

Dog and Cat Management Board

Financial report
for the year ended
30 June 2019



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INDEPENDENT AUDITOR'S REPORT

To the Chairperson Dog and Cat Management Board

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Dog and Cat Management Board 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 Dog and Cat Management Board as at 30 June 2019, their financial performance and their 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 consolidated 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 a Board member, the Chief Financial Officer, Department for Environment and Water and Program Manager, Department for Environment and Water.

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 Dog and Cat Management Board. 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 Board for the financial report

The Board 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 determined 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.

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 Dog and Cat Management Board's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- 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 Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

Auditor-General


27 September 2019

Dog and Cat Management Board
Certification of the Financial Statements
for the year ended 30 June 2019

We certify that the attached general purpose financial statements for the Dog and Cat Management Board:

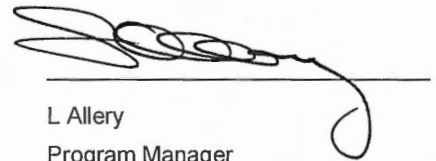
- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards
- are in accordance with the accounts and records of Board
- present a true and fair view of the financial position of the Dog and Cat Management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

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



R L Somers PhD
Board Member

27 September 2019



L Allery
Program Manager
Department for Environment and Water

27 September 2019



S O'Brien
Chief Financial Officer
Department for Environment and Water

27 September 2019

Dog and Cat Management Board
Statement of Comprehensive Income
for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Expenses			
Board and employee benefits expenses	2.3	380	143
Supplies and services	3.1	2 064	1 139
Depreciation and amortisation	3.2	135	22
Other	3.3	12	11
Total expenses		2 591	1 315
Income			
Fees and charges	4.1	3 601	2 194
Interest	4.2	63	18
Total income		3 664	2 212
Net benefit from providing services		1 073	897
Net result		1 073	897
Total comprehensive result		1 073	897

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

Dog and Cat Management Board
Statement of Financial Position
as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	6.1	2 025	1 260
Receivables	6.2	110	86
Total current assets		2 135	1 346
Non-current assets			
Property, plant and equipment	5.1	54	64
Intangible assets	5.2	1 115	705
Total non-current assets		1 169	769
Total assets		3 304	2 115
Current liabilities			
Payables	7.1	111	204
Employee benefits	2.4	218	17
Total current liabilities		329	221
Non-current liabilities			
Payables	7.1	2	-
Employee benefits	2.4	14	8
Total non-current liabilities		16	8
Total liabilities		345	229
Net assets		2 959	1 886
Equity			
Retained earnings		2 959	1 886
Total equity		2 959	1 886

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

Dog and Cat Management Board
Statement of Changes in Equity
for the year ended 30 June 2019

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2017	989	989
Net result for 2017-18	897	897
Total comprehensive result for 2017-18	897	897
Balance at 30 June 2018	1 886	1 886
Net result for 2018-19	1 073	1 073
Total comprehensive result for 2018-19	1 073	1 073
Balance at 30 June 2019	2 959	2 959

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

Dog and Cat Management Board
Statement of Cash Flows
for the year ended 30 June 2019

	2019	2018
	(Outflows)	(Outflows)
	Inflows	Inflows
Note	\$'000	\$'000
Cash flows from operating activities		
Cash outflows		
Employee benefits and Board member expenses	(173)	(130)
Payments for supplies and services	(2 192)	(1 300)
Other payments	(12)	(11)
Cash used in operating activities	(2 377)	(1 441)
Cash inflows		
Fees and charges	3 586	2 190
Interest	61	18
Cash generated from operating activities	3 647	2 208
Net cash provided by operating activities	1 270	767
Cash flows from investing activities		
Cash outflows		
Purchase of intangibles	(505)	(687)
Cash used in investing activities	(505)	(687)
Net cash used in investing activities	(505)	(687)
Net increase in cash and cash equivalents	765	80
Cash and cash equivalents at the beginning of the reporting period	1 260	1 180
Cash and cash equivalents at the end of the reporting period	2 025	1 260

The accompanying notes form part of these financial statements.

Dog and Cat Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

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Dog and Cat Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1 About the Dog and Cat Management Board

The financial activities of the Dog and Cat Management (the Board) are administered through the Dog and Cat Management Fund (the Fund) in accordance with the *Dog and Cat Management Act 1995*. The Fund is an interest bearing Deposit Account with the Department of Treasury and Finance (DTF) pursuant to section 21(1) of the *Public Finance and Audit Act 1987*.

The Fund's sources of revenue consist of:

- money required to be paid into the Fund under the Act, comprising registration fees
- any other money received by the Board for professional services
- interest accruing from investment of the Fund.

The Department for Environment and Water (DEW) provides administrative and workforce support to the Board. These services are provided by DEW to the Board on a cost recovery basis under a Service Level Agreement. The Board reflects costs invoiced by DEW under the Service Level Agreement as fee for service expenses (refer to note 3.1).

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*
- relevant Australian Accounting Standards with reduced disclosure requirements.

For the 2018-19 financial statements the Board 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 8.

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 notes associated with the item measured.

DEW prepares a Business Activity Statement on behalf of the Board under the grouping provisions of the Goods and Services Tax (GST) legislation. Under these provisions, DEW is liable for the payments and entitled to the receipts associated with GST. Therefore the Board's net GST receivable/payable is recorded in DEW's Statement of Financial Position. GST cash flows applicable to the Board are recorded in DEW's Statement of Cash Flows.

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.

Dog and Cat Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1.2. Objectives and programs

The Board was established under the *Dog and Cat Management Act 1995* (the Act) to:

- plan for, promote, and provide advice about the effective management of dogs and cats throughout South Australia
- oversee the administration and enforcement of the provisions of the Act.

The objectives of the Act are to:

- encourage responsible dog and cat ownership
- reduce public and environmental nuisance caused by dogs and cats
- promote the effective management of dogs and cats through encouragement of de-sexing of dogs and cats.

The priorities of the Board in achieving the objectives of the Act are to:

- improved dog management through responsible dog ownership and community collaboration
- improved cat management through responsible cat ownership and community collaboration
- connecting Councils, community, professionals and agencies interested in and responsible for dog and cat management
- leadership in dog and cat management and effective administration of the Dog and Cat Management Act.

The Board achieves its objectives through activities identified in its strategic, operational and financial plans approved by the Minister.

From 1 July 2018, the Dogs and Cats Online (DACO) system was introduced by the Board as South Australia's central digital database to track pets, replacing separate Council registers. The DACO system is the primary collection process for annual pet registration fees on behalf of Councils, and stores information such as ownership, breeder and microchip data to support Councils and the Board in the discharge of their obligations under the Act. Registration fees collected by the Board through the DACO system are paid into the Fund, and the prescribed percentage of dog registration fees are subsequently disbursed to each Council in respect of the dogs registered in the area of the Council.

Administered items

Registration fees collected by the Board through the DACO system as well as the prescribed percentage of dog registration fees subsequently disbursed to each Council are disclosed under note 8 Other Items.

2. Board, committees and employees

2.1. Key management personnel

Key management personnel of the Board include the Minister for Environment and Water, the Board Chairperson and other members of the Board who have responsibility for the strategic direction and management of the Board.

Total compensation for key management personnel was \$30 000 in 2018-19 and \$35 000 in 2017-18.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Environment and Water 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 DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

No transactions with key management personnel or related parties occurred during 2018-19.

Dog and Cat Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.2. Board and committee members

Members during the 2019 financial year were:

Dog and Cat Management Board

Dr F Lewis (Chair) (retired February 2019)
 Dr S J Hazel (retired June 2019)
 V A Jacobs (retired June 2019) *
 J G Kilby (retired December 2018)
 J M Loveday (retired June 2019)
 G C Russell
 Dr R L Somers
 P S Warren
 M A Wiberg (retired February 2019)

* In accordance with the Premier and Cabinet's Circular No 016, government employees did not receive any remuneration for board/committee duties during the financial year.

Board and committee remuneration

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

	2019	2018
\$0 - \$19 999	9	11
Total number of members	9	11

The total remuneration received or receivable by members was \$30 000 (2018: \$35 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

2.3. Board and employee benefits expenses

	2019	2018
	\$'000	\$'000
Salaries and wages	305	84
Board and committees fees	29	31
Annual leave	15	7
Employment on-costs - superannuation	13	11
Long Service Leave	10	3
Employment on-costs - other	7	6
Other employment related expenses	1	1
Total Board and employee expenses	380	143

The Board has one employee. Employee benefits expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Board member expenses include all board fees and other costs including superannuation. These are recognised when incurred.

Dog and Cat Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.4. Employee benefits liabilities

	2019 \$'000	2018 \$'000
Current		
Accrued salaries and wages	199	3
Annual leave	19	14
Total current employee benefits	<u>218</u>	<u>17</u>
Non-current		
Long service leave	14	8
Total non-current employee benefits	<u>14</u>	<u>8</u>
Total employee benefits	<u>232</u>	<u>25</u>

The Board has one employee. Employee benefits accrue for the employee 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.

Services to the Board are also provided by personnel employed by DEW; hence no other employee benefits or related provisions are included in the Board's financial statements. Employee benefits relating to relevant employees are reflected in the financial statements of DEW.

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 reporting date.

The annual leave liability and the SERL 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 employee up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 10.1.

Dog and Cat Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3. Expenses

Board and employee benefits expenses are disclosed in note 2.3.

3.1. Supplies and services

	2019	2018
	\$'000	\$'000
Fee for service - direct salaries	594	528
Fee for service - Dogs and Cats Online (DACO) project	394	9
General administration	365	54
Service Level Agreement (DEW)	212	212
Printing and publishing	193	71
Fee for service - Educational programs	168	42
Contractors	73	27
Sponsorships	23	83
Information technology and communication expenses	17	14
Travel and accommodation (includes Council audits)	9	9
Fee for service - other	6	60
Staff development	4	3
Vehicle	2	7
Transportation	-	3
Minor works, maintenance and equipment	-	1
Other	4	16
Total supplies and services	2 064	1 139

3.2. Depreciation and amortisation

	2019	2018
	\$'000	\$'000
Depreciation		
Vehicles	10	10
Total depreciation	10	10
Amortisation		
Application software - internally developed	125	12
Total amortisation	125	12
Total depreciation and amortisation	135	22

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential.

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.

Dog and Cat Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3.2. Depreciation and amortisation (continued)

Useful life

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

Class of asset	Useful life (years)
<i>Property, plant and equipment</i>	
Vehicles	15
<i>Intangibles</i>	
Application software - internally developed	10

The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

3.3. Other expenses

	2019 \$'000	2018 \$'000
Other	12	11
Total other expenses	12	11

4. Income

4.1. Fees and charges

	2019 \$'000	2018 \$'000
Fees, levies and licences	3 601	2 194
Total revenues from fees and charges	3 601	2 194

Revenue from fees and charges relate to registration fees pursuant to section 26(5) of the Act. The fees are recognised upon receipt. Fees received in 2018-19 comprise:

- The prescribed portion of registration fees in relation to the 2017-18 year that were collected directly by Councils prior to the introduction of the DACO system and paid into the Fund in arrears during 2018-19
- Registration fees relating to the 2018-19 year collected through the DACO system.

	2019 \$'000	2018 \$'000
Fees, levies and licences received		
Regulation 6 Prescribed Councils	2 576	1 857
Other Councils	831	337
Breeders registration	194	-
	3 601	2 194

Dog and Cat Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4.2. Interest

	2019	2018
	\$'000	\$'000
Interest - Deposits with the Treasurer	63	18
Total interest revenues	63	18

5. Non-financial assets

5.1. Property, plant and equipment

	2019	2018
	\$'000	\$'000
Vehicles		
Vehicles at cost (deemed fair value)	147	147
Accumulated depreciation	(93)	(83)
Total vehicles	54	64
Total property, plant and equipment	54	64

Property, plant and equipment with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed.

Property, plant and equipment is recorded at fair value. Detail about the Board's approach to fair value is set out in note 10.2.

Impairment

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

Dog and Cat Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5.2. Intangible assets

	2019	2018
	\$'000	\$'000
<u>Computer software</u>		
Application software - internally developed	1 252	717
Accumulated amortisation	(137)	(12)
Total computer software	1 115	705

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

The internally developed computer software relates to the Board's DACO system.

Reconciliation 2018-19

	2019	2018
	\$'000	\$'000
Carrying amount at 1 July 2018	705	-
Acquisitions	535	717
Amortisation	(125)	(12)
Carrying amount at 30 June 2019	1 115	705

6. Financial assets

6.1. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Deposits with the Treasurer	2 025	1 260
Total cash and cash equivalents	2 025	1 260

Dog and Cat Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

6.2. Receivables

	2019 \$'000	2018 \$'000
<u>Current</u>		
Trade receivables		
From non-government entities	19	4
Total trade receivables	19	4
Accrued revenue	4	2
Prepayments	87	80
Total current receivables	110	86
Total receivables	110	86

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

7.1. Payables

	2019 \$'000	2018 \$'000
<u>Current</u>		
Trade payables	94	174
Accrued expenses	11	27
Employment on-costs	6	3
Total current payables	111	204
<u>Non-current</u>		
Employment on-costs	2	-
Total non-current payables	2	-
Total payables	113	204

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature

Dog and Cat Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

8. Other disclosures

8.1. Administered items

Statement of Comprehensive Income for the Year Ended 30 June 2019	2019	2018
	\$'000	\$'000
Income		
Registration fee	9 238	-
Total income	<u>9 238</u>	<u>-</u>
Expenses		
Registration fee remittance payments to Councils	9 238	-
Total expenses	<u>9 238</u>	<u>-</u>
Net result	<u>-</u>	<u>-</u>
Statement of Financial Position as at 30 June 2019	2019	2018
	\$'000	\$'000
Current assets		
Cash and cash equivalents	449	-
Receivables	102	-
Total current assets	<u>551</u>	<u>-</u>
Total assets	<u>551</u>	<u>-</u>
Current liabilities		
Payables	551	-
Total current liabilities	<u>551</u>	<u>-</u>
Total current liabilities	<u>551</u>	<u>-</u>
Total liabilities	<u>551</u>	<u>-</u>
Net assets	<u>-</u>	<u>-</u>
Equity		
Retained earnings	-	-
Total equity	<u>-</u>	<u>-</u>

Dog and Cat Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

8.1. Administered items (continued)

Statement of Cash Flows for the Year Ended 30 June 2019	2019	2018
	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Registration fee	9 136	-
Cash generated from operating activities	<u>9 136</u>	<u>-</u>
Cash outflows		
Registration fee remittance payments to Councils	(8 687)	-
Cash used in operating activities	<u>(8 687)</u>	<u>-</u>
Net cash (used in) / provided by operating activities	<u>449</u>	<u>-</u>
Net increase in cash and cash equivalents	449	-
Cash and cash equivalents at the beginning of the reporting period	-	-
Cash and cash equivalents at the end of the reporting period	<u>449</u>	<u>-</u>

Dog and Cat Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

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
- Income 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 board member reporting

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

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 financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities. The Board recognises revenue on receipt and therefore generally have minimal debtors. The Board have not assessed the expected credit loss of receivables given this is immaterial.

On 1 July 2018, the Board 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 and loans and receivables.

10. Outlook

10.1. Unrecognised contractual commitments

	2019	2018
	\$'000	\$'000
Within one year	165	152
Later than one year but not longer than five years	330	456
Total expenditure commitments	495	608

Expenditure commitments reflect DACO system support and maintenance costs.

Dog and Cat Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10.2. Contingent assets and liabilities

Contingent assets and 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 Board is not aware of any contingent assets or contingent liabilities.

10.3. Events after the reporting period

There are no known events after balance date that affects these general purpose financial statements in a material manner.

11. Measurement and risk

11.1. Long service leave liability – measurement

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

The actuarial assessment performed by DTF 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 decreased from 2018 (2.5%) to 2019 (1.25%).

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 \$2 000. 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 DTF left the salary inflation rate at 4% for long service leave liability. The salary inflation rate for annual leave and skills, experience and retention leave liability decreased from 2018 (3%) to 2019 (2.2%). This change had an immaterial net financial effect in the current financial year.

The unconditional portion of the long service leave provision is classified as current as the board does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

11.2. Fair value

AASB 13 *Fair Value Measurement* 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.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements then the assets are recognised at book value (that is the amount recorded by the transferor public authority immediately prior to the restructure).

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10.3. Financial instruments (continued)

Revaluation

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

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

Financial risk management

Risk management is managed by the Board and Board Secretary with the support of DEW officers and departmental risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The Board'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

The Board is funded principally from regulatory fees received from local government. The Board works with DTF to determine the cash flows associated with its government-approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to note 7.1 for further information.

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

The carrying amounts are detailed below of each of the following categories of financial assets and liabilities:

- Loan and receivables
- Financial liabilities measured at cost.

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11.3. Financial instruments (continued)

Classification applicable from 1 July 2018 under AASB 9 Financial Instruments

On initial recognition, a financial asset which is a debt instrument is classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset which is an equity instrument is classified as measured at fair value through other comprehensive income 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
- 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 Board measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2019 Carrying amount \$'000	2018 Carrying amount \$'000
Financial assets			
Cash and cash equivalents			
Cash and cash equivalents		2 025	1 260
Financial assets at amortised cost			
Receivables	(1), (2)	4	6
Total financial assets		2 029	1 266
Financial liabilities			
Financial liabilities at amortised cost			
Payables	(1)	96	190
Total financial liabilities		96	190

Receivables and payables

(1) The Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (for example, Commonwealth, State and Local Government taxes, fees and charges: Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at amortised cost.

(2) The receivables amount disclosed here excludes prepayments. Prepayments are presented in note 6.2.