West Beach Trust

Financial report for the year ended 30 June 2019

INDEPENDENT AUDITOR'S REPORT

Government of South Australia
Auditor-General's Department

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To the Chair of the Board
West Beach Trust

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 17(2) of the *West Beach Recreation Reserve Act 1987*, I have audited the financial report of the West Beach Trust for the financial year ended 30 June 2019.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the West Beach Trust as at 30 June 2019, 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 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair of the Board of the West Beach Trust, the Chief Executive Officer and the General Manager Corporate Services.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the West Beach Trust. 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 Officer and members of the Trust for the financial report

The Chief Executive Officer 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.

In preparing the financial report, the Chief Executive Officer is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the entity is to be liquidated or to cease operations, or has no realistic alternative but to do so.

The members of the Trust 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, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer

- conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern

- 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 Chair of the Board of West Beach Trust 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.

Andrew Richardson
Auditor-General
10 September 2019

West Beach Trust

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the West Beach Trust:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Trust; and
- present a true and fair view of the financial position of the Trust as at 30 June 2019 and the results of its operation and cash flows for the financial year.

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

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K L Williams
Chief Executive Officer

M J Jeffreys
Chair of Board

K J Limb, FCPA
General Manager
Corporate Services

Dated 3 · 9 · 19

West Beach Trust

Statement of Comprehensive Income

For the year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Income			
Revenues from fees and charges	4.1	16,902	16,652
Interest revenues	4.2	3	8
Net gain from the disposal of non-current assets	4.3	-	34
Other income	4.4	142	116
Total income		17,047	16,810
Expenses			
Employee benefits expenses	2.3	7,636	7,450
Supplies and services	3.1	6,257	6,217
Depreciation and amortisation	3.2	2,738	2,579
Borrowing costs	3.3	365	333
Net loss from the disposal of non-current assets	4.3	1	-
Other expenses	3.4	125	254
Total expenses		17,122	16,833
Net result from providing services		(75)	(23)
Revenues from /(payments to) SA Government			
Revenues from SA Government	4.5	969	913
Payments to SA Government	4.5	(969)	(913)
Net result		(75)	(23)
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment asset revaluation surplus	8.1, 11.2	8,292	-
Total other comprehensive income		8,292	-
Total comprehensive result		8,217	(23)

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

West Beach Trust

Statement of Financial Position
As at 30 June 2019

	Note	2019 $'000	2018 $'000
Current assets			
Cash and cash equivalents	6.1	458	1,392
Receivables	6.2	329	246
Inventories	5.3	58	25
Total current assets		845	1,663
Non-current assets			
Property, plant and equipment	5.1	93,796	85,620
Intangible assets	5.2	279	329
Total non-current assets		94,075	85,949
Total assets		94,920	87,612
Current liabilities			
Payables	7.1	972	1,435
Fees received in advance	7.2	1,492	1,430
Borrowings	7.3	511	490
Employee benefits	2.4	437	542
Total current liabilities		3,412	3,897
Non-current liabilities			
Payables	7.1	100	92
Borrowings	7.3	8,406	8,948
Employee benefits	2.4	949	839
Total non-current liabilities		9,455	9,879
Total liabilities		12,867	13,776
Net assets		82,053	73,836
Equity			
Retained earnings		20,432	20,507
Asset Revaluation Surplus	8.1	61,621	53,329
Total equity		82,053	73,836

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

West Beach Trust

Statement of Changes in Equity

For the year ended 30 June 2019

	Note	Asset revaluation surplus	Retained earnings	Total Equity
		$'000	$'000	$'000
Balance at 30 June 2017		53,407	20,452	73,859
Net result for 2017-18		-	(23)	(23)
Total comprehensive result for 2017-18		-	(23)	(23)
Equity transfer on asset disposals		(78)	78	-
Balance at 30 June 2018		53,329	20,507	73,836
Net result for 2018-19		-	(75)	(75)
Gain on revaluation of land, buildings and improvements during 2018-19	5.1	8,292	-	8,292
Total comprehensive result for 2018-19		8,292	(75)	8,217
Balance at 30 June 2019		61,621	20,432	82,053

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

West Beach Trust

Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		(7,613)	(7,243)
Payments for supplies and services		(7,513)	(6,840)
Interest paid		(363)	(341)
GST paid to the ATO		(908)	(545)
Other payments		(111)	(123)
Cash used in operations		(16,508)	(15,092)
Cash inflows			
Fees and charges		18,541	18,443
Interest received		3	8
Other receipts		142	116
Cash generated from operations		18,686	18,567
Cash flows from SA Government			
Receipts from SA Government		964	1,091
Payments to SA Government		(969)	(1,098)
Cash generated from SA Government		(5)	(7)
Net cash provided by/(used in) operating activities	8.2	2,173	3,468
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(2,570)	(5,600)
Purchase of intangibles		(27)	(104)
Cash used in investing activities		(2,597)	(5,704)
Cash inflows			
Proceeds from sale of property, plant and equipment		11	47
Cash generated from investing activities		11	47
Net cash provided by/(used in) investing activities		(2,586)	(5,657)
Cash flows from financing activities			
Cash outflows			
Repayment of borrowings		(1,571)	(1,323)
Cash used in financing activities		(1,571)	(1,323)
Cash inflows			
Proceeds from borrowings		1,050	4,478
Cash generated from financing activities		1,050	4,478
Net cash provided by/(used in) financing activities		(521)	3,155
Net increase/(decrease) in cash and cash equivalents		(934)	966
Cash and cash equivalents at the beginning of the period		1,392	426
Cash and cash equivalents at the end of the period	8.2	458	1,392

The accompanying notes form part of these financial statements.

West Beach Trust

NOTES TO THE FINANCIAL STATEMENTS

West Beach Trust

1. About the West Beach Trust

The West Beach Trust (Trust) is a statutory authority of the State of South Australia, established pursuant to the *West Beach Recreation Reserve Act 1987*. The Trust is a body corporate subject to the control and direction of the Minister for Planning.

The financial statements and accompanying notes cover the West Beach Trust as an individual reporting entity.

The Trust does not control any other entity and has no interests in unconsolidated structured entities.

1.1 Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987;*
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- Relevant Australian Accounting Standards.

For the 2018-19 financial statements the Trust adopted AASB 9 – Financial Instruments and is required to comply with new Treasurer's Instructions (Accounting Policy Statements) issued on 22 March 2019. Further information is provided in note 9.

The financial statements are prepared based on a 12 month reporting 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.

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, 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.

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.

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

1.2 Functions and objectives

The functions and objectives of the Trust are:

a) to administer and develop the West Beach Recreation Reserve in accordance with its strategic and business plans -

1) as a sporting, cultural and recreational complex of State-wide significance; and

2) as a tourist attraction and resort; and

b) to promote and encourage the use and enjoyment of the Reserve by the public; and

c) to perform any other function assigned to the Trust by the *West Beach Recreation Reserve Act 1987* or the Minister.

1.3 Taxation

In accordance with *Treasurer's Instruction 22 Tax Equivalent Payments*, the Trust is required to pay to the SA Government an income tax equivalent. The income tax liability is based on the State Taxation Equivalent Regime (TER) which applies the accounting profit method which requires that the corporate income tax rate (presently 30%) be applied to the surplus from ordinary activities. No income tax equivalent payments are required for the reporting period.

The Trust is also liable for payroll tax, fringe benefits tax, stamp duty, goods and services tax (GST), emergency services levy and land tax equivalents and is exempt from paying local government council rates.

The Trust is reimbursed under the State's Tax Equivalent Regime for payments made for income tax, payroll tax, land tax and stamp duty to support its continued commitment to its community service obligations. The Trust is reimbursed by the Department of Planning, Transport and Infrastructure. Reimbursements under the State Taxation Equivalent Regime are recognised as revenue in the Trust's financial statements.

1.4 Significant transactions with government related entities

There were no significant transactions with government related entities, other than:

- payments to SA Water of $773,000 for utilities,
- payments to DPTI of $1,863,000, primarily for the project management and delivery of capital works. The majority of this amount was paid to contractors engaged by DPTI to construct a new aquatic facility at the Resort.
- total loan repayments of $1,571,000 to SAFA, $521,000 which was on long term borrowings and $1,050,000 which was to repay short term drawdowns from the Trust's working capital facility (fully repaid as at 30 June 2019).
- transactions as directed by legislation or under the State's Taxation Equivalent Regime.

2. Board, committees and employees

2.1 Key management personnel

Key management personnel of the Trust are the Minister for Planning, Members of the Board, the Chief Executive Officer and the three (2017-18 three) members of the Executive Team who have responsibility for the strategic direction and management of the Trust.

Total compensation for key management personnel was $777,000 in 2018-19 and $776,000 in 2017-18.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Planning 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 of the *Parliamentary Remuneration Act 1990*.

	2019 $'000	2018 $'000
Compensation		
Salaries and other short term employee benefits	694	695
Post-employment benefits	66	66
Other long-term employment benefits	15	15
Termination benefits	2	-
Total compensation	**777**	**776**

Transactions with Key management personnel and other related parties

No transactions have been identified.

2.2 Board and committee members

Members of the board during the 2018-19 financial year were:

WBT Board
Ms Jane Jeffreys (Chair)
Ms Leonie Boothby (Deputy Chair)
Ms Deborah Black
Ms Patricia Christie
Ms Rosemary Clancy
Mr George Demetriou
Mr Tolley Wasylenko

Board Remuneration

The number of Board members whose remuneration received or receivable from the Trust fell within the following bands was:

	2019	2018
Nil	-	1
$0 - $19,999	6	6
$20,000 - $29,999	1	1
Total number of members	**7**	**8**

The total remuneration received or receivable by members was $103,000 ($85,000). Remuneration of members consists of sitting fees and superannuation contributions.

2.3 Employee benefits expenses

	2019 $'000	2018 $'000
Salaries and wages	6,181	5,988
Long service leave	177	162
Annual leave	412	406
Skills and experience retention leave	10	5
Employment on-costs - superannuation *	626	598
Board and committee fees	94	78
Workers compensation	120	196
Other employee related expenses	16	17
Total employee benefits expenses	**7,636**	**7,450**

Employment on-costs - superannuation

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

Executive Remuneration

	2019 No	2018 No
The number of employees whose remuneration received falls within the following bands:		
$151 001 to $171 000	1	2
$251 001 to $271 000	1	1
Total number of employees	2	3

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. The total remuneration received by these employees for the year was $422,000 ($584,000).

2.4 Employee benefits liability

	2019 $'000	2018 $'000
Current		
Accrued salaries and wages	78	162
Annual leave	257	283
Long service leave	80	79
Skills and experience retention leave	22	18
Total current employee benefits	**437**	**542**
Non-current		
Long service leave	949	839
Total non-current employee benefits	**949**	**839**
Total employee benefits	**1,386**	**1,381**

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.

Salaries and Wages. Annual Leave, Skills and Experience Retention Leave (SERL) and Sick Leave

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

The annual leave liability and the Skills and Experience Retention Leave liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

Long Service Leave

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. Details about the measurement of long service leave liability are provided in note 11.1.

3. Expenses

Employee benefits expenses are disclosed in note 2.3.

3.1 Supplies and services

	2019 $'000	2018 $'000
Bank fees and charges	110	121
Commissions payable	496	533
Consultants	27	28
Contractors	393	408
Cost of sales	455	389
Discounts given	272	228
Human resources and recruitment	108	120
Information technology expenses	213	170
Insurance	169	161
Legal costs	24	28
Marketing and public relations	489	637
Motor vehicle expenses	35	39
Operating lease payments *	118	71
Postage and telephone	73	66
Repairs and maintenance	884	925
Security	221	204
Staff training and development	50	78
Utilities	1,545	1,472
Waste and recycling	116	135
Other supplies and services	459	404
Total supplies and services	**6,257**	**6,217**

Insurance
The Trust has arranged, through SAICORP, to insure all major risks of the Trust. The excess payable under this arrangement varies depending on each class of insurance held.

**** Operating leases payments***

Operating lease payments are recognised on a straight-line basis over the lease term.

	2019 $'000	2018 $'000
Operating lease minimum payments:		
Golf cart rental	36	-
Information technology leases	16	7
Land rental	66	64
Total operating lease payments	**118**	**71**

The Trust's operating lease agreements are for a parcel of land, computer equipment and golf cart rental. In each case, the lessors effectively retain the entire risk and benefits incidental to ownership of the items held under the operating lease.

Consultants

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

		2019		2018
	No	**$'000**	**No**	**$'000**
Below $10,000	7	27	8	28
Total paid /payable to the consultants engaged	**7**	**27**	**8**	**28**

3.2 Depreciation and amortisation

	2019	2018
	$'000	**$'000**
Buildings and improvements	1,826	1,721
Plant and equipment	835	777
Intangible assets	77	81
Total depreciation and amortisation	**2,738**	**2,579**

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

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

The Trust revalued its buildings and improvements upward at 30 June 2019. Future depreciation expense will increase by approximately $194,000 as a result.

Land is not depreciated.

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected 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.

Useful Life

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

Class of asset	Useful life (years)
Buildings and improvements	1 to 100
Plant and equipment	1 to 15
Intangibles	3 to 10

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

3.3 Borrowing costs

	2019 $'000	2018 $'000
Interest paid/payable on borrowings measured at amortised cost	228	197
Guarantee fees paid/payable on borrowings measured at amortised cost	137	136
Total borrowing costs	**365**	**333**

The Trust does not capitalise borrowing costs.

3.4 Other expenses

	2019 $'000	2018 $'000
Audit fees	52	50
Bad debts and allowances for doubtful debts	1	2
Contributions	-	10
Federal land tax equivalent	59	62
Intangibles write-offs	-	1
Property, plant and equipment write-offs	13	129
Total other expenses	**125**	**254**

Audit fees

The audit fees were paid / payable to the Auditor-General's Department in relation to the work performed under the *Public Finance and Audit Act*. No other services were provided by the Auditor-General's Department.

4. Income

4.1 Fees and charges

	2019 $'000	2018 $'000
Accommodation tariffs	13,143	13,206
Discounts allowed	(36)	(36)
Facilities and services	288	339
Golf income	1,962	1,568
Boat launching fees	103	107
Rental revenue	642	639
Sale of goods	800	829
Total fees and charges	**16,902**	**16,652**

4.2 Interest

	2019 $'000	2018 $'000
Investments with SAFA	2	7
Cash and cash equivalents	1	1
Total interest revenues	**3**	**8**

4.3 Net gain/loss from the disposal of non-current assets

	2019 $'000	2018 $'000
Plant and equipment		
Proceeds from disposal	11	47
Less net book value of assets disposed	12	13
Net gain/(loss) from disposal of plant and equipment	**(1)**	**34**
Total assets		
Total proceeds from disposal	11	47
Less total value of assets disposed	12	13
Total net gain/(loss) from the disposal of non-current assets	**(1)**	**34**

Gains/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 cost of the asset from the proceeds at that time. When revalued assets are sold, the revaluation surplus is not transferred to retained earnings.

4.4 Other income

	2019 $'000	2018 $'000
Commission received	3	1
Lessee on-charges	56	31
Other	83	84
Total other income	**142**	**116**

4.5 Net revenues from SA Government

	2019 $'000	2018 $'000
Revenues from SA Government		
Reimbursement of tax equivalents paid	969	913
Total revenues from SA Government	**969**	**913**
Payments to SA Government		
Other tax equivalent payments	(969)	(913)
Total payments to SA Government	**(969)**	**(913)**
Net revenues from SA Government	**-**	**-**

Tax equivalents represent income tax, payroll tax, land tax and stamp duty. The Trust is reimbursed these amounts under the State's Tax Equivalent Regime to support its continued commitment to its community service obligations. The Trust is reimbursed by the Department of Planning, Transport and Infrastructure.

5. Non-financial assets

5.1 Property, plant and equipment

	2019 $'000	2018 $'000
Land		
Land at fair value	54,909	48,490
Total land	**54,909**	**48,490**
Buildings and improvements		
Buildings and improvements at fair value	35,216	32,003
Buildings and improvements at cost (deemed fair value)	57	7,955
Less: Accumulated depreciation	(20)	(6,617)
Total buildings and improvements	**35,253**	**33,341**
Plant and equipment		
Plant and equipment at cost (deemed fair value)	8,650	7,777
Less: Accumulated depreciation	(5,115)	(4,645)
Total plant and equipment	**3,535**	**3,132**
Work in progress		
Buildings and improvements	99	657
Plant and equipment	-	-
Total work in progress	**99**	**657**
Total property, plant and equipment	**93,796**	**85,620**

All non-current tangible assets with a value equal to or in excess of $1,000 are capitalised. Certain assets below this amount are capitalised initially to assist with asset management and planning.

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

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

Plant and equipment includes operating machinery and vehicles that are fully depreciated but still in use. These have an estimated gross carrying value of approximately $800,000. Examples of these include turf maintenance machinery, maintenance vans and housekeeping buggies.

Impairment

The Trust holds its property, plant and equipment and intangible assets for their service potential (value in use).

There were no indications of impairment of property, plant and equipment assets as at 30 June 2019.

West Beach Trust

Reconciliation 2018-19

	Land	Buildings and improvements	Plant and equipment	Work In Progress	**Total**
	$'000	$'000	$'000	$'000	**$'000**
Carrying amount at 1 July 2018	48,490	33,341	3,132	657	**85,620**
Acquisitions	-	1,569	959	42	**2,570**
Transfers from Work in progress	-	600	-	(600)	**-**
Transfers between asset classes	-	(291)	291	-	**-**
Disposals eg sales, write offs	-	(13)	(12)	-	**(25)**
Revaluation increment/(decrement)	6,419	1,873	-	-	**8,292**
Depreciation	-	(1,826)	(835)	-	**(2,661)**
Carrying amount at 30 June 2019	54,909	35,253	3,535	99	**93,796**

Reconciliation 2017-18

	Land	Buildings and improvements	Plant and equipment	Work In Progress	**Total**
	$'000	$'000	$'000	$'000	**$'000**
Carrying amount at 1 July 2017	48,490	30,893	2,900	376	**82,659**
Acquisitions	-	3,919	1,098	584	**5,601**
Transfers from Work in progress	-	303	-	(303)	**-**
Disposals eg sales, write offs	-	(53)	(89)	-	**(142)**
Depreciation	-	(1,721)	(777)	-	**(2,498)**
Carrying amount at 30 June 2018	48,490	33,341	3,132	657	**85,620**

5.2 Intangible assets

	2019 $'000	2018 $'000
Purchased computer software	841	815
Less: Accumulated amortisation	(562)	(486)
Total intangible assets	**279**	**329**

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

The acquisition of computer software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of the expenditure is equal to or in excess of $1,000.

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

Reconciliation of 2018-19

	Purchased computer software $'000
Carrying amount at the beginning of the period	329
Acquisitions	27
Amortisation	(77)
Carrying amount at the end of the period	279

Reconciliation of 2017-18

	Purchased computer software $'000
Carrying amount at the beginning of the period	307
Acquisitions	104
Disposals eg sales, write offs	(1)
Amortisation	(81)
Carrying amount at the end of the period	329

5.3 Inventories

	2019 $'000	2018 $'000
Current - held for distribution at no or nominal amount		
Materials at cost	10	6
Total current inventories held for distribution at no or nominal amount	**10**	**6**
Current - held for sale		
Goods at Cost	48	19
Total current other inventories - held for sale	**48**	**19**
Total inventories	**58**	**25**

Inventories held for distribution, at no or nominal consideration, are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

Cost for inventory is measured on the basis of the first-in, first-out method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

Cost of inventories

The cost recognised as an expense for materials and goods for resale is $455,000. There was a net increase in inventories for the period of $33,000.

6. Financial assets

6.1 Cash and cash equivalents

	2019 $'000	2018 $'000
Cash at bank or on hand	441	527
Short-term deposits with SAFA	17	865
Total cash and cash equivalents	**458**	**1,392**

Cash is measured at nominal amounts. There are no restrictions over any of the Trust's cash balances.

Cash at bank or on hand

Cash on hand is non-interest bearing. Cash at bank earns a floating interest rate, based on daily bank deposit rates.

Short-term deposits

Short term deposits are lodged on an at call basis through the SAFA Cash Management Facility. These funds, which are guaranteed by the Treasurer, earn an interest rate which is aligned to the RBA official cash rate plus a margin determined by SAFA.

6.2 Receivables

	2019 $'000	2018 $'000
Current		
Receivables		
From government entities	3	-
From non-government entities	139	67
Less allowance for doubtful debts	-	(1)
Total receivables	142	66
Prepayments	99	118
Accrued revenues	88	62
Total current receivables	**329**	**246**

No amounts within receivables are expected to be recovered more than 12 months after reporting date.

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

Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

The net amount of GST payable to the ATO is included as part of receivables.

Refer to note 11.3 for further information on risk management

Impairment of receivables

	2019 $'000	2018 $'000
Carrying amount at the beginning of the period	1	-
Increase in allowance recognised in the profit or loss	1	2
Amounts written off	(2)	(1)
Carrying amount at the end of the period	-	1

Refer to note 11.3 for details regarding credit risk and the methodology for determining impairment.

7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

7.1 Payables

	2019 $'000	2018 $'000
Current		
Creditors	376	980
Accrued expenses	279	272
GST payable	262	124
Employment on costs	55	59
Total Current payables	**972**	**1,435**
Non-current		
Employment on costs	100	92
Total Non-current payables	**100**	**92**
Total payables	**1,072**	**1,527**

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days. Employment on-costs are settled when respective employee benefits that they relate to are discharged. All payables are non-interest bearing. The carrying amount of payables approximates the net fair value due to the amounts being payable on demand.

The net amount of GST recoverable from the ATO is included as part of payables.

Employment on-costs

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the assumed proportion of long service leave taken as leave is unchanged from 2018. The average factor for the calculation of employer superannuation cost on-costs has changed from the 2018 rate (9.9%) to 9.8%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-costs payable of $4,000.

7.2 Fees received in advance

	2019 $'000	2018 $'000
Current		
Fees received in advance	1,492	1,430
Total Fees received in advance	**1,492**	**1,430**

This amount represents accommodation tariff deposits and booking payments, annual golf membership playing rights and annual boat launch permit fees collected in advance. The advance portion of any payment of lease and licence fees for use of parcels of land and buildings across the precinct is also included.

7.3 Borrowings

	2019 $'000	2018 $'000
Current		
Borrowings from SA Government	511	490
Total current borrowings	**511**	**490**
Non-current		
Borrowings from SA Government	8,406	8,948
Total non-current borrowings	**8,406**	**8,948**
Total borrowings	**8,917**	**9,438**

The Trust measures financial liabilities including borrowings/debt at historical cost. All interest bearing liabilities have been sourced from the SA Government Financing Authority.

The Trust has a $8,917,000 (2017-18 $9,438,000) loan facility with the South Australian Government Financing Authority.

The Trust has a $2,500,000 (2017-18 $2,500,000) working capital facility with the South Australian Government Financing Authority. As at 30 June 2019 there were no drawings on this facility (2017-18 $Nil).

The Trust has a $30,000 (2017-18 $30,000) credit card facility with ANZ Commercial Cards. The unused portion of this facility as at 30 June 2019 was $19,704 (2017-18 $18,574).

8. Other disclosures

8.1 Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of property and plant and equipment to the extent that they offset one another. Relevant amounts are not transferred to retained eamings when an asset is derecognised

8.2 Cash flow

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.

Cash flow reconciliation

	2019 $'000	2018 $'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	458	1,392
Balance as per the statement of Cash Flows	458	1,392
Reconciliation of net cost of providing services to net cash provided by operating activities:		
Net result from providing services	(75)	(23)
Add/less non cash items		
Depreciation and amortisation expense of non-current assets	2,738	2,579
Gain/loss on sale or disposal of non-current assets	1	(34)
Intangibles write-offs	-	1
Property, plant and equipment write-offs	13	129
Movement in assets and liabilities		
(Increase)/decrease in receivables	(83)	244
(Increase)/decrease in inventories	(33)	(5)
Increase/(decrease) in payables	(539)	382
Increase/(decrease) in fees received in advance	62	73
Increase/(decrease) in employee benefits	89	122
Net cash provided by operating activities	**2,173**	**3,468**

9. Changes in accounting policy

9.1 Treasurer's Instructions (Accounting Policy Statements)

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- removal of the additional requirement to report transactions with the SA Government.
- increasing the bands from $10,000 to $20,000 for employee and board member reporting.

These changes, however, do not impact on the amounts reported in the financial statements.

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective. This is further discussed in note 10.3.

9.2 AASB 9 Financial instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AAAB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments have been recognised in the notes to the financial statements.

As part of the adoption of AASB 9, the Trust adopted consequential amendments to other accounting standards and the *Treasurer's Instructions (Accounting Policy Statements)* arising from the issue of AASB 9 as follows:

- *AASB 101 Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. In prior year, this information was presented as part of other expenses.
- *AASB 7 Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and the *Treasurer's Instructions (Accounting Policy Statements), AASB 9 Financial Instruments* was adopted without restating comparative information for classification and measurement requirements.

The adoption of AASB 9 has a minimal impact on the recognition, measurement or classification of financial liabilities with no adjustment to retained earnings as at 1 July 2018 given that the Trust does not hold any equity instruments or debt instruments or undertake any hedge accounting.

On 1 July 2018, the Trust has assessed and reclassified its financial assets into the appropriate AASB 9 categories depending on the business model and contractual cash flow characteristics applying to the asset. AASB 9 eliminates the AASB 139 categories of held to maturity, loans and receivables and available for sale.

	Measurement category		Carrying amount		
	AASB 139	AASB 9	AASB 139 at 30 June 2018 $'000	re-measurement $'000	AASB 9 at 1 July 2018 $'000
Current financial assets					
Trade receivables	Loans and receivables	Amortised cost	67	-	67
Investments with SAFA	Held to maturity	Amortised cost	865	-	865
Current financial liabilities					
Trade payables	Amortised cost	Amortised cost	980	-	980
Borrowings	Amortised cost	Amortised cost	490	-	490
Non-current financial liabilities					
Borrowings	Amortised cost	Amortised cost	8,948	-	8,948

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' model. The following financial assets of the Trust are subject to AASB 9's new expected credit loss model:

- trade receivables from provision of goods and services

This model generally results in earlier recognition of credit losses than the previous one.

Trade receivables

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The Trust has adopted the simplified approach under *AASB 9 Financial Instruments* and measured lifetime expected credit losses on all trade receivables using a provision matrix approach as a practical expedient to measure the impairment provision. This resulted in no increase to the loss allowance for trade receivables external to Government on 1 July 2018, given the Trust's recent history of minimal trade receivable write-offs.

There are no additional impairment provisions for State, Territory, or Commonwealth Government receivables due to the Government's high quality credit risk.

Trade and other receivables that were classified as loans and receivables under AASB 139 are now classified at amortised cost as they meet the appropriate criteria under AASB 9.

10. Outlook

10.1 Unrecognised contractual commitments

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

Capital commitments

	2019 $'000	2018 $'000
Within one year	-	1,655
Later than one year but not longer than five years	-	-
Later than five years	-	-
Total capital commitments	**-**	**1,655**

The Trust had no major capital commitments as at the reporting date. The prior year amount represented remaining works to complete the construction of a new aquatic facility at the West Beach Parks Resort.

Operating leases receivable

	2019 $'000	2018 $'000
Commitments in relation to operating lease income contracted for at the reporting date		
Within one year	655	584
Later than one year but not longer than five years	1,843	1,854
Later than five years	5,409	5,631
Total operating leases receivable	**7,907**	**8,069**

All operating leases receivable of $7,907,000 ($8,069,000) are from entities external to the SA government, and are for parcels of land and buildings leased to various sporting organisations and commercial operators.

Operating leases payable

	2019 $'000	2018 $'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	154	74
Later than one year but not longer than five years	287	266
Later than five years	736	704
Total operating lease commitments	**1,177**	**1,044**
Representing:		
Non-cancellable operating leases	1,177	1,044
Total operating lease commitments	**1,177**	**1,044**

The Trust's operating lease agreements are for a parcel of land, computer equipment and golf cart rental.

These lease arrangements are non-cancellable with remaining terms ranging from 10 months (golf cart rental) to 15 years (parcel of land).

10.2 Contingent assets and liabilities

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

The Trust is not aware of any contingent assets or liabilities.

10.3 Impacts of standards and statements not yet effective

The Trust has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective.

Treasurer's Instructions (Accounting Policy Statements) 2019 issued by the Treasurer on 22 March 2019 are effective for 2018-19 reporting period and are addressed below in relation to Standards not yet effective and in note 9.1. There are no Accounting Policy Statements that are not yet effective.

The material impacts on the Trust are outlined below.

AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities

The Trust will adopt *AASB 15 – Revenue from Contracts with Customers* and *AASB 1058 – Income of Not for Profit Entities* from 1 July 2019.

Objective

AASB 15 introduces a 5-step approach to revenue recognition. The objective of AASB 15 is that recognition of revenue depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. It provides extensive guidance as to how to apply this revenue recognition approach to a range of scenarios. *AASB 15 – Revenue from Contracts* replaces *AASB 111 – Construction Contracts and AASB 118 – Revenue.*

Impact on 2019-20 financial statements

Adopting AASB 15 and AASB 1058 is expected to have no material impact on the timing of recognition of revenue by the Trust. This follows an analysis and assessment of the Trust's income streams in particular accommodation tariffs, golf income and rental revenue where a large proportion of the income is initially recognised as a financial liabilty as per AASB 9 until the services are provided, upon which it is recognised as revenue. This is the Trust's current policy and is unchanged from previous years.

Related accounting policies

The *Treasurer's Instructions (Accounting Policy Statements) 2019* sets out key requirements that the Trust must adopt for the transition to *AASB 15 – Revenue from Contracts with Customers* and *AASB 1058 – Income of Not for Profit Entities*. These requirements include that the Trust will:

- apply AASB 15 and AASB 1058 retrospectively. The cumulative effect of initially applying the Standards will be recognised at 1 July 2019. Comparatives will not be restated.
- not apply the AASB 15 and the AASB 1058 completed contracts practical expedient.
- apply the AASB 15 practical expedient for all contract modifications that occur before the date of initial application.

The *Treasurer's Instructions (Accounting Policy Statements) 2019* also sets out requirements for on-going application. These requirements include that Trust will:

- apply, where permitted, the short-term licences recognition exemption.
- adopt $15,000 as the threshold to determine whether a licence is a licence for which the transaction price is of low value and will apply the low value licence recognition exemption for all low value licences.
- not recognise volunteer services when the services would not have been purchased if they had not been donated.

AASB 16 – Leases

The Trust will adopt *AASB 16 – Leases* from 1 July 2019.

Objective

AASB 16 sets out a comprehensive model for lease accounting that addresses recognition, measurement, presentation and disclosure of leases. The outcome will be that lease information disclosed will give users of financial statements a basis to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. *AASB 16 Leases* replaces *AASB 117 Leases* and *Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation, and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

Impact on 2019-20 financial statements

The Trust has assessed the estimated impact on the Statement of Financial Position of adopting AASB 16 with the transition requirements mandated by the *Treasurer's Instructions (Accounting Policy Statements).*

AASB 16 requires lessees to recognise assets and liabilities for all leases, not subject to a recognition exemption or scoped out of the application of AASB 16. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position for the first time. Lease incentive liabilities previously recognised will be written off against the right-of-use assets or retained earnings depending on the nature of the incentive.

AASB 16 is expected to have a material impact on the Statement of Financial Position. The Trust has estimated the impact of this change and the results as at 1 July 2019.

The estimated impact is based on applying AASB 16's transition approach to those leases identified as leases by the Trust prior to 1 July 2019. The incremental borrowing rates applied to estimate the lease liability were SAFA's interest rates for principal and interest loans to SA Government agencies as at July 2019 plus the guarantee fee that is applicable to any new borrowings of the Trust.

The estimated impact is set out below.

	as at 1 July 2019 $'000
Assets	
Right-of-use assets	969
Liabilities	
Lease liabilities	969
Net impact on equity	**-**

AASB 16 will also impact on the Statement of Comprehensive Income. The operating lease payments previously included in supplies and services will mostly be replaced with:

- a depreciation expense that represents the use of the right-of-use asset; and
- borrowing costs that represent the cost associated with financing the right-of-use asset.

The estimated impact on 2019-20 Statement of Comprehensive Income is set out below.

	2020 $'000
Increase in depreciation and amortisation	65
Increase in borrowing costs	28
Decrease in rental expenses	(68)
Net impact on net cost of providing services	**25**

Related accounting policies

The *Treasurer's Instructions (Accounting Policy Statements) 2019* sets out key requirements that the department must adopt for the transition from *AASB 117 Leases* to *AASB 16 Leases*. These requirements include that the Trust will:

- apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard will be recognised at 1 July 2019. Comparatives will not be restated.
- only apply AASB 16 to contracts that were previously identified as containing a lease applying AASB 117 and related interpretations.
- not transition operating leases for which the lease term ends before 30 June 2020.
- not apply AASB 16 to leases of intangible assets.
- adopt $15,000 as the threshold to determine whether an underlying asset is a low value asset and must apply the low value asset recognition exemption to all low value assets.
- apply the short-term leases recognition exemption for all classes of underlying asset.
- separate non-lease components from lease components.
- adopt the revaluation model, where permitted.
- where required, apply the relevant lessee's incremental borrowing rate published by the Department of Treasury and Finance.
- on initial recognition not record at fair-value leases that have significantly below-market terms and conditions principally to enable the department to further its objectives, unless they have already been recorded at fair-value prior to 1 July 2019.

10.4 Events after the reporting period

The Trust is not aware of any events after the end of the reporting period that will have a material financial impact.

11. Measurement and risk

11.1 Long service leave liability – measurement

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

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

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2018 (2.5%) to 2019 (1.25%).

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

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of $106,000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 2.2% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The portion of estimated long service leave that is classified as current is based on an assessment of the pattern of leave taken or paid out over the last 10 years.

11.2 Fair value

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

Initial recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

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

Revaluation

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

The policy of the Trust is that land, buildings and improvements will be revalued by an external professionally qualified valuer every 5 years. A valuation was undertaken as at 30 June 2019 in line with this policy. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Fair value hierarchy

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

- Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 – not traded in an active market and are derived from unobservable inputs.

The Trust's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

During 2019 and 2018, the Trust had no valuations categorised into level 1 and Level 2; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

Fair value classification - non-financial assets at 30 June 2019

	Note	Level 3 $'000	Total $'000
Recurring fair value measurements			
Land	5.1	54,909	54,909
Buildings and improvements	5.1	35,253	35,253
Plant and equipment	5.1	3,535	3,535
Total recurring fair value measurements		**93,697**	**93,697**

Fair value classification - non-financial assets at 30 June 2018

	Note	Level 3 $'000	Total $'000
Recurring fair value measurements			
Land	5.1	48,490	48,490
Buildings and improvements	5.1	33,341	33,341
Plant and equipment	5.1	3,132	3,132
Total recurring fair value measurements		**84,963**	**84,963**

Land and buildings and improvements

An independent valuation of land and buildings and improvements was performed in February 2019 by a Certified Practising Valuer from Jones Lang Lasalle SA Pty Ltd, as at 30 June 2019

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

Plant and equipment

Plant and equipment acquisitions have been recognised at cost. The carrying value of plant and equipment is deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

11.3 Financial Instruments

Financial risk management

Risk is managed by the application of the West Beach Trust Risk Management Framework.

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

Liquidity risk

Liquidity risk arises where the Trust is unable to meet its financial obligations as they are due to be settled. The Board, Executive and Senior Management are responsible for monitoring and ensuring its operations are prudently maintained. Liquidity is managed on a daily basis and monthly reports are submitted to the Board, Executive and Senior Management and the Department of Treasury and Finance. The Trust generally settles undisputed accounts within 30 days from the date of invoice or the date the invoice is first received. In the event of a dispute, payment is generally made 30 days from resolution.

An assessment of liquidity risk has been undertaken by the Chief Executive Officer and General Manager Corporate Services and based on past experience and knowledge of seasonal trends, management is confident that the Trust will be able to meet its financial obligations as and when they fall due. Cash flow updates are included in the Trust's Board papers provided to Board members monthly.

Refer to notes 7.1 and 7.3 for further information

Credit risk

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

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

Impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. The Trust uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors which comprise a large number of small balances.

To measure the expected credit losses, receivables are grouped based on shared risks characteristics and the days past due. When estimating expected credit loss, the Trust considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Trust's historical experience and informed credit assessment, including forward-looking information.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Trust is exposed to credit risk.

The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties.

Impairment losses are presented as net impairment losses within net result, subsequent recoveries of amounts previously written off are credited against the same line item.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the Trust and a failure to make contractual payments within a reasonable time frame.

There were no receivables written off during the year that are still subject to enforcement activity

The Trust considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

In the comparative period, the impairment of receivables was assessed based on the incurred loss model. The allowance was recognised when there was objective evidence that a receivable was impaired. The allowance for impairment was recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence existed.

Market risk

The Trust does not trade in foreign currency, nor enter into transactions for speculative purposes, nor for hedging. The Trust does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the government's risk management strategy articulated in *TI 23 Management of Foreign Currency Exposures.*

Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. The Trust's interest bearing liabilities are managed through the South Australian Government Financing Authority (SAFA) and any movement in interest rates are monitored on a regular basis. There is no exposure to foreign currency or other price risks.

There have been no changes in risk exposure since the last reporting period.

Categorisation of financial instruments

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

Classification applicable until 30 June 2018 under AASB 139 Financial Instruments: Recognition and Measurement

As at 30 June 2019 the Trust only has loans and receivables

The Trust does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer to notes 6.2 and 7.1).
- Borrowings are initially recognised at fair value, plus any transaction cost directly attributable to the borrowings, then subsequently held at amortised cost. For the majority of borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. (refer to note 7.3).

Classification applicable from 1 July 2018 under AASB 9 Financial Instruments

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt instrument, FVOCI – equity instrument or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

The Trust measures all financial instruments at amortised cost.

West Beach Trust

	2019 Carrying amount/ Fair value $'000	2019 Contractual maturities Within 1 year $'000	1-5 years $'000	More than 5 years $'000
<u>Financial assets</u>				
Cash and equivalent				
Cash and cash equivalent	449	449	-	-
Financial assets at amortised cost				
Receivables	171	171	-	-
Total financial assets	620	620	-	-
<u>Financial liabilities</u>				
Financial liabilities at amortised cost				
Payables	500	500	-	-
Fees received in advance	1,492	1,492	-	-
Borrowings	8,917	511	1,516	6,890
Total financial liabilities	10,909	2,503	1,516	6,890

	2018 Carrying amount/ Fair value $'000	2018 Contractual maturities Within 1 year $'000	1-5 years $'000	More than 5 years $'000
<u>Financial assets</u>				
Cash and equivalent				
Cash and cash equivalent	1,392	1,392	-	-
Financial assets at amortised cost				
Receivables	58	58	-	-
Total financial assets	1,450	1,450	-	-
<u>Financial liabilities</u>				
Financial liabilities at amortised cost				
Payables	901	901	-	-
Fees received in advance	1,430	1,430	-	-
Borrowings	9,438	490	1,651	7,297
Total financial liabilities	11,769	2,821	1,651	7,297

Receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (eg Commonwealth and State taxes, fees and charges). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts are carried at cost.

The receivables amount disclosed here excludes prepayments. 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.