

Australian Film Institute

ABN: 17 006 725 266

Financial Statements

For the Year Ended 30 June 2019

Australian Film Institute

ABN: 17 006 725 266

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For the Year Ended 30 June 2019

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SUBDIVISION 60-40 OF THE AUSTRALIAN CHARITIES
AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE DIRECTORS OF AUSTRALIAN FILM INSTITUTE**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been no contraventions of the auditor independence requirements as set out in any applicable code of professional conduct in relation to the audit.

MOORE STEPHENS

MOORE STEPHENS AUDIT (VIC)

ABN 16 847 721 257



RYAN LEEMON

Partner

Audit & Assurance Services

Melbourne, Victoria

11 May 2020

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|--|------|---------------|---------------|
| Revenue | 5 | 5,653,947 | 6,088,084 |
| Other income | | 965 | 3,595 |
| Production expenses | | (3,879,441) | (4,402,364) |
| Employee expenses | 6 | (1,406,237) | (1,345,565) |
| Depreciation and amortisation expense | | (44,377) | (101,134) |
| Rental expense | | (116,637) | (111,714) |
| Consultants expenses | | (5,511) | (4,789) |
| Other expenses | | (115,685) | (113,619) |
| Profit before income tax | | 87,024 | 12,494 |
| Income tax expense | | - | - |
| Profit for the year | | 87,024 | 12,494 |
| Total comprehensive income for the year | | 87,024 | 12,494 |

Statement of Financial Position

As At 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|-------------------------------|------|-------------------------|-------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7 | 1,667,437 | 953,854 |
| Trade receivables | 8 | 50,566 | 289,332 |
| Other assets | 11 | 194,589 | 108,582 |
| TOTAL CURRENT ASSETS | | <u>1,912,592</u> | <u>1,351,768</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 44,805 | 62,191 |
| Intangible assets | 10 | 25,649 | 10,692 |
| TOTAL NON-CURRENT ASSETS | | <u>70,454</u> | <u>72,883</u> |
| TOTAL ASSETS | | <u><u>1,983,046</u></u> | <u><u>1,424,651</u></u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 200,336 | 137,786 |
| Employee benefits | 14 | 434,673 | 394,955 |
| Other liabilities | 13 | 949,779 | 597,831 |
| TOTAL CURRENT LIABILITIES | | <u>1,584,788</u> | <u>1,130,572</u> |
| NON-CURRENT LIABILITIES | | | |
| Employee benefits | 14 | 32,736 | 15,581 |
| TOTAL NON-CURRENT LIABILITIES | | <u>32,736</u> | <u>15,581</u> |
| TOTAL LIABILITIES | | <u>1,617,524</u> | <u>1,146,153</u> |
| NET ASSETS | | <u><u>365,522</u></u> | <u><u>278,498</u></u> |
| EQUITY | | | |
| Retained earnings | | <u>365,522</u> | <u>278,498</u> |
| TOTAL EQUITY | | <u><u>365,522</u></u> | <u><u>278,498</u></u> |

The accompanying notes form part of these financial statements.

Australian Film Institute

ABN: 17 006 725 266

Statement of Changes in Equity For the Year Ended 30 June 2019

2019

| | Retained Earnings | Total |
|-----------------------------------|----------------------|----------------|
| | \$ | \$ |
| Balance at 1 July 2018 | 278,498 | 278,498 |
| Surplus for the year attributable | 87,024 | 87,024 |
| Balance at 30 June 2019 | 365,522 | 365,522 |

2018

| | Retained Earnings | Total |
|-----------------------------------|----------------------|----------------|
| | \$ | \$ |
| Balance at 1 July 2017 | 266,004 | 266,004 |
| Surplus for the year attributable | 12,494 | 12,494 |
| Balance at 30 June 2018 | 278,498 | 278,498 |

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2019

| | 2019 | 2018 |
|---|----------------------|------------------|
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Government funding, sponsorship, membership & other revenue | 5,263,253 | 3,868,136 |
| Payments to suppliers and employees | (4,513,757) | (4,031,146) |
| Interest received | 6,033 | 4,806 |
| Net cash provided by/(used in) operating activities | 20(a) 755,529 | (158,204) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Payment for property, plant and equipment | (16,297) | (48,733) |
| Payment for intangible assets | (25,649) | - |
| Net cash provided by/(used in) investing activities | (41,946) | (48,733) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Net increase/(decrease) in cash and cash equivalents held | 713,583 | (206,937) |
| Cash and cash equivalents at beginning of year | 953,854 | 1,160,791 |
| Cash and cash equivalents at end of financial year | 7 1,667,437 | 953,854 |

Notes to the Financial Statements

For the Year Ended 30 June 2019

The financial report covers Australian Film Institute as an individual entity. Australian Film Institute is a not-for-profit Company, registered and domiciled in Australia.

The functional and presentation currency of Australian Film Institute is Australian dollars.

The financial report was authorised for issue by the directors of the company on 11 May 2020.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

The Company has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 July 2018.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards 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 profit or loss and other comprehensive income. In the comparative 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, this disclosures have been provided for the current year.

The key changes to the Company's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Company has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 July 2018.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).

Transition adjustments

There have been no impacts to retained earnings on adoption of AASB 9 at 1 July 2018.

Classification of financial assets and financial liabilities

There have been no changes to the classification of financial assets and liabilities under AASB 9 during the period.

3 Summary of Significant Accounting Policies

(a) Revenue and other income

Grants, membership and sponsorship revenue

Reciprocated grants, membership and sponsorship monies received are recognised as revenue on an accrual basis of accounting, as there is a continuing obligation to provide the services and events for which these income items relate.

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before the entity is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the state of financial position as a liability until the service has been delivered to the contributor; otherwise the grant is recognised as income on receipt.

In-kind grants

These services are recognised at fair value on the date of the service is delivered as revenue, with a corresponding amount of expenditure recognised in the statement of profit or loss.

Other income

Interest revenue is recognised using the effective interest method, which for floating rate financial assets in the rate inherent in the instrument.

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(a) Revenue and other income

Other income

Donations and bequests are recognised as revenue when received.

Revenue from the rendering of a service is recognised upon the delivery of the services to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(b) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included 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 taxation authority is classified as operating cash flows.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Plant and equipment

Plant and equipment are measured using the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(e) Property, plant and equipment

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

| Fixed asset class | Depreciation rate |
|--------------------------|--------------------------|
| Plant and Equipment | 3 to 10 years |
| Furniture and Fittings | 3 to 10 years |
| Computers | 3 years |
| Leasehold improvements | 10 years |

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(f) Financial instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified as "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

The Company has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss (refer to hedging

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

accounting policy for derivatives designated as hedging instruments.)

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flowa are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

losses are estimated and recognised.

Financial liabilities

The Company classifies financial liabilities into either:

- liabilities measured at fair value through profit or loss; or
- other financial liabilities.

Liabilities measured at fair value through profit or loss comprise of derivative financial instruments and changes in fair value are recorded in profit or loss at each reporting period.

Other financial liabilities are initially recorded at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. Other financial liabilities comprise trade payables, bank and other loans and finance lease liabilities.

Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(g) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(i) Intangibles

Software

Intangible assets relate to assets that are acquired by the company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Software assets relate to computer programs used in everyday operations. Website assets relate to the AACTA website used to process membership sales, promote industry events, and display sponsorship logos.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(k) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Economic Dependence/ Going Concern

The company remains reliant on ongoing memberships, grants and sponsorships from various parties to support its operations and film promotion in Australia. As at the date of this report whilst the AACTA awards ceremony is expected to proceed as planned, funding associated with holding the annual event is still being arranged and confirmed from various grantors and sponsors. Further, the company currently has significant employee entitlements payable (\$467,409 refer note 14) with a large concentration obligated to a small number of individual employees, should large individual entitlements not be actively managed via encouragement of staff leave or entering alternate arrangements with individual staff, it could potentially impose a financial impost on the company.

Despite the above circumstances, the financial report has been prepared on the basis that the entity can continue to meet its commitments as and when they fall due. In arriving at this position the directors have had regard to the fact that they are actively pursuing funding initiatives to provide additional working capital, including confirming funding for the 2020 AACTA awards, growing online revenue streams and actively managing costs through internal restructure as required. Post year end a deferral agreement was signed with impacted parties for settlement of employee entitlements to ensure the financial obligation is appropriately managed and any cash payments are not to the detriment of other third party financial obligations and commitments of the company.

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(l) Economic Dependence/ Going Concern

The directors believe that at the date of the signing of the financial statements there are reasonable grounds to believe that, having regard to the matters set out above, the company will be able to raise sufficient funds to meet its obligations as and when they fall due and continue to proceed with strategic objectives for the coming twelve month period.

Should the directors not maintain support and achieve the matters set out above, there is material uncertainty whether the entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Entity not be able to continue as a going concern.

This note should be read in conjunction with note 21 "Events after the end of the Reporting Period".

(m) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company or refer to Note 2 for details of the changes due to standards adopted.

(n) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards, and continue to quantify potential impact on future financial reports

| Standard Name | Effective date for entity | Requirement | Impact |
|----------------|---------------------------|--|--|
| AASB 16 Leases | 1 January 2019 | AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges. | Whilst the impact of AASB 16 has not yet been fully quantified, currently the Company has operating leases which will be brought onto the statement of financial position. |

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(n) New accounting standards for application in future periods

| | | | |
|--|-------------------|--|--|
| AASB 1058 Income for 2019 Not-for-Profit Entities | 1 January 2019 | AASB 1058 supersedes all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. AASB 1058 applies when a NFP entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity recognises and measures the asset at fair value in accordance with the applicable Australian Accounting Standard. Upon initial recognition of the asset, this Standard requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised in accordance with the applicable Accounting Standard, such as: (a) contributions by owners; (b) revenue, or a contract liability arising from a contract with a customer; (c) a lease liability; (d) a financial instrument; or (e) a provision. If the transaction is a transfer of a financial asset to enable an entity to acquire or construct a recognisable nonfinancial asset to be controlled by the entity (ie an in-substance acquisition of a nonfinancial asset), the entity recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. The entity recognises income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15. If the transaction does not enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income. | Each revenue stream, including grant agreements, is currently being reviewed to determine the impact of AASB 1058. |
| AASB 15 Revenue from Contracts with Customers | 1 January 2019 | AASB 15 introduces a five-step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. | The impact of AASB 15 is currently being reviewed to determine the impact on the financial statements. |

Notes to the Financial Statements

For the Year Ended 30 June 2019

4 Critical Accounting Estimates and Judgments

The directors of the company make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

5 Revenue and Other Income

Revenue from continuing operations

| | 2019 \$ | 2018 \$ |
|---------------------------------------|------------------|------------|
| Revenue from grants and sponsorships | | |
| - Government grants and other grants | 1,954,667 | 2,028,923 |
| - Sponsorship - Cash | 1,435,132 | 1,482,311 |
| - Sponsorship - In-Kind | 1,541,226 | 1,891,225 |
| - Membership fees | 315,040 | 319,450 |
| - Film entry fees and ticket sales | 401,849 | 361,369 |
| | 5,647,914 | 6,083,278 |
| Other revenue | | |
| - Interest received | 6,033 | 4,806 |
| | 6,033 | 4,806 |
| Total Revenue | 5,653,947 | 6,088,084 |
| Other income | | |
| - Donations | 965 | 3,595 |
| Total other income | 965 | 3,595 |
| Total revenue and other income | 5,654,912 | 6,091,679 |

Notes to the Financial Statements

For the Year Ended 30 June 2019

6 Surplus for the Year

(a) Expenses

| | 2019 \$ | 2018 \$ |
|---|------------------|------------------|
| Employee benefits expense: | | |
| Contribution to defined contribution superannuation funds | 83,234 | 79,329 |
| Wages and salaries | 1,266,131 | 1,180,693 |
| Movement in provisions | 56,872 | 85,543 |
| Total employment benefits expense | 1,406,237 | 1,345,565 |

7 Cash and Cash Equivalents

| | | |
|--------------------------|------------------|----------------|
| Cash at bank and on hand | 1,667,437 | 953,854 |
| | 1,667,437 | 953,854 |

8 Trade and Other Receivables

| | | |
|--|---------------|----------------|
| CURRENT | | |
| Grants receivable | 50,566 | 289,332 |
| Total current trade and other receivables | 50,566 | 289,332 |

Notes to the Financial Statements

For the Year Ended 30 June 2019

9 Property, plant and equipment

| | 2019 \$ | 2018 \$ |
|----------------------------------|---------------|---------------|
| PLANT AND EQUIPMENT | | |
| Computer Equipment | | |
| At cost | 303,120 | 287,899 |
| Accumulated depreciation | (266,615) | (235,646) |
| Total computer equipment | 36,505 | 52,253 |
| Plant and equipment | | |
| At cost | 13,590 | 13,590 |
| Accumulated depreciation | (12,982) | (12,581) |
| Total plant and equipment | 608 | 1,009 |
| Furniture and fittings | | |
| At cost | 20,610 | 19,534 |
| Accumulated depreciation | (17,820) | (16,598) |
| Total furniture and fittings | 2,790 | 2,936 |
| Leasehold Improvements | | |
| At cost | 31,400 | 31,400 |
| Accumulated amortisation | (26,498) | (25,407) |
| Total leasehold improvements | 4,902 | 5,993 |
| Total plant and equipment | 44,805 | 62,191 |
| Total plant and equipment | 44,805 | 62,191 |

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

| | Computer Equipment \$ | Plant and Equipment \$ | Furniture and Fittings \$ | Leasehold Improvements \$ | Total \$ |
|---------------------------------------|-----------------------------|------------------------------|------------------------------------|---------------------------------|---------------|
| Year ended 30 June 2019 | | | | | |
| Balance at the beginning of year | 52,253 | 1,009 | 2,936 | 5,993 | 62,191 |
| Additions | 15,221 | - | 1,076 | - | 16,297 |
| Depreciation expense | (30,969) | (401) | (1,222) | (1,091) | (33,683) |
| Balance at the end of the year | 36,505 | 608 | 2,790 | 4,902 | 44,805 |

Notes to the Financial Statements

For the Year Ended 30 June 2019

10 Intangible Assets

| | 2019 \$ | 2018 \$ |
|--------------------------|---------------|---------------|
| Software | | |
| Cost | 71,356 | 45,707 |
| Accumulated amortisation | (45,707) | (35,015) |
| Total Intangibles | 25,649 | 10,692 |

(a) Movements in carrying amounts of intangible assets

Year ended 30 June 2019

| | |
|--------------------------------------|---------------|
| Balance at the beginning of the year | 10,692 |
| Additions | 25,649 |
| Amortisation | (10,692) |
| Closing value at 30 June 2019 | 25,649 |

11 Other Assets

| | 2019 \$ | 2018 \$ |
|-------------|----------------|----------------|
| CURRENT | | |
| Prepayments | 194,589 | 108,582 |
| | 194,589 | 108,582 |

12 Trade and Other Payables

| | | |
|----------------|----------------|----------------|
| CURRENT | | |
| Trade payables | 159,902 | 109,313 |
| Other payables | 40,434 | 28,473 |
| | 200,336 | 137,786 |

13 Other Liabilities

| | | |
|-----------------|----------------|----------------|
| CURRENT | | |
| Deferred income | 949,779 | 597,831 |
| | 949,779 | 597,831 |

Notes to the Financial Statements

For the Year Ended 30 June 2019

14 Employee Benefits

| | 2019 \$ | 2018 \$ |
|----------------------------------|----------------|----------------|
| CURRENT | | |
| Provision for long service leave | 123,531 | 108,548 |
| Provision for annual leave | 311,142 | 286,407 |
| | <u>434,673</u> | <u>394,955</u> |
| NON-CURRENT | | |
| Provision for long service leave | 32,736 | 15,581 |
| | <u>32,736</u> | <u>15,581</u> |

15 Capital and Leasing Commitments

(a) Operating Leases

Minimum lease payments under non-cancellable operating leases:

| | | |
|-----------------------------------|----------------|----------------|
| - not later than one year | 123,758 | 113,730 |
| - between one year and five years | 226,657 | 350,415 |
| | <u>350,415</u> | <u>464,145</u> |

The property lease commitments are non-cancellable operating leases contracted for but not recognised in the financial statements with a three-year term. Lease commitments are indexed over the term of the lease.

16 Members' Guarantee

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 20 each towards meeting any outstandings and obligations of the Company.

17 Key Management Personnel Remuneration

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.

The totals of remuneration paid to the key management personnel of Australian Film Institute during the year are as follows:

| | | |
|------------------------------|----------------|----------------|
| Short-term employee benefits | 456,133 | 440,267 |
| Post-employment benefits | 35,041 | 34,595 |
| | <u>491,174</u> | <u>474,862</u> |

18 Contingencies

In the opinion of the directors of the company, the Company did not have any contingencies at 30 June 2019 (30 June 2018:None).

Notes to the Financial Statements

For the Year Ended 30 June 2019

19 Related Parties

The Directors receive no compensation in relation to the management of the Company. The compensation disclosed above at Note 17 represents an allocation of the key management personnel's estimated compensation from the Company in relation to management services rendered to the Company.

From time to time, Directors of the Company or their related entities utilise the membership services of the Company. These services are on the same terms and conditions as entered into by other members.

The Directors of the Company are requested to attend the AACTA Awards Ceremony to deepen and develop relationships with government stakeholders, sponsors and industry practitioners who also attend the event. In doing so, the Directors are fulfilling their duties by ensuring the ongoing success and viability of the Australian Film Institute.

No key management personnel have entered into a material contract with the Company. Since the end of the previous financial year, there were no material contracts including the key management personnel's interest at year-end.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

20 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

| | 2019 | 2018 |
|--|-----------------|-------------|
| | \$ | \$ |
| Profit for the year | 87,024 | 12,494 |
| Cash flows excluded from profit attributable to operating activities | | |
| Non-cash flows in profit: | | |
| - depreciation and amortisation expense | 44,377 | 101,134 |
| Changes in assets and liabilities: | | |
| - (increase)/decrease in trade and other receivables | 238,764 | - |
| - (increase)/decrease in prepayments | (86,007) | 4,132 |
| - increase/(decrease) in deferred income | 351,948 | (327,512) |
| - increase/(decrease) in trade and other payables | 62,550 | (33,997) |
| - increase/(decrease) in employee benefits | 56,873 | 85,545 |
| Cashflows from operations | 755,529 | (158,204) |

21 Events after the end of the Reporting Period

The recent outbreak and spread of the Corona Virus (COVID-19) has disrupted many business both domestically and globally. As a result of this outbreak, there is potential accounting, financial reporting and commercial implications that management is currently considering. As the outbreak was only declared an emergency in late February 2020, the company is yet to fully understand the implications to the company, but is cognisant that some detrimental impact is likely.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may

Australian Film Institute

ABN: 17 006 725 266

Notes to the Financial Statements

For the Year Ended 30 June 2019

21 Events after the end of the Reporting Period

significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

22 Statutory Information

The registered office and principal place of business of the company is:

Australian Film Institute
236 Dorcas Street
South Melbourne Victoria 3205

Australian Film Institute

ABN: 17 006 725 266

Directors' Declaration

The directors of Australian Film Institute declare that in their opinion:

1. The financial statements and notes, as set out on pages 2 to 23, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - ☐ Comply with Australian Accounting Standards – Reduced Disclosure Requirements applicable to the entity; and
 - ☐ give a true and fair view of the financial position of the entity as at 30 June 2019 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay all of its debts, as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Director


ALAN FINNEY

Dated

11/5/20

Moore Stephens Audit (Vic)

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Melbourne Victoria 3000
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Geelong Victoria 3220
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN FILM INSTITUTE

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Australian Film Institute (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the responsible entities directors' declaration.

In our opinion the financial report of Australian Film Institute has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (The ACNC Act), including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of their performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*;

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3(l) Economic Dependence/ Going Concern in the financial report. These factors, indicate the existence of a material uncertainty which may cast doubt over Australian Film Institutes ability to continue as a going concern.

Other Information

The responsible entities are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

MOORE STEPHENS

MOORE STEPHENS AUDIT (VIC)

ABN 16 847 721 257



RYAN LEEMON

Partner

Audit & Assurance Services

Melbourne, Victoria

11 May 2020