Directors' Report

The Directors of Screen Queensland Pty Ltd ("company") present their Report together with the financial statements of the company for the year ended 30 June 2014.

Director Details

The following persons were Directors of the company during or since the end of the year and up to the date of this report:

Professor Peter Little AM
LLB LLM Qld PhD Bond FAIM FCPA
Director since 17/10/2013
Chair since 17/10/2013

Professor Little is the Deputy Vice-Chancellor (Corporate Programs and Partnerships) at the Queensland University of Technology, he holds a Bachelor of Laws and Master of Laws from the University of Queensland and PhD from Bond University Law School. He is a Fellow of the Australian Institute of Management, Fellow of CPA Australia, and Fellow of Queensland Academy of Arts and Sciences. He is a Director of Ormiston College, consultant to McCullough Robertson Lawyers Brisbane, a Director of the RACQ Foundation Pty Ltd and is a member of the Governing Committee of the Queensland Business Leaders Hall of Fame.

Mr Michael Hawkins
LLB (Hons) FAICD
Director since 2012
Acting Chair until 17/10/2013

Michael Hawkins is the Executive Chairman of APSA (Asia Pacific Screen Awards), Executive Director of the National Association of Cinema Operators – Australasia, Chair of the Australian International Movie Convention and Director of the Intellectual Property Awareness Foundation Ltd. He is also a director of Qi Power Limited and serves on the Foundations of the Queensland State Library and the University of Queensland Diamantina Research Institute. He was formerly CEO of Australian Multiplex Cinemas Ltd and also served for many years as an Executive Councillor of the Australian Entertainment Industry Association. He is a lawyer by training and a Fellow of the Australian Institute of Company Directors.

Mr Peter Baston
LLB
Audit and Accounts Committee Chair
Director since 2012

Peter has been a barrister for over thirty years and is an experienced arbitrator, mediator and consultant. Peter has been a part-time member of the Criminal Justice Commission Misconduct Tribunal. His interests included risk assessment and audit.

Distinguished Professor Stuart Cunningham
PhD MA BA (Hons)
Member of the Audit and Accounts Committee
Director since 2012

Stuart is Distinguished Professor, QUT, and Director of the Australian Research Council Centre of Excellence for Creative Industries and Innovation. He has also served as Commissioner of the Australian Film Commission.

Directors' Report (Cont'd)

Mr Geoff Cooper
Director since 2012

Geoff is a television producer and media consultant with twenty years' experience in the Queensland industry, including thirteen years as Executive Producer and Manager of Network 10's Children's and Documentary Unit, and until recently was a Consultant, Live Action Commissioning for ABC Children's Television. He is also a board member of the Brisbane Powerhouse, chairing the Digital Innovation Group.

Cr Jan Grew
GAICD MFT (Bond)
Director since 2012

Jan Grew has been a Councillor with the Gold Coast City Council for 21 years and is the Chair of the Council's Economic Development and Major Projects Committee. Councillor Grew has a Master's Degree in Film and Television from Bond University and is a Graduate of the Australian Institute of Company Directors. She is a member of The Gold Coast Arts Centre.

Mrs Kathy Mac Dermott
Director since 2012

Kathy Mac Dermott is the Executive Director of the Queensland Division of the Property Council of Australia. She was a journalist for The Australian Financial Review for eleven years, seven as the Queensland Bureau Chief.

Director's Term

Directors of the company have been appointed for a common term. These do not represent fixed employment arrangements, as remuneration is based on fees per meeting, determined by the Department of the Premier and Cabinet. Expiry dates of current appointments are as follows:

Name	Expiry of current term
Peter Little	30 June 2015
Michael Hawkins	30 June 2015
Peter Baston	30 June 2015
Stuart Cunningham	30 June 2015
Geoff Cooper	30 June 2015
Jan Grew	30 June 2015
Kathy Mac Dermott	30 June 2015

Principal activities

The principal activities of the company during the course of the year were the facilitation of:

- the development, promotion and enhancement of the screen industry; and
- Film culture and presentation of film related events in Queensland.

There were no significant changes in the nature of the activities of the company during the year.

Directors' Report (Cont'd)

Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the company during the year are:

Director	Directors' meetings		Audit & Accounts meetings	
	A	B	A	B
Peter Little	5	5		
Michael Hawkins	7	7		
Geoff Cooper	7	7		
Peter Baston	7	7	2	2
Stuart Cunningham	7	7	2	2
Jan Grew	7	7		
Kathy MacDermott	7	7		

Where:
- Column A is the number of meetings the Director was entitled to attend;
- Column B is the number of meetings the Director attended.

Board responsibilities

The Directors are accountable to the company shareholder for the performance of the company and has overall responsibility for its operations. The company operates a diverse and complex range of businesses and one of the primary duties of the Board is to ensure these activities are operated appropriately.

Key responsibilities of the Board include:
- Approve the strategic direction and related objectives of the company and monitor management performance in the achievement of these objectives;
- Adopt an annual budget and monitoring the financial performance of the company;
- Select, appoint, setting targets for, and review the performance of the Chief Executive Officer;
- Oversee the establishment and maintenance of adequate internal controls and effective monitoring systems;
- Ensure all major business risks are identified and effectively managed; and
- Ensure the company meets its legal and statutory obligations.

The Directors have a broad range of skills including knowledge of the industry in which the company operates to allow informed decision making.

Code of conduct

Directors, management and staff are expected to perform their duties in line with the company's code of conduct ensuring professionalism, integrity and objectivity, striving at all times to enhance the reputation and performance of the company.

Directors' Report (Cont'd)

Corporate governance

The company is limited by shares, with these shares held beneficially by the State of Queensland. The Directors are responsible for corporate governance, ensuring transparency of operation of the company. Summarised in this report are the primary corporate governance practices established by the Board, which were in place throughout the financial year, unless otherwise stated, to ensure the interests of the State of Queensland, clients and staff are protected.

Independent professional advice

The Board collectively, and each director individually, has the right to seek independent professional advice at the expense of the company.

A Director seeking such advice must obtain the prior approval of the Chair or in his/her absence, the Board. Such approval may not be unreasonably withheld. A copy of advice received by a director is made available to all other directors of the Board except where circumstances deem it inappropriate.

Conflicts of interest

In accordance with the *Corporations Act 2001* and the company's constitution, Directors must keep the Board advised on an ongoing basis of any interest that could potentially conflict with company interests. Where the Board believes a significant conflict exists, the Director concerned will not receive relevant Board papers, will not be present at the meeting whilst the item is considered, and will play no part in any decision made concerning the item.

Board committees

In order to provide adequate time for the Board to consider strategy, planning and performance enhancement, the Board has delegated specific duties to board committees. The Board has established the Audit and Accounts Committee with a defined charter.

The primary role of the Audit & Accounts Committee is to evaluate the company's compliance and risk management structure and procedures. It also has a role in audit planning and review. The committee reviews the annual financial statements prior to consideration by the Board.

Insurance and indemnities

The company has paid an insurance premium for General Liability of $36,045 excluding GST to the Queensland Government Insurance Fund (QGIF), which includes Directors and Officers coverage during the year. This policy was renewed subsequent to year end.

The Directors received advice from the Director General of DSITIA that Screen Queensland can enter into Deeds of Access and Indemnity with each of its Directors. The board of directors resolved to adopt the recommendations in the advice and each entered into the Deeds of Access and Indemnity in July 2013.

Options

No options over unissued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Directors' Report (Cont'd)

Operating result

The company's net profit after income tax for the year was $65,197 (2013: profit of $325,280).

Dividends

The company has not paid or declared a dividend during the year ended 30 June 2014.

Review of financial operations

The small profit is due to a timing difference between the year in which revenue is received and the timing of funds being expended. During the current financial year more funding was actually approved than expensed, however due to accounting policy this is not reflected in the Statement of Profit & Loss and Comprehensive Income.

Each year the company commits funding to a variety of screen and culture projects and those funds can only be expensed upon the receipt by the company of deliverables, as specified in the contract.

Revenue

Revenue earned during the financial year is consistent with the prior year, with 81% of revenue being received from governmental sources.

Expenditure

Grants and funding approvals have been consistent with prior years. Future funding commitments and approvals total $7,760,471 at year end, and these commitments will become liabilities as specified in Note 11.

Significant changes in the state of affairs

There were no significant changes in the nature of the activities of the company during the year, and as at the signing date of these statements there has been no change in budgeted Queensland Government funding support.

The company will continue to work with Governments and other domestic and international organisations to promote the development of the Queensland film industry.

Likely developments

The company will continue to work with Governments and other domestic and international organisations to promote the development of the Queensland film industry.

Events subsequent to the end of the financial year

There is no matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect:

- the operations of the company;
- the results of those operations; or
- the state of affairs of the company for the financial years subsequent to 30 June 2014.

Directors' Report (Cont'd)

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Environmental policy

It is the company's policy to:

- abide by the concepts and principles of sustainable development;
- carry out operations in an environmentally responsible manner having consideration for individual and community welfare;
- ensure that, at a minimum, business is conducted in compliance with existing environmental legislation and regulations; and
- educate staff and employees in the importance of understanding their environmental responsibilities for the sensitive implementation of all operations.

Rounding off

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is included in page 7 of this financial report and forms part of the Director's Report.

Signed in accordance with a resolution of the Directors:

Peter Little
Chair

Peter Baston
Chair of Audit & Accounts Committee

Brisbane, 1st September, 2014

Auditor's Independence Declaration

To the Directors of Screen Queensland Pty Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001,* as lead auditor for the audit of Screen Queensland Pty Ltd for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been;

a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and

b) No contraventions of any applicable code of professional conduct in relation to the audit.

J Welsh

J Welsh FCPA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

Signed at Brisbane on this 26TH day of AUGUST 2014.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Income			
Revenue	2	12,194	12,158
Expenses			
Development & Production expenses	3	7,239	7,972
Screen Culture expenses	3	2,659	2,042
Corporate expenses	3	2,231	1,819
Profit / (loss) before income tax		65	325
Income Tax expense		-	-
Profit / (loss) for the year		65	325
Other Comprehensive Income		-	-
Total Comprehensive Income		65	325
Total Comprehensive Income / (loss) for the year		65	325

The Statement should be read in conjunction with the notes to the financial statements

Statement of Financial Position

As at 30 June 2014

	Note	2014 $'000	2013 $'000
Assets			
Current assets			
Cash and cash equivalents	5	7,542	4,188
Trade and other receivables	6	7,466	9,651
Total current assets		15,008	13,839
Non-current assets			
Trade and other receivables	6	102	865
Plant and equipment	7	43	30
Total non-current assets		145	895
Total assets		**15,153**	**14,734**
Liabilities			
Current liabilities			
Trade and other payables	8	710	341
Borrowings	9	6,265	5,508
Total current liabilities		6,975	5,849
Non-current liabilities			
Borrowings	9	105	882
Provisions	10	18	13
Total non-current liabilities		123	895
Total liabilities		**7,098**	**6,744**
Net assets		**8,055**	**7,990**
Equity			
Retained profits		8,055	7,990
Total equity		**8,055**	**7,990**

The Retained profits include future funding commitments and Board approvals of $7,760,471 (2013: $4,650,336) at year end. These commitments will become liabilities when the conditions as specified at Note 11 are fulfilled.

The Statement should be read in conjunction with the notes to the financial statements

Statement of Changes in Equity

For the year ended 30 June 2014

	Note	Retained Profits $'000	Total $'000
Balance at 30 June 2012		7,665	7,665
Profit/(loss) for the year		325	325
Other Comprehensive Income		-	-
Balance at 30 June 2013		7,990	7,990
Profit/(loss) for the year		65	65
Other Comprehensive Income		-	-
Balance at 30 June 2014		**8,055**	**8,055**

The Statement should be read in conjunction with the notes to the financial statements

Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014	2013
		$'000	$'000
Operating services			
Government grants received		9,902	9,781
Cash receipts from customers		2,175	2,228
Cash payments to suppliers and employees		(11,673)	(11,844)
Interest received		276	437
Interest and finance charges paid		(180)	(257)
Net cash provided by operating services	13b	**500**	**345**
Investing activities			
Payments for plant and equipment		(43)	-
Proceeds from repayment of Film funding loans		5,675	10,358
Payments made for Film funding loans		(2,759)	(5,149)
Net cash provided by investing activities		**2,873**	**5,209**
Financing activities			
Repayment of borrowings		(6,858)	(9,297)
Proceeds from borrowings		6,839	4,111
Net cash from (used in) financing activities		**(19)**	**(5,186)**
Net change in cash and cash equivalents		**3,354**	**368**
Cash and cash equivalents, beginning of year		4,188	3,820
Cash and cash equivalents, end of year	13a	**7,542**	**4,188**

The Statement should be read in conjunction with the notes to the financial statements

Notes to and forming part of the Financial Statements

1. Summary of accounting policies

This financial report covers Screen Queensland Pty Ltd as an individual not-for-profit entity. Screen Queensland Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 26 September 2014 by the directors of the company.

(a) Basis of accounting

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, Australian Accounting Interpretations of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, to meet the reporting requirements of the shareholder. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on the historical cost convention. Except as stated, figures do not take into account changing money values.

The financial statements have been prepared in accordance with the going concern accounting principle. The ability of the company to continue its operations in future years will be dependent upon the continuing support of the State Government.

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(b) Revenue recognition

Revenues are recognised at fair value of consideration received or receivable net of the amount of goods and services tax (GST) payable to the Australian Taxation Office.

A number of the company's programs are supported by grants received from the federal, state and local governments. If conditions are attached to a grant which must be satisfied before the company is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied.

Where a grant is received on the condition that specified services are delivered to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year end a liability is recognised until the service is delivered.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the company obtains control of the funds, economic benefits are probable and the amount can be measured reliably.

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

Returns on equity invested in development or production of screen projects are recognised as revenue when the right to receive the investment return has been advised under the terms of the Production or Development Investment Agreement.

(c) Contra revenues and expenses: benefits via sponsorship agreements

Contra benefits represent benefits derived by the company via the use of equipment and services free of charge pursuant to the terms and conditions of various sponsorship agreements. Contra benefits are recognised in the Statement of Profit & Loss and Other Comprehensive Income at their estimated fair market value at the time of consumption.

(d) Assistance to domestic film industry and grant commitments

Each year the company commits funds to a variety of screen and cultural projects. A liability for funds committed is recognised when an agreement has been signed and the company has a present obligation to settle the debt. A present obligation to settle the debt is assessed by the company with

Notes to and forming part of the Financial Statements

reference to contract payment dates and completion of predetermined milestones and deliverables.

If the company does not have a present obligation to settle the debt at year end, the amount is considered as a commitment and not included as a liability in the Statement of Financial Position. Funds equal to the amount being committed are held in the company's equity reserves until such time as the funds are expended.

(e) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings. All borrowing costs have been expensed in the current year.

(f) Cash and cash equivalents

For the purposes of these statements, cash and cash equivalents comprise cash balances and call deposits with banks or financial institutions.

(g) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Trade and other receivables also include film assistance loans issued to film production companies. These loans have fixed periods and are subject to an interest rate of 50% of the 90 day Bank Bill Swap Rate.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(h) Plant and equipment

Plant and equipment with a cost or other value in excess of $5,000 are capitalised in the year of acquisition. All other such assets with a cost or other value less than $5,000 are expensed. Assets are measured after initial recognition at cost less accumulated depreciation and impairment losses. Assets acquired at zero cost or for nominal consideration are initially recognised as assets and revenues at their fair value at the date of acquisition.

(i) Acquisition

Purchases of plant and equipment are initially recorded at cost.

Impairment

The carrying amounts of plant and equipment are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of plant and equipment exceeds the recoverable amount, the asset is written down to the lower amount to reflect any impairment. Any impairment losses are recognised in the Statement of Profit & Loss and Other Comprehensive Income.

Depreciation and Amortisation

Depreciation is calculated using the straight line method, so as to write off the cost (or other value) of each depreciable asset over their estimated useful life.

The cost (or other value) of leasehold improvements is amortised over the estimated useful life of the improvement or the unexpired period of the lease, whichever is shorter.

The depreciation rates used for each class of asset are as follows:

- Plant and equipment 33%
- Leasehold improvements 33%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit & Loss and Other Comprehensive Income.

(j) Leases

Where the company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. The company's premises, telephone and photocopier are held under an operating lease.

Notes to and forming part of the Financial Statements

(k) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the company 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) Employee entitlements

Wages, salaries and sick leave
Wages and salaries due but unpaid at the reporting date are recognised in the Statement of Financial Position at the current salary rates. The company expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual and Long Service Leave
Annual leave and long service leave liabilities are accounted for as short term employee benefits if the company expects to wholly settle all such liabilities within the 12 months following reporting date. Otherwise, annual leave and long service leave liabilities are accounted for as 'other long-term employee benefits' in accordance with AASB 119, and split between current and non-current components.

All directly associated on-costs (e.g. employer superannuation contributions, payroll tax and workers' compensation insurance) are also recognised as liabilities, where these on-costs are material.

Superannuation
The superannuation expense for the financial year reflects payments incurred in relation to employees' terms and conditions of employment for the period up to the reporting date. The company contributes to several superannuation funds. Contributions are charged against income and expenses as they are incurred.

(m) Unearned income

The liability for unearned income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within twelve (12) months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds twelve (12) months after the reporting date or the conditions will only be satisfied more than twelve (12) months after the reporting date, the liability is discounted and presented as non-current.

(n) Taxation

The company is exempt from income tax under Section 50-25 of the *Income Tax Assessment Act 1997.*

Goods and Services Tax (GST) is payable by the company. Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Cash flows are included in the Statement of Cash Flows on a gross basis, with the GST components classified as operating cash flows including GST components of cash flows arising from investing and financing activities.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of the GST recoverable from, or payable to, the ATO is included with receivables or payables in the Statement of Financial Position.

(o) Rounding amounts

All amounts in the financial report and accompanying notes have been rounded to the nearest thousand dollars, unless otherwise stated.

(p) Financial instruments

Recognition
Financial assets and financial liabilities are recognised in the Statement of Financial Position when the company becomes party to the contractual provisions of the financial instrument.

Classification
Financial instruments are classified and measured as follows:

Notes to and forming part of the Financial Statements

- Cash and cash equivalents - held at fair value through profit and loss
- Receivables - held at amortised cost
- Payables - held at amortised cost

The carrying amounts of trade receivables and payables approximate their fair value.

No financial assets and financial liabilities have been offset and presented on a net basis in the Statement of Financial Position.

The company does not enter into, or trade with, such instruments for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the company holds no financial assets classified at fair value through profit and loss.

(q) Impairment

Non-financial assets
The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the depreciated current replacement cost. Impairment losses are recognised in the Statement of Profit & Loss and Other Comprehensive Income.

Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

All impairment losses are recognised in the Statement of Profit & Loss and Other Comprehensive Income.

(r) Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment
In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Long Service Leave
The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(s) Economic Dependence

The company purpose is the provision of services on behalf of the Queensland State Government in relation to promotion and development of the film production industry and film culture in Queensland. Any significant change in Government funding support would have a material effect on the ability of the company to provide these services.

As at the signing date of this report management has no reason to believe that this financial support will not continue.

Notes to and forming part of the Financial Statements

(t) Comparatives

There has been no material restatement of comparative information.

(u) Changes in accounting policies

New Standards that are effective for annual periods beginning on or after 1 January 2013

The Company did not voluntarily change any of its accounting policies during 2013-14. Australian Accounting Standard changes applicable for the first time as from 2013-14 that have had a significant impact on the Company's financial statements are described below.

- ***AASB 13 Fair Value Measurement*** became effective from reporting periods beginning on or after 1 January 2013.

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 apply to all of the Company's assets and liabilities (excluding leases) that are measured at fair value or another measurement based on fair value. The impacts of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets and liabilities.

The Company has reviewed its fair value methodologies for all items of asset and liabilities. To the extent that the previous methodologies were not in compliance with AASB 13, valuation methodologies were revised accordingly to be in line with AASB 13.

The revised valuation methodologies have not resulted in material differences from the previous methodologies.

- ***AASB 119 Employee Benefits*** became effective for reporting periods beginning on or after 1 January 2013.

The most significant implication for the Company is that the revised accounting standard includes changed criteria for accounting for employee benefits as 'short-term employee benefits'.

As a result, any class of employee benefit not expected to be wholly settled within 12 months after the reporting date is to be accounted for as 'other long-term employee benefits'. The recognition and measurement of the Company's obligations for 'other long term employee benefits' follows most of the requirements for defined benefit plans. This affects the Company's annual leave and long service leave liabilities. Therefore, the measurement of those liabilities, and the measurement and presentation of changes in those liabilities, now reflect defined benefit plan accounting (refer to note 1(r) for more information).

Other potential implications arising from the revised AASB 119 were the revised concept of 'termination benefits' and the revised recognition criteria for termination benefit liabilities. If any termination benefit obligations meet the AASB 119 timeframe for 'short-term employee benefits', they will be measured according to the requirements for 'short-term employee benefits'. Otherwise, termination benefits need to be measured according to the requirements for 'other long-term employee benefits'. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 Presentation of Financial Statements.

These amendments have had no significant impact on the entity.

- ***AASB 1053 Application of Tiers of Australian Accounting Standards*** applies as from reporting periods beginning on or after 1 July 2013.

AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two Tiers of reporting requirements - Australian Accounting Standards (commonly referred to as 'Tier 1'), and Australian Accounting Standards - Reduced Disclosure Requirements (commonly referred to as 'Tier 2'). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the Tier 1 and Tier 2 requirements is that Tier 2 requires fewer disclosures than Tier 1.

Pursuant to AASB 1053, and in accordance with Queensland Treasury and Trade's policy, the Company has chosen to adopt Tier 2 requirements for their general purpose financial statements.

On this basis, key disclosures the Company no longer needs to include are:

- most of the disclosures about fair value measurement required under AASB 13;

Notes to and forming part of the Financial Statements

- many of the disclosures required in relation to financial instruments, particularly all disclosures that convey information about the various risks the Company is exposed to from its financial instruments;
- the disclosure in this note regarding the expected implications for the Company of Australian Accounting Standards and Interpretations that have been issued but are not yet effective;
- a Statement of Financial Position as at the beginning of the earliest comparative period, if an accounting policy is applied retrospectively, if a retrospective restatement of items is made in the financial statements, or if an item is reclassified in the financial statements;
- the reconciliation of the carrying amount of property, plant and equipment for the comparative period; and
- the reconciliation of the Company's operating result to its net cash from operating activities.

The Company is not permitted to early adopt a new or amended accounting standard ahead of its specified commencement date unless approval is obtained from Queensland Treasury and Trade. Therefore, no other accounting standards and interpretations that have been issued but are not yet effective have been adopted by the Company ahead of their effective dates. The Company will apply these standards and interpretations once they become effective

Notes to and forming part of the Financial Statements

2. Revenue and other income

	2014 $'000	2013 $'000
State grant revenue	9,902	9,781
Federal agency contributions	225	60
Domestic film revenue	731	1,071
Sponsorship – Screen Culture	117	149
Event revenue – Screen Culture	222	234
Contra sponsorship revenue – Screen Culture	533	330
Interest revenue from investments	212	150
Interest revenue from loans and receivables	252	383
	12,194	**12,158**

3. Expenses

	2014 $'000	2013 $'000
Development and Production		
Development funding programs	1,274	1,490
Production funding programs	3,946	3,156
Incentives (including scouts)	285	1,442
Industry support programs	243	301
Marketing program	326	360
Finance costs	180	256
Assessment costs	118	213
Employee benefits expense	773	700
Other expenses	94	54
Total Development and Production	**7,239**	**7,972**
Screen Culture		
Screen Culture events	1,193	1,133
Screen Culture contra expenses	533	330
Screen Culture funding programs	598	161
Employee benefits expense	317	386
Other expenses	18	32
Total Screen Culture	**2,659**	**2,042**
Corporate		
Bad & Doubtful Debts	197	127
Board Costs	26	41
Communications & Marketing	130	61
Consultants	26	41
Depreciation and amortisation	30	72
Employee benefits expense	1,090	815
Insurance	39	33
IT & Internet	121	119
Lease payments	335	325
Legal Fees	83	29
Travel	46	45
Other expenses	108	111
Total Corporate	**2,231**	**1,819**

Notes to and forming part of the Financial Statements

4. Auditors' remuneration

		2014 $'000	2013 $'000
Amounts received or due and receivable by the auditors for			
- the audit of the financial report	– current year	32	32
	– prior year	-	(5)
		32	27

5. Cash and cash equivalents

	2014 $'000	2013 $'000
Cash on hand	1	1
Cash at bank	2,307	1,782
Cash fund (Queensland Treasury Corporation)	5,234	2,405
	7,542	4,188

6. Trade and other receivables

	2014 $'000	2013 $'000
Current		
Sundry debtors	319	150
Provision for impairment	(251)	(54)
Taxes receivable	4	37
Loans receivable – film assistance loans	7,394	9,518
	7,466	9,651
Non-current		
Loans receivable – film assistance loans	102	865
	102	865

Provision for Impairment

The movement in the Provision for Impairment is as follows:

	2014 $'000	2013 $'000
Opening Balance	54	-
Charge for the Year	197	127
Amounts written off	-	(73)
Closing Balance	251	54

Credit Risk

Trade and other receivables (excluding film assistance loans) are non-interest bearing and are generally on 30 day terms. Film assistance loans are secured, interest bearing and are for a fixed term. The security is a fixed and floating charge held by the company over the assets of the borrower.

A past due loan of $1,324,228 has been extended on existing terms during the current year. The interest that is charged on this past due loan is shown in Sundry Debtors. There has been an impairment of $251,437 provided for the portion of the interest debt that is doubtful. It is the Director's opinion that the balance of the loan will be repaid in the near future.

Notes to and forming part of the Financial Statements

7. Plant and equipment

	2014 $'000	2013 $'000
Plant and equipment at cost	94	51
Less: accumulated depreciation	(51)	(26)
	43	25
Leasehold improvements at cost	180	180
Less: accumulated amortisation	(180)	(175)
	-	5
	43	30

Reconciliation

Reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the year is as follows:

2014	Plant & equipment $'000	Leasehold improvements $'000	Total $'000
Carrying amount at 1 July 2013	25	5	30
Additions	43	-	43
Disposals	-	-	-
Depreciation and amortisation	(25)	(5)	(30)
Carrying amount at 30 June 2014	43	-	43

8. Trade and other payables

	2014 $'000	2013 $'000
Current		
Sundry payables and accruals	577	271
Unearned income	60	-
Annual leave owing	73	70
	710	341

9. Borrowings

	2014 $'000	2013 $'000
Bank Loans - Current unsecured	6,265	5,508
Bank Loans - Non-current unsecured	105	882
	6,370	6,390

Borrowings are from Arts Queensland and by their nature are unsecured.

The loans are denominated in Australian dollars and are payable over various periods of time which match the maturity dates of loans receivable.

Notes to and forming part of the Financial Statements

10. Provisions

	2014 $'000	2013 $'000
Provision for long service leave		
Current	-	-
Non-current	18	13
	18	13
Reconciliation		
Opening balance at 1 July	13	29
Additional provisions	5	(7)
Amounts used	-	(9)
	18	13

A provision has been recognised by the company for employee entitlements relating to long service leave for employees. Refer to note 1(l).

11. Commitments for expenditure

Lease commitments

	2014 $'000	2013 $'000
Non-cancellable operating lease commitments		
Not longer than one year	199	31
Longer than one year but not longer than five years	13	15
Longer than five years	-	-
	212	46

The lease commitment represents the lease for the company's office premises on a month to month lease term however a six month notice period is required, and other operating leases for photocopiers and phone system with terms of 3 and 5 years.

Future film commitments

	2014 $'000	2013 $'000
The commitment remaining at year end is payable in		
Not longer than one year	4,268	1,614
Longer than one year but not longer than five years	1,150	-
Longer than five years	-	-
	5,418	1,614

The company enters into contracts with practitioners from the film industry for the provision of grant funding. A commitment has been recognised when a contract has been entered into by the company. Amounts are transferred from a commitment to a liability when the terms, conditions and deliverables as per the contract have been fulfilled by the industry practitioner. Funds equal to the amounts committed are held in the company's equity reserves until such time as the funds are expended.

Other grant approvals

In addition to the $5,417,539 of commitments listed above, the company's Directors have approved grants for the amount of $2,342,932 (2013: $3,036,063) payable to practitioners in the film industry, however the contracts had not been executed at 30 June 2014. These approvals will become a commitment when a contract has been executed by the company. Funds equal to the amounts of grants approved are held in the company's equity reserves until such time as the funds are expended.

Notes to and forming part of the Financial Statements

12. Contributed equity

The company is a company limited by shares. The sole share is held by the State of Queensland and is fully paid to the value of $10.

	2014 $'000	2013 $'000

13. Notes to statement of cash flows

Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, short term deposits and investment securities. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2014 $'000	2013 $'000
Cash on hand	1	1
Cash at bank	2,307	1,782
Cash fund (Queensland Treasury Corporation)	5,234	2,405
	7,542	4,188

Reconciliation of profit / (loss) after income tax to net cash flow from operating activities

	2014 $'000	2013 $'000
Net profit / (loss) after income tax	65	325
Non cash flows in profit & loss		
Depreciation and amortisation expense	30	72
Contra sponsorship revenue	533	330
Contra expenditure related to sponsorship	(533)	(330)
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	32	(78)
(Decrease)/increase in trade and other payables	369	5
(Decrease)/increase in provisions	4	(16)
(Increase)/decrease in other assets	-	37
Net cash provided by (used in) operating activities	500	345

Credit standby arrangements and loan facilities

The company has a loan facility from Arts Queensland amounting to $20,000,000 (2013: $20,000,000). This facility may be drawn upon at any time. At 30 June 2014, only $6,370,425 of this facility was drawn down (2013: $6,389,787).

Notes to and forming part of the Financial Statements

14. Remuneration of key management personnel

Key management personnel include the directors and executive officers of the company. A remuneration summary of the key management personnel of the company is as follows:

	Short-term Benefits	Long-term Benefits	Post-Employment Benefits	Termination Benefits	Totals
	Base remuneration (salary & other benefits) $	Provision for Long service leave $	Super contributions $	$	$
2014	630,867	-	71,103	225,000	926,970
2013	701,019	-	53,723	26,259	781,001

15. Transactions and balances with related parties

Directors and director-related parties

The following Directors have an interest in transactions with the company:

Name	Interest
Michael Hawkins	Michael Hawkins is the Chairman of the Australian International Movie Convention which received $18,841 of funding from the company under the Screen Culture funding program. Michael Hawkins is the Chairman of Asia Pacific Screen Awards. Brisbane Marketing was provided with $400,000 funding this year ($700,000 in future years) from Screen Queensland to operate the Brisbane Asia Pacific Film Festival (BAPFF), which will showcase the filmmakers, films and documentaries of the Asia Pacific Screen Awards (APSA)
Stuart Cunningham	Stuart Cunningham was on the Board of the State Library of Queensland until April 2014. The company paid the library $7,820 for the use of venue space for events during the year.
Geoff Cooper	Geoff Cooper is on the Board of Directors for Brisbane Powerhouse Pty Ltd which received $8,000 of funding from the company for the 2014 Brisbane Queer Film festival, under Screen Culture funding program.
Cr Jan Grew	Cr Grew's son provided the services of his boat for the scouting of a domestic film production, Stephen Grew was paid $900 for his services and boat hire for 2 days.

Apart from the details disclosed in this note, no other Director has entered into transactions with the company since the end of the previous financial year and there were no other transactions involving Directors' interests during the year.

Notes to and forming part of the Financial Statements

16. Events subsequent to reporting date

There were no material events subsequent to the reporting date but prior to the signing date of these accounts that the management or board of the company were aware of that require disclosure in the financial report.

17. Company details

The registered office and principal place of business of the company is:
Screen Queensland Pty Ltd
Level 15, 111 George Street
Brisbane QLD 4000

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Screen Queensland Pty Ltd, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 24, are in accordance with the Corporations Act 2001 and:

   - comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
   - give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors:

....	....
Peter Little	**Peter Baston**
Chair	Chair of Audit & Accounts Committee

Brisbane, 1st September, 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of Screen Queensland Pty Ltd

Report on the Financial Report

I have audited the accompanying financial report of Screen Queensland Pty Ltd, which comprises the statement of financial position as at 30 June 2014, 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 information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine 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 Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards,* which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company'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 report.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

In conducting the audit, the independence requirements of the *Corporations Act 2001* have been complied with. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Screen Queensland Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In my opinion:

(a) the financial report of Screen Queensland Pty Ltd is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

J Welsh

QUEENSLAND
0 3 SEP 2014
AUDIT OFFICE

J WELSH FCPA
As Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane