$ '000											
Plant and Equipment											
Right-of-Use Assets	131	(78)	53	-	(6)	-	(47)	-	-	-	-
Plant & Equipment	-	-	-	125	(27)	-	-	-	125	(27)	98
Total Infrastructure, Property, Plant & Equipment	131	(78)	53	125	(33)	-	(47)	-	125	(27)	98
Comparatives	865	(615)	250	-	(41)	(170)	(112)	14	131	(78)	53

Adelaide Economic Development Agency

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 6. Liabilities

\$ '000	Notes	2023 Current	2023 Non Current	2022 Current	2022 Non Current
(a). Trade and Other Payables					
Payments Received in Advance		39	-	22	-
Accrued Expenses - Other		61	-	117	-
Inter-Entity Creditor		-	-	53	-
Trade Payables		593	-	-	-
Total Trade and Other Payables		693	-	192	-
(b). Borrowings					
Lease Liabilities	10	-	-	24	31
Total Borrowings		-	-	24	31

Note 7. Reconciliation to Statement of Cash Flows

\$ '000	2023	2022
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position is reconciled to the related items in the Statement of Financial Position as follows:		
(a). Reconciliation of Change in Net Assets to Cash from Operating Activities		
Net Surplus/(Deficit)	229	(17)
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	33	41
	262	24
Add (Less): Changes in Net Current Assets		
Net (Increase)/Decrease in Receivables	(636)	181
Net (Increase)/Decrease in Inventories	1	(5)
Net Increase/(Decrease) in Trade & Other Payables	501	(158)
Net Cash provided by (or used in) operations	133	42

Adelaide Economic Development Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 8. Financial Instruments

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2023					
<u>Financial Assets</u>					
Receivables	583	-	-	583	583
Total Financial Assets	583	-	-	583	583
<u>Financial Liabilities</u>					
Payables	654	-	-	654	654
Lease Liabilities	-	-	-	-	-
Total Financial Liabilities	654	-	-	654	654

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2022					
<u>Financial Assets</u>					
Receivables	27	-	-	27	27
Total Financial Assets	27	-	-	27	27
<u>Financial Liabilities</u>					
Payables	170	-	-	170	170
Lease Liabilities	31	24	-	55	53
Total Financial Liabilities	201	24	-	225	223

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Agency.

Adelaide Economic Development Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 9. Uniform Presentation of Finances

\$ '000	2023	2022
<p>The following is a high level summary of both operating and capital investment activities of the Agency prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	14,317	13,701
less Expenses	(14,088)	(13,718)
Operating Surplus / (Deficit)	229	(17)
Net Outlays on Existing Assets		
<i>add back</i> Depreciation, Amortisation and Impairment	33	41
Subtotal	33	41
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	(125)	-
Subtotal	(125)	-
Net Lending / (Borrowing) for Financial Year	137	24

Adelaide Economic Development Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 10. Leases

\$ '000

The Agency as a Lessee

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

Right of use assets

	Buildings \$'000	Total \$'000
2023		
Balance at 1 July	53	53
Additions to right-of-use assets	-	-
Adjustments to right-of-use assets due to remeasurement of lease liability	(47)	(47)
Depreciation charge	(6)	(6)
Balance at 30 June 2023	<u>-</u>	<u>-</u>
2022		
Opening Balance	80	80
Additions to right-of-use assets	-	-
Adjustments to right-of-use assets due to remeasurement of lease liability	14	14
Depreciation charge	(41)	(41)
Balance at 30 June 2022	<u>53</u>	<u>53</u>

Adelaide Economic Development Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 10. Leases (continued)

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

\$ '000	2023	2022
Balance at 1 July	55	83
Adjustments due to remeasurement of lease liability	(47)	14
Accretion of interest	-	2
Payments	(8)	(44)
Balance at 30 June	-	55
Classified as:		
Current	-	31
Non Current	-	24
The maturity analysis of lease liabilities is included in Note 8.		
The Agency had total cash outflows for leases of \$7,975 (2022: \$42,776).		
The following are the amounts recognised in profit or loss:		
Depreciation expense of Right-of-Use Assets	6	41
Interest expense on lease liabilities	-	2
Expense relating to short term leases	121	59
Total amount recognised in profit or loss	127	102

Adelaide Economic Development Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 11. Related Party Transactions

\$ '000	2023	2022
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Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Agency includes Board Members and Managing Director AEDA. In all, 10 persons were paid the following total compensation which has been included within contractors in note 3:

The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	352	369
Post-Employment Benefits	35	28
Total	<u>387</u>	<u>397</u>

Amounts paid as direct reimbursement of expenses incurred on behalf of the Agency have not been included above.

Other Related Party Transactions

The Adelaide Economic Development Agency contracts staff from the City of Adelaide. The cost of these services was \$3,983,167 (2022: \$3,599,747).

In the prior period the Plant & Equipment Assets were transferred to the City of Adelaide at their net carrying value of \$171,171 as detailed below. In 2022-23 the City of Adelaide charged a management fee of \$38,964 in regards to these assets.

Infrastructure, Property, Plant & Equipment	-	(170)
Total Assets	<u>-</u>	<u>(170)</u>
Net Assets Transferred (to)/from Owners	<u>-</u>	<u>(170)</u>

In the period an amount of \$9,833,670 (2022: \$8,896,835) was received by the Agency as contribution from the City of Adelaide.