

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 2015.

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

Michael Hawkins is the Executive Chairman of the Asia Pacific Screen Awards and the Brisbane Asia Pacific Film Festival. He is also Executive Director of the National Association of Cinema Operators – Australasia and the Australian International Movie Convention, Director of the Intellectual Property Awareness Foundation Ltd and a member of Advisory Boards including HLB Mann Judd Chessboard and several other private companies. He 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 AM

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 executive, producer and media consultant with over 20 years' experience in the Queensland industry. He has worked for several free-to-air networks and is a board member of the Brisbane Powerhouse, chairing the Digital Innovation Group. He is currently Channel Nine's Queensland Head of Programming and Production. Prior to this role, he acted as Live Action Commissioner and Executive Producer for ABC Children's Television and was Network Ten's Manager and Executive Producer of Children's and Documentary Production.

Cr Jan Grew

GAICD MFT (Bond)

Director since 2012

Jan Grew has been a Councillor with the Gold Coast City Council for 22 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 board member of The Arts Centre Gold Coast.

Mrs Kathy MacDermott

Director since 2012

Resigned 30 June 2015

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	31 August 2015
Michael Hawkins	31 August 2015
Peter Baston	31 August 2015
Stuart Cunningham	31 August 2015
Geoff Cooper	31 August 2015
Jan Grew	31 August 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 and Accounts meetings	
	A	B	A	B
Peter Little	9	9		
Michael Hawkins	9	8		
Geoff Cooper	9	8		
Peter Baston	9	7	2	2
Stuart Cunningham	9	7	2	2
Jan Grew	9	9		
Kathy MacDermott	9	8		

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 have 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 incorporated under the *Corporations Act 2001* and is a company limited by shares, with these shares held beneficially for 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 and 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 \$14,364 excluding GST to the Queensland Government Insurance Fund (QGIF), which includes Directors and Officers coverage during the year. This policy was renewed prior to year end.

The Directors received advice from the former Director-General of the department formerly known as 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 loss after income tax for the year was \$1,155,465 (2014: profit of \$65,197).

Dividends

The company has not paid or declared a dividend during the year ended 30 June 2015.

Review of financial operations

The loss is due to a timing difference between the year in which revenue is received and the timing of funds being expended.

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 87% of revenue being received from governmental sources.

Expenditure

Grants and funding approvals have been consistent with prior years. Future funding commitments and approvals total \$12,730,829 at year end, and these commitments will become liabilities as specified in Note 12.

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.

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 2015

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.

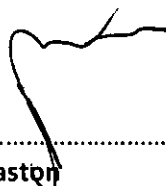
Auditor's Independence Declaration

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, Audit & Accounts Committee

Brisbane, 26 August 2015

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 2015, 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.



MJ Keane CA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

Signed at Brisbane on this day of 2015.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Income			
Revenue	2	11,321	12,194
Expenses			
Development & Production expenses	3	9,854	7,239
Screen Culture expenses	3	666	2,659
Corporate expenses	3	1,956	2,231
Profit / (loss) before income tax		(1,155)	65
Income Tax expense		-	-
Profit / (loss) for the year		(1,155)	65
Other Comprehensive Income		-	-
Total Comprehensive Income		(1,155)	65
Total Comprehensive Income / (loss) for the year		(1,155)	65

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

Statement of Financial Position

As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Assets			
Current assets			
Cash and cash equivalents	5	7,060	7,542
Trade and other receivables	6	2,506	7,466
Other current assets	7	49	-
Total current assets		<u>9,615</u>	<u>15,008</u>
Non-current assets			
Trade and other receivables	6	928	102
Plant and equipment	8	21	43
Total non-current assets		<u>949</u>	<u>145</u>
Total assets		<u>10,564</u>	<u>15,153</u>
Liabilities			
Current liabilities			
Trade and other payables	9	192	637
Borrowings	10	2,406	6,265
Employee benefits	11	82	73
Total current liabilities		<u>2,680</u>	<u>6,975</u>
Non-current liabilities			
Borrowings	10	949	105
Employee benefits	11	35	18
Total non-current liabilities		<u>984</u>	<u>123</u>
Total liabilities		<u>3,664</u>	<u>7,098</u>
Net assets		<u>6,900</u>	<u>8,055</u>
Equity			
Retained profits		<u>6,900</u>	<u>8,055</u>
Total equity		<u>6,900</u>	<u>8,055</u>

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 2015

	Note	Retained Profits \$'000	Total \$'000
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
Profit/(loss) for the year		(1,155)	(1,155)
Other Comprehensive Income		-	-
Balance at 30 June 2015		6,900	6,900

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

Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Operating services			
Government grants received		9,802	9,902
Cash receipts from customers		2,141	2,175
Cash payments to suppliers and employees		(13,871)	(11,673)
Interest received		318	276
Interest and finance charges paid		(80)	(180)
Net cash provided by operating services	14	(1,690)	500
Investing activities			
Payments for plant and equipment		-	(43)
Proceeds from repayment of Film funding loans		6,464	5,675
Payments made for Film funding loans		(2,240)	(2,759)
Net cash provided by investing activities		4,224	2,873
Financing activities			
Repayment of borrowings		(5,763)	(6,858)
Proceeds from borrowings		2,747	6,839
Net cash from (used in) financing activities		(3,016)	(19)
Net change in cash and cash equivalents		(482)	3,354
Cash and cash equivalents, beginning of year		7,542	4,188
Cash and cash equivalents, end of year	14	7,060	7,542

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 August 2015 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.

(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 operating leases.

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 personal 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, personal 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 personal leave entitlements is recognised.

As personal 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 profit or loss 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 24AO of the *Income Tax Assessment Act 1936*.

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's 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

The Company did not voluntarily change any of its accounting policies during 2014-15.

The following new and revised standards became potentially applicable to the company as from reporting periods beginning on or after 1 January 2014:

- AASB 10 *Consolidated Financial Statements*;
- AASB 11 *Joint Arrangements*;
- AASB 12 *Disclosure of Interests in Other Entities*;
- AASB 127 (revised) *Separate Financial Statements*;
- AASB 128 (revised) *Investments in Associates and Joint Ventures*; and
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17].

None of these new or revised standards will have a significant impact on the company's financial statements.

Notes to and forming part of the Financial Statements

	2015 \$'000	2014 \$'000
2. Revenue and other income		
State grant revenue	9,802	9,902
Federal agency contributions	68	225
Domestic film revenue	1,125	731
Sponsorship – Screen Culture	-	117
Event revenue – Screen Culture	-	222
Contra sponsorship revenue – Screen Culture	-	533
Interest revenue from investments	256	212
Interest revenue from loans and receivables	58	252
Other income	12	-
	11,321	12,194
3. Expenses		
Development and Production		
Development funding programs	872	1,274
Production funding programs	3,629	3,946
Incentives (including scouts)	3,409	285
Industry support programs	483	243
Marketing program	244	326
Finance costs	80	180
Assessment costs	75	118
Employee benefits expense	978	773
Other expenses	84	94
Total Development and Production	9,854	7,239
Screen Culture		
Screen Culture events	-	1,193
Screen Culture contra expenses	-	533
Screen Culture funding programs	588	598
Employee benefits expense	77	317
Other expenses	1	18
Total Screen Culture	666	2,659
Corporate		
Bad & Doubtful Debts	(27)	197
Board Costs	17	26
Communications & Marketing	199	130
Consultants	-	26
Depreciation and amortisation	22	30
Employee benefits expense	871	1,090
Insurance	16	39
IT & Internet	189	121
Lease payments	312	335
Legal Fees	19	83
Travel	99	46
Other expenses	239	108
Total Corporate	1,956	2,231

Notes to and forming part of the Financial Statements

	2015 \$'000	2014 \$'000
4. Auditors' remuneration		
Amounts received or due and receivable by the auditors for the audit of the financial report -current year	<u>34</u>	<u>32</u>

There are no non-audit services included in this amount.

5. Cash and cash equivalents

Cash on hand	1	1
Cash at bank	642	2,307
Cash fund (Queensland Treasury Corporation)	6,417	5,234
	<u>7,060</u>	<u>7,542</u>

6. Trade and other receivables

Current		
Sundry debtors	37	319
Provision for impairment	-	(251)
Taxes receivable	128	4
Loans receivable – film assistance loans	2,341	7,394
	<u>2,506</u>	<u>7,466</u>
Non-current		
Loans receivable – film assistance loans	<u>928</u>	<u>102</u>

Provision for Impairment

The movement in the Provision for Impairment is as follows:

Opening Balance	251	54
Charge for the year	(27)	197
Amounts written off	(224)	-
Closing Balance	<u>-</u>	<u>251</u>

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.

Notes to and forming part of the Financial Statements

	2015 \$'000	2014 \$'000
7. Other current assets		
Prepayments	<u>49</u>	<u>-</u>
8. Plant and equipment		
Plant & equipment at cost	94	94
Less: accumulated depreciation	<u>(73)</u>	<u>(51)</u>
	<u>21</u>	<u>43</u>
Leasehold improvements	-	180
Less: accumulated depreciation	<u>-</u>	<u>(180)</u>
	<u>-</u>	<u>-</u>
	<u>21</u>	<u>43</u>

Reconciliation

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

	Plant & equipment \$'000	Leasehold improvements \$'000	Total \$'000
2015			
Carrying amount at 1 July 2014	43	-	43
Additions	-	-	-
Disposals	-	-	-
Depreciation and amortisation	<u>(22)</u>	<u>-</u>	<u>(22)</u>
Carrying amount at 30 June 2015	<u>21</u>	<u>-</u>	<u>21</u>

	2015 \$'000	2014 \$'000
9. Trade and other payables		
Current		
Sundry payables and accruals	192	577
Unearned income	<u>-</u>	<u>60</u>
	<u>192</u>	<u>637</u>

10. Borrowings

Bank Loans - Current unsecured	2,406	6,265
Bank Loans - Non-current unsecured	<u>949</u>	<u>105</u>
	<u>3,355</u>	<u>6,370</u>

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

	2015 \$'000	2014 \$'000
11. Employee Benefits		
Current		
Annual Leave	82	73
Non-current		
Long Service Leave	35	18
	117	91

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

12. Commitments for expenditure

Lease commitments

Non-cancellable operating lease commitments

Not longer than one year	195	199
Longer than one year but not longer than five years	708	13
	903	212

The lease commitment represents the lease for the company's office premises on a 5 year term and other operating leases for photocopiers and phone system with terms of 3 and 5 years respectively.

Future film commitments

The commitment remaining at year end is payable in

Not longer than one year	4,031	4,268
Longer than one year but not longer than five years	8,700	1,150
	12,731	5,418

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 until such time as the funds are expended.

Other grant approvals

In addition to the \$12,730,829 of commitments listed above, the company's Directors have approved grants for the amount of \$939,252 (2014: \$2,342,932) payable to practitioners in the film industry, however the contracts had not been executed at 30 June 2015. 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

13. 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.

2015	2014
\$'000	\$'000

14. 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:

Cash on hand	1	1
Cash at bank	642	2,307
Cash fund (Queensland Treasury Corporation)	6,417	5,234
	<u>7,060</u>	<u>7,542</u>

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

Net profit / (loss) after income tax	(1,155)	65
Non cash flows in profit & loss		
Depreciation and amortisation expense	22	30
Contra sponsorship revenue	-	533
Contra expenditure related to sponsorship	-	(533)
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	(89)	32
(Increase)/decrease in other assets	(49)	-
(Decrease)/increase in trade and other payables	(445)	369
(Decrease)/increase in employee benefits	26	4
Net cash provided by (used in) operating activities	<u>(1,690)</u>	<u>500</u>

Credit standby arrangements and loan facilities

The company has a loan facility from Arts Queensland amounting to \$20,000,000 (2014: \$20,000,000). This facility may be drawn upon at any time. At 30 June 2015, \$3,354,515 of this facility was drawn down (2014: \$6,370,425).

Notes to and forming part of the Financial Statements

15. 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 \$	\$	\$
2015	470,227	-	43,483	-	513,710
2014	630,867	-	71,103	225,000	926,970

16. 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	<p>Michael Hawkins is the Executive Director of the National Association of Cinema Operators – Australasia and the Australian International Movie Convention which received \$27,820 (2014: \$18,841) of funding from the company under the Screen Culture funding program.</p> <p>Michael Hawkins is the Executive Chairman of the Asia Pacific Screen Awards and the Brisbane Asia Pacific Film Festival and a consultant to Brisbane Marketing Pty Ltd. Brisbane Marketing was provided with \$300,000 (2014: \$400,000) funding this year (\$700,000 in 2015-16 and 2016-17) 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) and the Asia Pacific region of which Queensland is a part.</p>
Geoff Cooper	<p>Geoff Cooper is on the Board of Directors for Brisbane Powerhouse Pty Ltd which received \$9,500 (2014: \$8,000) of funding from the company for the 2015 Brisbane Queer Film festival, under Screen Culture funding program. The company also paid \$6,777 (2014: nil) to the Brisbane Powerhouse Pty Ltd for room hire and event services.</p>

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

17. 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.

18. Company details

The registered office and principal place of business of the company is:
Screen Queensland Pty Ltd
Suite 1, 30 Florence Street
Newstead QLD 4006

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 23, 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 2015 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
Chair
.....
Peter Baston
Chair, Audit and Accounts Committee

Brisbane, 26 August 2015

INDEPENDENT AUDITOR'S REPORT

To the Member 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 2015, the statement of profit and 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 – Reduced Disclosure Requirements 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 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 2015 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and

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.



MJ Keane CA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

Signed at Brisbane on this day of 2015.