

# Notes to and forming part of the Financial Statements

for the year ended 30 June 2014

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# Note 1

## Significant Accounting Policies

For the Year Ended 30 June 2013

### 1.1 Objectives and Funding

Tourism Tasmania was established under the *Tourism Tasmania Act 1996*. Under Section 4(1) of the *Tourism Tasmania Act 1996*, the body corporate operates under the corporate name Tourism Tasmania.

Tourism Tasmania's role is to lead the industry in jointly delivering marketing and development programs that drive benefits for Tasmania from domestic and international tourism.

Tourism Tasmania's priorities are to:

- Maximise Tasmania's tourism potential
- Drive demand for Tasmania
- Enhance industry's competitive position with market-leading research and sound policy advice
- Be a highly effective organisation.

Tourism Tasmania activities are classified as either controlled or administered.

Controlled activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by Tourism Tasmania in its own right.

Tourism Tasmania forms part of the Department of Economic Development, Tourism and the Arts (the Department). The activities of Tourism Tasmania are predominantly funded through attributed Parliamentary appropriations. It also provides services on a fee for service basis, as outlined in Note 3.2. The Financial Statements encompass all funds through which Tourism Tasmania controls resources to carry on its functions.

### 1.2 Basis of Accounting

The Financial Statements are general purpose Financial Statements and have been prepared in accordance with:

- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board; and
- The Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990*.

The Financial Statements were signed by Tourism Tasmania Board on 11 August 2014.

Compliance with the Australian Accounting Standards (AASBs and AASs) may not result in compliance with International Financial Reporting Standards (IFRS), as the AASBs and AASs include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. Tourism Tasmania is considered to be not-for-profit and has adopted some accounting policies under AASBs and AASs that do not comply with IFRS.

The Financial Statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention. The accounting policies are generally consistent with the previous year except for those changes outlined in Note 1.5 below.

The Financial Statements have been prepared on the basis that Tourism Tasmania is a going concern. The continued existence of Tourism Tasmania in its present form, undertaking its current activities, is dependent on Government policy and on continuing attributed funding by the Department of Economic Development, Tourism and the Arts.

### 1.3 Reporting Entity

The Financial Statements include all the controlled activities of Tourism Tasmania.

From 1 July 2014, Tourism Tasmania became a State Authority and State Service Agency established under the *State Service Act 2000*. This will have no material impact on Tourism Tasmania's Financial Statements for 2013-2014.

### 1.4 Functional and Presentation Currency

These Financial Statements are presented in Australian dollars, which is Tourism Tasmania's functional currency.

### 1.5 Changes in Accounting Policies

#### (a) Impact of new and revised Accounting Standards

In the current year, Tourism Tasmania has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These include:

- *AASB 13 Fair Value Measurement (AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13)* – This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all assets and liabilities (excluding leases), that are measured and/or disclosed at fair value or another measurement based on fair value. As Tourism Tasmania has no items of property, plant and equipment at fair value, AASB 13 has no financial or disclosure impact.
- AASB 2011-8 replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as a result of AASB 13. There is no financial impact.
- *AASB 119 Employee Benefits (2011-10 Amendments to Australian Accounting Standards arising from AASB 119)* – This Standard supersedes AASB 119 Employee Benefits, introducing a number of changes to accounting treatments. The Standard was issued in September 2013. Tourism Tasmania has determined that the financial impact of application is nil.
- 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132] – This Standard makes amendments to AASB 7 and AASB 132 as a consequence of the issuance of amendments to IFRS 7 by the International Accounting Standards Board in December 2011. It is anticipated that there will not be any financial impact.
- 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, AASB 2009-11, AASB 2010-7, AASB 2011-7 & AASB 2011-8] – This Standard makes amendments to various standards as a consequence of the issuance

of International Financial Reporting Standard Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7) by the International Accounting Standards Board in December 2011. It is anticipated that there will not be any financial impact.

**(b) Impact of new and revised Accounting Standards yet to be applied**

The following applicable Standards have been issued by the AASB and are yet to be applied:

- AASB 9 *Financial Instruments* – This Standard supersedes AASB 139 *Financial Instruments: recognition and Measurement*, introducing a number of changes to accounting treatments. The Standard was reissued in December 2010. The Standard was issued in August 2011 but is not yet available for application by not for profit entities. Tourism Tasmania has determined that the potential impact of implementation will be nil.

**1.6 Income from Transactions**

Income is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

**(a) Attributed Revenue from Government**

Attributed Appropriations, whether recurrent or capital, are recognised as revenues in the period in which Tourism Tasmania gains control of the appropriated funds. Except for any amounts identified as carried forward in Notes 3.1, control arises in the period of appropriation.

**(b) Sales of goods and services**

Amounts earned in exchange for the provision of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the provision of services is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

**(c) Other revenue**

Other revenues are recognised when an increase in future economic benefits related to an increase of an asset or a decrease of a liability has arisen that can be measured reliably.

**1.7 Expenses from Transactions**

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

**(a) Attributed employee benefits**

Tourism Tasmania does not employ staff in its own right and as a result activities of Tourism Tasmania are delivered by staff employed by the Department. That share of the employee benefits incurred by the Department that relate to Tourism Tasmania activities are included in the Statement of Comprehensive Income as Attributed Employee Benefits and include where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

**(b) Depreciation and amortisation**

All applicable Non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements, once the asset is held ready for use.

Depreciation is provided for on a straight-line basis using rates which are reviewed annually. Major depreciation periods are:

Plant and equipment	2-25 years
Leasehold improvements	5-12 years

All intangible assets having a limited useful life are systematically amortised over their useful lives reflecting the pattern in which the asset's future economic benefits are expected to be consumed by Tourism Tasmania. The major amortisation period is:

Software	5 years
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**(c) Supplies and consumables**

Supplies and consumables, including audit fees, communications, information technology, operating lease costs, property expenses, purchase of goods and services, travel and transport, and legal expenses, are recognised when it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets and/or an increase in liabilities has occurred and the consumption or loss of future economic benefits can be measured reliably.

**(d) Grants and subsidies**

Grant and subsidies expenditure is recognised to the extent that:

- the services required to be performed by the grantee have been performed; or
- the grant eligibility criteria have been satisfied.

A liability is recorded when Tourism Tasmania has a binding agreement to make the grants but services have not been performed or criteria satisfied. Where grant monies are paid in advance of performance or eligibility, a prepayment is recognised.

Program commitments shows amounts approved to clients payable over a period of one year or greater on which the actual amount payable is dependent upon expenditure being incurred and certain conditions being met by these clients and a claim submitted and approved for payment.

**(e) Advertising and promotion**

Advertising and promotion are recognised as expenses when a decrease in future economic benefits related to a decrease in assets or an increase in a liability has arisen that can be measured reliably.

**(f) Finance costs**

Tourism Tasmania has no borrowings. The only finance costs incurred relate to unwinding of discounting of provisions.

**(g) Other expenses**

Other expenses are recognised when it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets and/or an increase in liabilities has occurred and the consumption or loss of future economic benefits can be measured reliably.

## 1.8 Other Economic Flows included in Net Result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

### (a) Gain/(loss) on sale of non-financial assets

Gains or losses from the sale of Non-financial assets are recognised when control of the assets has passed to the buyer.

### (b) Impairment – Non financial assets

All non financial assets are assessed to determine whether any impairment exists. Impairment exists when the recoverable amount of an asset is less than its carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use. Tourism Tasmania's assets are not used for the purpose of generating cash flows; therefore value in use is based on depreciated replacement cost where the asset would be replaced if deprived of it.

All impairment losses are recognised in the Statement of Comprehensive Income.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (c) Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows includes gains or losses from reclassifications of amounts from reserves and/or accumulated surplus to net result, and from the revaluation of the present values of the long service leave liability due to changes in the bond interest rate.

## 1.9 Assets

Assets are recognised in the Statement of Financial Position when it is probable that future economic benefits will flow to Tourism Tasmania and the asset has a cost or value that can be measured reliably.

### (a) Cash and deposits

Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund. Deposits are recognised at amortised cost, being their face value.

### (b) Receivables

Receivables are recognised at amortised cost, less any impairment losses, however, due to the short settlement period, receivables are not discounted back to their present value.

### (c) Plant and equipment and leasehold improvements

#### (i) Valuation basis

Non-current physical assets are recorded at historic cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components).

#### (ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to Tourism Tasmania and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day to day servicing of plant and equipment are recognised in profit or loss as incurred.

#### (iii) Asset recognition threshold

The asset capitalisation threshold adopted by Tourism Tasmania is \$10,000 for all assets. Assets valued at less than \$10,000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

### (d) Intangibles

An intangible asset is recognised where:

- it is probable that an expected future benefit attributable to the asset will flow to Tourism Tasmania; and
- the cost of the asset can be reliably measured.

Intangible assets held by Tourism Tasmania are valued at fair value less any subsequent accumulated amortisation and any subsequent accumulated impairment losses where an active market exists. Where no active market exists, intangibles are valued at cost less any accumulated amortisation and any accumulated impairment losses.

### (e) Other assets

Other assets are recognised in the Statement of Financial Position when it is probable that future economic benefits will flow to Tourism Tasmania and the asset has a cost or value that can be measured reliably.

## 1.10 Liabilities

Liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

### (a) Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when Tourism Tasmania becomes obliged to make future payments as a result of a purchase of assets or services.

## (b) Provisions

A provision arises if, as a result of a past event, Tourism Tasmania has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. Any right to reimbursement relating to some or all of the provision is recognised as an asset when it is virtually certain that the reimbursement will be received.

## (c) Attributed employee benefits

Liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Other employee entitlements are measured as the present value of the benefit at 30 June, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

## (d) Superannuation

### (i) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense when they fall due.

### (ii) Defined benefit plans

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. Tourism Tasmania does not recognise a liability for the accruing superannuation benefits for employees delivering Tourism Tasmania activities. This liability is recognised within the Finance-General Division of the Department of Treasury and Finance.

## (e) Other liabilities

Other liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

## 1.11 Leases

Tourism Tasmania has entered into a number of operating lease agreements for property, plant and equipment, where the lessors effectively retain all risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments are charged to the Statement of Comprehensive Income over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

Tourism Tasmania is prohibited by Treasurer's Instruction 502 *Leases* from holding finance leases.

## 1.12 Judgements and Assumptions

In the application of Australian Accounting Standards, Tourism Tasmania is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by Tourism Tasmania that have significant effects on the Financial Statements are disclosed in the relevant notes as follows:

- Provisions (refer to Notes 1.10(b), 7.2); and
- Attributed employee benefits (refer to Notes 1.10(c), 7.3).

Tourism Tasmania has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

## 1.13 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated gains and losses are not material.

## 1.14 Comparative Figures

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards. Details of the impact of any changes in accounting policy on comparative figures are at Note 1.5.

Where amounts have been reclassified within the Financial Statements, the comparative statements have been restated.

## 1.15 Rounding

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. Where the result of expressing amounts to the nearest thousand dollars would result in an amount of zero, the financial statement will contain a note expressing the amount to the nearest whole dollar.

## 1.16 Taxation

Tourism Tasmania is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

## 1.17 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the ATO is recognised as an asset or liability within the Statement of Financial Position.

## Note 2

### Events Occurring After Balance Date

From 1 July 2014, Tourism Tasmania became a State Authority and State Service Agency established under the *State Service Act 2000*. This will have no material impact on Tourism Tasmania's Financial Statements 2013-2014.

There have been no other events subsequent to balance date which would have a material effect on Tourism Tasmania's Financial Statements as at 30 June 2014.

## Note 3

### Income from Transactions

#### 3.1 Attributed Revenue from Government

Attributed revenue from Government includes revenue from appropriations and appropriations carried forward under section 8A(2) of the *Public Account Act 1986*.

	2014 \$'000	2013 \$'000
Attributed Appropriation revenue – recurrent		
Current year	24,192	24,057
<b>Total</b>	<b>24,192</b>	<b>24,057</b>
<b>Total Attributed revenue from Government</b>	<b>24,192</b>	<b>24,057</b>

Section 8A(2) of the *Public Account Act 1986* allows for an unexpended balance of an appropriation to be transferred to an Account in the Special Deposits and Trust Fund for such purposes and conditions as approved by the Treasurer. In the initial year, the carry forward is recognised as a liability, Revenue Received in Advance. The carry forward from the initial year is recognised as revenue in the reporting year, assuming that the conditions of the carry forward are met and the funds are expended. There were no such items in 2012-13 or 2011-12.

#### 3.2 Sales of Goods and Services

	2014 \$'000	2013 \$'000
User charges including advertising	418	862
<b>Total</b>	<b>418</b>	<b>862</b>

During 2012-13 sales of goods and services revenue was higher mainly as a result of revenue received from Major Campaign 1 and the write off the Calypso creditor.

#### 3.3 Other Revenue

	2014 \$'000	2013 \$'000
Recoveries, reimbursements and other revenue from continuing operations	76	1
<b>Total</b>	<b>76</b>	<b>1</b>

As part of a departmental chart restructure implemented in 2013-14 classification of transactions changed this financial year to more accurately reflect allocation of revenue and expenses across the department.

# Note 4

## Expenses from Transactions

### 4.1 Attributed Employee Benefits

	2014	2013
	\$'000	\$'000
Wages and salaries	5,094	5,480
Annual leave	380	401
Long service leave	127	55
Sick leave	138	156
Superannuation – defined benefit scheme	66	67
Superannuation – contribution schemes	641	654
Other post-employment benefits	337	267
Other employee expenses	255	95
<b>Total</b>	<b>7,038</b>	<b>7,175</b>

Superannuation expenses relating to defined benefits schemes relate to payments into the Consolidated Fund. The amount of the payment is based on an employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The current employer contribution is 12.5 per cent (2012-13 12.5 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to superannuation funds at a rate of 9.25 per cent (2012-13 nine per cent) of salary. In addition, Tourism Tasmania is also required to pay into the Consolidated Fund a “gap” payment equivalent to 3.5 per cent of salary in respect of employees who are members of contribution schemes.

### 4.2 Depreciation and Amortisation

(a) Depreciation	2014	2013
	\$'000	\$'000
Plant and equipment	–	5
<b>Total</b>	<b>–</b>	<b>5</b>

(b) Amortisation	2014	2013
	\$'000	\$'000
Intangibles	115	59
Leasehold Improvements	34	37
<b>Total</b>	<b>149</b>	<b>96</b>
<b>Total depreciation and amortisation</b>	<b>149</b>	<b>101</b>

### 4.3 Supplies and Consumables

	2014	2013
	\$'000	\$'000
Audit fees – financial audit	45	41
Audit fees – internal audit	94	73
Operating lease costs	601	643
Consultants and contracted services	2,326	2,419
Property expenses	99	114
Maintenance	16	62
Communications	163	173
Information technology	684	428
Travel and transport	476	532
Other supplies and consumables	158	266
<b>Total</b>	<b>4,662</b>	<b>4,751</b>

### 4.4 Grants and Subsidies

	2014	2013
	\$'000	\$'000
Regional tourism support	1,085	1,296
Convention program support	710	681
Sponsorship	–	446
Cantilevered Look Out	230	–
Hospitality	100	100
Building Opportunities for Business	485	221
<b>Total</b>	<b>2,610</b>	<b>2,744</b>

### 4.5 Advertising and Promotion

	2014	2013
	\$'000	\$'000
Advertising and promotion	9,986	9,605
<b>Total</b>	<b>9,986</b>	<b>9,605</b>

### 4.6 Finance Costs

	2014	2013
	\$'000	\$'000
Unwinding of discounting of provisions	(4)	(10)
<b>Total</b>	<b>(4)</b>	<b>(10)</b>

### 4.7 Other Expenses

	2014	2013
	\$'000	\$'000
Salary on costs	56	83
Seminars and conferences	35	37
Contribution to Dark MOFO	200	–
Other	(7)	(9)
<b>Total</b>	<b>284</b>	<b>111</b>

## Note 5

### Other Economic Flows included in Net Result

#### 5.1 Net gain/(loss) on non-financial assets

	2014 \$'000	2013 \$'000
Net gain/(loss) on disposal of non-financial assets	(5)	-
<b>Total net gain/(loss) on non-financial assets</b>	<b>(5)</b>	<b>-</b>



# Note 6

## Assets

### 6.1 Receivables

	2014 \$'000	2013 \$'000
Receivables	–	1
Tax assets	108	7
<b>Total</b>	<b>108</b>	<b>8</b>
Settled within 12 months	108	8
Settled in more than 12 months	–	–
<b>Total</b>	<b>108</b>	<b>8</b>

Historically, GST control accounts were centrally held within DEDTA. As part of a departmental chart restructure implemented in 2013-14, Tourism Tasmania were assigned control accounts to record GST that related specifically to Tourism Tasmania transactions to accurately reflect GST tax assets or liabilities. The impact of this change reflects a higher tax asset in 2014.

### 6.2 Plant and Equipment

(a) Carrying amount	2014 \$'000	2013 \$'000
<b>Plant and equipment</b>		
At cost	–	277
Less: Accumulated depreciation	–	(277)
<b>Total plant and equipment</b>	<b>–</b>	<b>–</b>
<b>(b) Reconciliation of movements</b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<b>Carrying amount at 1 July</b>	<b>–</b>	<b>5</b>
Depreciation expense	–	(5)
<b>Carrying amount at 30 June</b>	<b>–</b>	<b>–</b>

### 6.3 Leasehold Improvements

(a) Carrying amount	2014 \$'000	2013 \$'000
<b>Leasehold improvements</b>		
At cost	388	534
Less: Accumulated amortisation	(154)	(272)
<b>Total leasehold improvements</b>	<b>234</b>	<b>262</b>
<b>(b) Reconciliation of movements</b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
Carrying amount at 1 July	262	299
Additions	6	–
Amortisation expense	(34)	(37)
<b>Carrying amount at 30 June</b>	<b>234</b>	<b>262</b>

### 6.4 Intangibles

(a) Carrying amount	2014 \$'000	2013 \$'000
<b>Intangibles with a finite useful life</b>		
Software at cost	776	906
Less: Accumulated amortisation	(65)	(664)
<b>Total</b>	<b>711</b>	<b>242</b>
<b>(b) Reconciliation of movements</b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<b>Carrying amount at 1 July</b>	<b>242</b>	<b>115</b>
Additions to work in progress	589	186
Disposals	(5)	–
Amortisation expense	(115)	(59)
<b>Carrying amount at 30 June</b>	<b>711</b>	<b>242</b>

The movement relates to the write off in 2012-13 of the DT.com website and the capitalisation of the new DT.com website in 2013-14.

### 6.5 Other Assets

(a) Carrying amount	2014 \$'000	2013 \$'000
<b>Other current assets</b>		
Prepayments	541	1,154
Other	–	–
<b>Total</b>	<b>541</b>	<b>1,154</b>
Utilised within 12 months	466	1,014
Utilised in more than 12 months	75	140
<b>Total</b>	<b>541</b>	<b>1,154</b>

# Note 7

## Liabilities

### 7.1 Payables

	2014 \$'000	2013 \$'000
Creditors	18	19
Accrued expenses	42	58
<b>Total</b>	<b>60</b>	<b>77</b>
Settled within 12 months	60	77
Settled in more than 12 months	-	-
<b>Total</b>	<b>60</b>	<b>77</b>

Settlement is usually made within 30 days.

### 7.2 Provisions

(a) Carrying amount	2014 \$'000	2013 \$'000
Operating lease provisions	159	159
Operating lease make-good provisions	181	188
<b>Total</b>	<b>340</b>	<b>347</b>
Settled within 12 months	159	159
Settled in more than 12 months	181	188
<b>Total</b>	<b>340</b>	<b>347</b>

The amount of provisions is the best estimate of the expenditure required to settle the present obligation, as at the end of the reporting period. The best estimate at the end of the reporting period, takes into account increases of costs, using the Consumer Price Index (CPI). The provision is discounted to reflect the present value of such expenditures where the time value of money is material.

### (b) Reconciliation of movements in provisions

	Operating lease make-good provision		Operating lease provisions		Total Provisions	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Balance at 1 July</b>	<b>188</b>	<b>393</b>	<b>159</b>	<b>149</b>	<b>347</b>	<b>542</b>
Increases	6	5	-	-	6	5
Changes against the provision	(3)	(195)	-	-	(3)	(195)
Changes in discounting	(10)	(15)	-	-	(10)	(15)
Reversals	-	-	-	10	-	10
<b>Balance at 30 June</b>	<b>181</b>	<b>188</b>	<b>159</b>	<b>159</b>	<b>340</b>	<b>347</b>

### 7.3 Attributed Employee Benefits

	2014 \$'000	2013 \$'000
Accrued salaries	162	252
Annual leave	338	330
Long service leave	665	573
<b>Total</b>	<b>1,165</b>	<b>1,155</b>
Settled within 12 months	549	624
Settled in more than 12 months	616	531
<b>Total</b>	<b>1,165</b>	<b>1,155</b>

### 7.4 Other Liabilities

	2014 \$'000	2013 \$'000
<b>Other liabilities</b>		
Employee benefits – on-costs	5	4
<b>Total</b>	<b>5</b>	<b>4</b>
Settled within 12 months	-	2
Settled in more than 12 months	5	2
<b>Total</b>	<b>5</b>	<b>4</b>

## Note 8 Commitments and Contingencies

### 8.1 Schedule of Commitments

	2014 \$'000	2013 \$'000
<b>By type</b>		
<i>Lease Commitments</i>		
Operating leases	6,744	7,257
<b>Total lease commitments</b>	<b>6,744</b>	<b>7,257</b>
<i>Other Commitments</i>		
Program commitments	7,965	8,001
<b>Total other commitments</b>	<b>7,965</b>	<b>8,001</b>
<b>Total</b>	<b>14,709</b>	<b>15,258</b>
<b>By maturity</b>		
<i>Operating lease commitments</i>		
One year or less	503	496
From one to five years	2,548	2,513
More than five years	3,693	4,248
<b>Total lease commitments</b>	<b>6,744</b>	<b>7,257</b>
<i>Other commitments</i>		
One year or less	3,960	3,296
From one to five years	4,005	4,705
More than five years	-	-
<b>Total other commitments</b>	<b>7,965</b>	<b>8,001</b>
<b>Total</b>	<b>14,709</b>	<b>15,258</b>

Operating leases are associated with rental costs for leased premises occupied by Tourism Tasmania, office equipment and motor vehicles leased through the Government's fleet manager. The rentals on leased premises generally contain renewal options that extend the lease to match the current lease periods. These range from 3 to 12 years.

The Program commitments shows amounts approved to clients payable over a period of one year or greater on which the actual amount payable is dependent upon expenditure being incurred and certain conditions being met by these clients and a claim submitted and approved for payment.

### 8.2 Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the Statement of Financial Position due to uncertainty regarding the amount or timing of the underlying claim or obligation.

As at 30 June 2014, Tourism Tasmania did not have any contingent assets or liabilities.

## Note 9 Cash Flow Reconciliation

### 9.1 Cash and deposits

Cash and deposits includes the balance of the Special Deposits and Trust Fund Accounts held by Tourism Tasmania and other cash held. Historically, cash control accounts within the department's Operating Trust Account (T522) relating to items such as GST, SSALS and PLS provisions, Payroll and Corporate Card suspense were held centrally within DEDTA. As part of a departmental chart restructure implemented in 2013-14, these cash control accounts are now specifically linked to Tourism Tasmania transactions.

	2014 \$'000	2013 \$'000
<b>Special Deposits and Trust Fund balance</b>		
T522 DEDTA Operating Account	15	-
<b>Total</b>	<b>15</b>	<b>-</b>
<b>Other cash held</b>		
Cash on hand and at bank	1	1
<b>Total</b>	<b>1</b>	<b>1</b>
<b>Total cash and deposits</b>	<b>16</b>	<b>1</b>

### 9.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2014 \$'000	2013 \$'000
<b>Net result from transactions (net operating balance)</b>	<b>(39)</b>	<b>443</b>
Depreciation and amortisation	149	101
Decrease (increase) in Receivables	(100)	8
Decrease (increase) in Other assets	613	(344)
Increase (decrease) in Attributed employee benefits	10	73
Increase (decrease) in Payables	(17)	(205)
Increase (decrease) in Provisions	(7)	(195)
Increase (decrease) in Other liabilities	1	(66)
<b>Net cash from (used by) operating activities</b>	<b>610</b>	<b>(185)</b>

# Note 10

## Financial Instruments

### 10.1 Risk Exposures

#### (a) Risk management policies

Tourism Tasmania has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Tourism Tasmania Board of Directors has overall responsibility for the establishment and oversight of Tourism Tasmania's risk management framework. Risk management policies are established to identify and analyse risks faced by Tourism Tasmania, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

#### (b) Credit risk exposures

Credit risk is the risk of financial loss to Tourism Tasmania if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The credit risk on financial assets of Tourism Tasmania which have been recognised in the Statement of Financial Position is the carrying amount, net of any provision for doubtful debts. Tourism Tasmania extends 30 day credit terms for sundry receivables.

Tourism Tasmania is not materially exposed to any individual overseas country or individual customer. Concentrations of credit risk by industry on Account Receivables are 100%.

Financial Instrument	Accounting and strategic policies (including recognition criteria, measurement basis and credit quality of instrument)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
<b>Financial Assets</b>		
Receivables	Receivables are recognised at amortised cost, less any impairment losses.	The general term of trade for receivables is 30 days.
Other Financial Assets	Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash and deposits	Deposits are recognised at the nominal amounts.	Cash means notes, coins and any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund. Tourism Tasmania does not earn any interest on funds held.

Except as detailed in the following table, the carrying amount of financial assets recorded in the Financial Statements, net of any allowances for losses, represents Tourism Tasmania's maximum exposure to credit risk without taking into account of any collateral or other security.

The following tables analyse financial assets that are past due but not impaired:

#### Analysis of financial assets that are past due at 30 June 2014 but not impaired

	Not past due \$'000	Past due >30 days \$'000	Past due >60 days \$'000	Past due >90 days \$'000	Total \$'000
Receivables	108	–	–	–	<b>108</b>

#### Analysis of financial assets that are past due at 30 June 2013 but not impaired

	Not past due \$'000	Past due >30 days \$'000	Past due >60 days \$'000	Past due >90 days \$'000	Total \$'000
Receivables	8	–	–	–	<b>8</b>

#### (c) Liquidity risk

Liquidity risk is the risk that Tourism Tasmania will not be able to meet its financial obligations as they fall due. Tourism Tasmania's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due on the basis of continued attributed funding from the Government through the Department of Economic Development, Tourism and the Arts.

The following tables detail the undiscounted cash flows payable by Tourism Tasmania relating to the remaining contractual maturity for its financial liabilities:

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
<b>Financial Liabilities</b>		
Payables	Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when Tourism Tasmania becomes obliged to make future payments as a result of a purchase of assets or services.	Tourism Tasmania's terms of trade are 30 days.
Financial Liabilities	Liabilities are recognised at amortised cost and when it is probable that the future sacrifice of economic benefits will be required and the amount of the liability can be measured reliably.	

# Note 11

## Administered Statements and Notes

### 2014

#### Maturity analysis for financial liabilities

	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	Undiscounted Total	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities</b>								
Payables	60	-	-	-	-	-	60	60
<b>Total</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>60</b>

### 2013

#### Maturity analysis for financial liabilities

	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	Undiscounted Total	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities</b>								
Payables	77	-	-	-	-	-	77	77
<b>Total</b>	<b>77</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77</b>	<b>77</b>

#### (d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Tourism Tasmania does not hold any investments or borrowings which would expose it to changes in interest rates. The Government holds the equity interest in Tourism Tasmania on behalf of the community.

### 10.2 Categories of Financial Assets and Liabilities

	2014	2013
	\$'000	\$'000
<b>Financial assets</b>		
Cash and deposits	16	1
Loans and receivables	108	8
<b>Total</b>	<b>124</b>	<b>9</b>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	60	77
<b>Total</b>	<b>60</b>	<b>77</b>

### 10.3 Comparison between Carrying Amount and Net Fair Value of Financial Assets and Liabilities

	Carrying Amount 2014	Net Fair Value 2014	Carrying Amount 2013	Net Fair Value 2013
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash at bank	1	1	1	1
Cash in Special Deposits and Trust Fund	15	15	-	-
Receivables	108	108	8	8
<b>Total financial assets</b>	<b>124</b>	<b>124</b>	<b>9</b>	<b>9</b>
<b>Financial liabilities (Recognised)</b>				
Payables	60	60	77	77
<b>Total financial liabilities (Recognised)</b>	<b>60</b>	<b>60</b>	<b>77</b>	<b>77</b>

### 11.1 Schedule of Administered Income and Expenses

	2014	2013
	\$'000	\$'000
<b>Administered revenue and other income from transactions</b>		
Revenue from Government		
Appropriation revenue – recurrent	1,000	1,000
<b>Total administered revenue and other income from transactions</b>	<b>1,000</b>	<b>1,000</b>
<b>Administered expenses from transactions</b>		
Grants and subsidies		
Tasmanian Icon Program	1,000	1,000
<b>Total administered expenses from transactions</b>	<b>1,000</b>	<b>1,000</b>
<b>Administered net result from transactions</b>	<b>-</b>	<b>-</b>

Tourism Tasmania does not have any administered assets or liabilities.

### 11.2 Schedule of Administered Commitments

	2014	2013
	\$'000	\$'000
<b>By type</b>		
<i>Other commitments</i>		
Grants and subsidies	-	1,000
<i>Total other commitments</i>	<b>-</b>	<b>1,000</b>
<b>Total</b>	<b>-</b>	<b>1,000</b>
<b>By maturity</b>		
<i>Other commitments</i>		
One year or less	-	1,000
From one to five years	-	-
More than five years	-	-
<i>Total other commitments</i>	<b>-</b>	<b>1,000</b>
<b>Total</b>	<b>-</b>	<b>1,000</b>

The Tasmanian Icon Program is designed to utilise world-class Tasmanian talent to promote the State both nationally and internationally. Currently, funded icons are the Tasmanian Symphony Orchestra and the Tasmanian Cricket Association. Administration of these grant payments have been transferred to Arts Tasmania and Sport and Recreation from 2014-15 onwards.



# Tasmanian Audit Office

## Independent Auditor's Report

### To Members of the Tasmanian Parliament

### Tourism Tasmania

### Financial Report for the Year Ended 30 June 2014

### Report on the Financial Statements

I have audited the accompanying financial statements of Tourism Tasmania (the Authority), which comprises the statement of financial position as at 30 June 2014 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the certification by the Acting Chair of the Board and Chief Executive Officer.

### Auditor's Opinion

In my opinion the Authority's financial statements:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2014, and its financial performance, cash flows and changes in equity for the year then ended
- (b) are in accordance with the *Tourism Tasmania Act 1996* and Australian Accounting Standards.

### *The Responsibility of the Directors for the Financial Statements*

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and Section 38 of *Tourism Tasmania Act 1996*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

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To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.  
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, I considered internal control relevant to the Directors' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Independence**

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

### **Tasmanian Audit Office**



E R De Santi  
**Deputy Auditor-General**  
**Delegate of the Auditor-General**

Hobart  
23 September 2014

...2 of 2

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## TOURISM TASMANIA

GPO Box 399 Hobart Tasmania 7001 Australia

Level 2 22 Elizabeth Street

Hobart Tasmania 7000 Australia

Phone: [03] 6165 5334 Fax: [03] 6230 8353

Email: [reception@tourismtasmania.com.au](mailto:reception@tourismtasmania.com.au)

Website: [www.tourismtasmania.com.au](http://www.tourismtasmania.com.au)

