

## 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 2018.

### 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:

#### **Ms Linda Lavarch**

Director since 09/05/2018

Chair since 09/05/2018

Linda is a lawyer by profession and has broad experience in developing and advising on public policy in Australia. She now combines her legal skills and policy experience as the Director of Member and Specialist Services for the Queensland Nurses and Midwives' Union (QNMU). Linda served in the Queensland Parliament from 1997 to 2009 and was appointed the State Attorney-General in 2005.

After leaving Parliament in 2009 Linda joined the team at the Australian Centre for Philanthropy and Nonprofit Studies (ACPNS) at QUT co-ordinating a Nonprofit Law project aimed at streamlining the laws that regulate charities and not for profits in Australia. Through this project Linda gained extensive experience in working with and for the Not-for-profit Sector in Australia. She was appointed by the then Federal Government as Chairperson of the National Not-for-profit Sector Reform Council (2011-2013) and Chairperson of the Not for Profit Sector Tax Concession Working Group.

Linda has held a number of Board positions including a Director on Hockey Queensland, Chair of Coast 2 Bay Housing Group and a Director of the Princess Alexandra Hospital Research Foundation. Linda currently serves as a Director and Deputy Chair of the Australian Cervical Cancer Foundation (ACCF) and is Director on Volunteering Queensland. Linda is also a member of the Advisory Board of Australian Centre for Philanthropy and Nonprofit Studies (QUT).

Linda was named as one of the YWCA 125 leading Queensland women and was chosen to be part of the National Library of Australia's trailblazing women in the law project documenting the oral history of women lawyers in Australia.

#### **Ms Catherine O'Sullivan**

Director since 01/09/2015

Chair 27/10/2017 to 26/04/2018

Ms O'Sullivan is currently Director of Innovation, Industry & Employability at Laureate International Universities, and is a senior executive who has achieved significant contributions to educational, community and employment outcomes, through strong leadership, innovation and partnerships. She is the former Pro Vice-Chancellor, Pathways and Partnerships, Bond University (2013-2018), State Manager, Queensland State Office, Department of Education, Employment and Workplace Relations (2007-2012) and former Assistant Director-General (Regional Delivery) for the Department of Primary Industries and Fisheries (2005-2007). Ms O'Sullivan was awarded Telstra Business Woman of the Year and is an invited member of the Harvard Women's Leadership Board (2015). She holds an Executive Masters in Public Administration ANZSOG, Diploma of Education and Bachelor of Arts from the University of New England. Catherine is a Churchill Fellow and a recipient of the Australian Rural Leaders' Scholarship.

## Directors' Report (Cont'd)

### **Ms Patricia Heaton**

Director since 01/09/2015

Chair, Audit and Accounts Committee

Ms Heaton is an AFTRS graduate, former CEO of Ausfilm, and former Manager the Production Liaison Unit at the FTO (now Screen NSW). She has worked in the screen sector since 1980 as producer, location manager, senior executive and company director. Ms Heaton served as a Board member at Ausfilm (1999) and served on the Screen NSW Board (2009-2014). Currently Ms Heaton is a co-Director of The Heaton Group with her husband, developing real estate projects in Sydney.

### **Mr Michael Smellie**

Director since 01/09/2015

Mr Smellie has a music and media business career of over 30 years. He is the former Global Chief Operating Officer of SonyBMG, Asia Pacific Head of BMG and Managing Director of PolyGram and rooArt in Australia. As Chief Operating Officer of BMG worldwide, he negotiated and implemented the merger with Sony Music. Mr Smellie is the former President of media development for Asia Pacific for the German media company, Bertelsmann (until 2010) and past Chair of the Australian Film Television and Radio School and QUT Creative Enterprise Australia. He is currently Chair of Music Australia and the Australian Board of The Global Citizen, and holds a Bachelor of Business from NSWIT.

### **Mr Paul Syvret**

Director since 01/09/2015

Member, Audit and Accounts Committee

Paul Syvret is assistant editor and columnist with the Courier-Mail. He is a multi-award winning journalist with 30 years' experience in the media who has worked across the platforms of print, television and digital. His specialty is finance and economic reporting and analysis; skills honed over many years working on mastheads including the Australian Financial Review and The Bulletin magazine. Paul also brings with him a life long passion for Australian film, and regularly appears as a guest presenter at genre cinema events.

### **Mr Takeshi Takada**

Director since 01/09/2015

Alt.vfx co-founder and company Director, Takeshi Takada, is the one of the most awarded Executive Producers within the post-production industry in the APAC region. The company was established in 2011 and has quickly become one of the most respected visual effects studios in the region. Alt.vfx is a state-of-the-art post production studio specialising in visual effects, animation and design for film and television, with their work winning many international awards including Cannes Lions, Mobius, Clio, New York Festival and London International awards. With headquarters in Brisbane, and additional studios in Sydney and Melbourne, Alt has also expanded into North America with the opening of an LA studio in 2017, capitalising on the kind of global work and relationships that saw the company being named Queensland Exporter of the Year and Australian Exporter of the Year for the Creative Industries in 2015. Mr Takada was named the Business Person of the Year at the Brisbane Lord Mayor's Multicultural Awards for Business – 2014 and is currently one of the Board members of the Lord Mayor's Creative Brisbane Advisory Board.

## Directors' Report (Cont'd)

### **Dr Chelsea Bond**

Director since 01/06/2017

Member, Audit and Accounts Committee

Dr Chelsea Bond is an Aboriginal (Munanjahli) and South Sea Islander Australian and a Senior Lecturer with the Aboriginal and Torres Strait Islander Studies Unit. Dr Bond has worked as an Aboriginal Health Worker and researcher in communities across south-east Queensland and has a strong interest in urban Indigenous health promotion, culture, identity and community development. Dr Bond is an Affiliate member of the UQ Poche Centre for Indigenous Health, a board member of Inala Wangarra (an Indigenous community development association) and regular guest host of 98.9FM's Let's Talk program.

### **Ms Theresa (Tess) Bishop**

Director 01/10/2017 to 18/01/2018

Tess is Deputy Director-General, Strategy and Engagement, Department of the Premier and Cabinet. In this role Ms Bishop has oversight of Intergovernmental Relations, Strategic Policy, Integrated Communications, Executive Correspondence, Events and Protocol. She brings to the role more than 17 years' experience in government and industry in Australia and the United Kingdom.

Ms Bishop's government experience is complemented by her private sector roles including the advisory firm KPMG Europe. She has strategic relationships with stakeholders in business, industry and at local, state and federal levels of government and is well known for her collaborative leadership style. Tess's academic qualifications include a Master of International Relations, Griffith University, Graduate Diploma in Business Management, University of Western Sydney and Bachelor of Arts (Political Science and Public Policy), Griffith University. Tess has recently graduated from the Australian Institute of Company Directors.

The following persons were Directors of the company during the year up to the dates indicated.

### **Ms Linda Apelt**

Director 01/09/2015 to 06/09/2017

Chair 01/09/2015 to 06/09/2017

Ms Apelt has over 35 years of progressive experience in corporate environments, including fourteen years as a Director-General of Housing and Community Services portfolios. Linda is the former CEO of Montrose, Therapy and Respite Services and Adjunct Professor, Institute of Social Science Research, The University of Queensland. She has served as a non-Executive Director on a range of Boards including QSuper Board of Trustees; Australian Institute of Health and Welfare; Australian Housing and Urban Research Institute; and the Crèche and Kindergarten Association Limited. She has also chaired a range of national and State based Ministerial Advisory Committees and public sector Boards of Management as an Executive Director.

Ms Apelt holds a Diploma (GAICD) Australian Institute of Company Directors, Master of Educational Studies from The University of Queensland, Graduate Diploma in Counselling, Bachelor of Education from the Queensland University of Technology and Diploma in Teaching (Secondary) from the Queensland University of Technology. She is a recipient of the Centenary of Federation Medal for distinguished contribution to the public sector.

## Directors' Report (Cont'd)

### Director's Term

Directors of the company have been appointed for a common term. Expiry dates of current appointments are as follows:

Name	Expiry of current term
Linda Lavarch	31 August 2018
Catherine O'Sullivan	31 August 2018
Patricia Heaton	31 August 2018
Michael Smellie	31 August 2018
Paul Syvret	31 August 2018
Takeshi Takada	31 August 2018
Chelsea Bond	31 August 2018

### 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
- screen culture and presentation of screen related events in Queensland.

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

### 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
Linda Lavarch	1	1		
Catherine O'Sullivan	12	10	1	1
Patricia Heaton	12	10	2	2
Michael Smellie	12	12		
Paul Syvret	12	8	1	1
Takeshi Takada	12	10		
Chelsea Bond	12	8	1	1
Tess Bishop	3	3		
Linda Apelt	3	3		

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.

## Directors' Report (Cont'd)

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.

### 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.

## Directors' Report (Cont'd)

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 \$14,253 excluding GST to the Queensland Government Insurance Fund (QGIF), which includes Directors and Officers coverage during the year. This policy was renewed after the year end.

### 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.

### Operating result

The company's net profit after income tax for the year was \$44,392 (2017: profit of \$3,696,199).

### Dividends

The company has not paid or declared a dividend during the year ended 30 June 2018.

### Review of financial operations

The profit is due to a timing difference between the year in which revenue is received and the year in which the expenses committed against that revenue, occur.

Each year the company commits funding to a variety of screen and culture projects and those funds can only be expensed upon the receipt of deliverables, as specified in the contract. This can be up to two financial years after the revenue has been received.

### Revenue

Revenue received from government sources increased during 2017-18. Limited life funding has been received to assist in attracting domestic and international productions to the state to build a continual pipeline of screen projects.

### Expenditure

Grants and funding approvals have increased in line with the increased revenue. Future funding commitments and approvals total \$17,145,218 at year end, and these commitments will become liabilities as specified in Note 13.

### Significant changes in the state of affairs

There were no significant changes in the nature of the activities of the company during the year. As part of the 2018-19 Budget the Queensland Government announced funding of \$12,000,000 over 4 years for the company to develop a screen production facility in Brisbane, Queensland.

### Likely developments

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

## Directors' Report (Cont'd)

### Events subsequent to the end of the financial year

As part of the 2018-19 Budget the Queensland Government announced funding of \$12,000,000 over 4 years for the company to develop a screen production facility in Brisbane, Queensland. The facility is due to open in late 2018.

On 16 July 2018 the company entered into a five year lease to rent premises for this facility. Please refer to note 19 of the Financial Statements for more information.

There are no other matters or circumstances that have arisen since the end of the financial year that have 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 2018

### 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 regulation

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.

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or state or territory.

### Rounding off

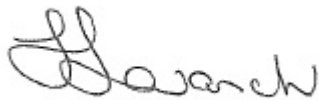
The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

## Directors' Report (Cont'd)

### 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 9 of this financial report and forms part of the Directors' Report.

Signed in accordance with a resolution of the Directors:



.....  
**Linda Lavarch**  
Chair



.....  
**Patricia Heaton**  
Chair, Audit and Accounts Committee

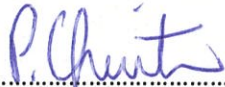
Brisbane, 8 August 2018

## 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 2018, 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.



.....  
**P CHRISTENSEN**

as Delegate of the Auditor-General

**Queensland Audit Office**  
Brisbane

Signed at Brisbane on this 3rd day of August 2018.

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Income</b>			
Revenue	2	27,744	21,872
<b>Expenses</b>			
Development & Production expenses	3	24,172	15,019
Finance costs	4	355	92
Screen Culture expenses	3	1,030	1,005
Corporate expenses	3	2,143	2,060
		<u>44</u>	<u>3,696</u>
<b>Profit before income tax</b>			
Income Tax expense	2 (o)	-	-
		<u>44</u>	<u>3,696</u>
<b>Profit for the year</b>			
Other Comprehensive Income		-	-
Total Comprehensive Income		<u>44</u>	<u>3,696</u>
<b>Total Comprehensive Income for the year</b>		<u><b>44</b></u>	<u><b>3,696</b></u>

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

## Statement of Financial Position

As at 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	10,192	13,332
Trade and other receivables	7	21,740	7,221
Other current assets	8	55	75
Total current assets		<u>31,987</u>	<u>20,628</u>
<b>Non-current assets</b>			
Trade and other receivables	7	6,565	5,639
Plant and equipment	9	46	12
Total non-current assets		<u>6,611</u>	<u>5,651</u>
<b>Total assets</b>		<u><b>38,598</b></u>	<u><b>26,279</b></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	306	157
Borrowings	11	15,641	4,822
Employee benefits	12	117	89
Total current liabilities		<u>16,064</u>	<u>5,068</u>
<b>Non-current liabilities</b>			
Trade and other payables	10	148	194
Borrowings	11	6,949	5,613
Employee benefits	12	40	51
Total non-current liabilities		<u>7,137</u>	<u>5,858</u>
<b>Total liabilities</b>		<u><b>23,201</b></u>	<u><b>10,926</b></u>
<b>Net assets</b>		<u><b>15,397</b></u>	<u><b>15,353</b></u>
<b>Equity</b>			
Retained profits		<u>15,397</u>	<u>15,353</u>
<b>Total equity</b>		<u><b>15,397</b></u>	<u><b>15,353</b></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 2018

	Note	Retained Profits \$'000	Total \$'000
<b>Balance at 30 June 2016</b>		11,657	11,657
Profit for the year		3,696	3,696
Other comprehensive income		-	-
<b>Balance at 30 June 2017</b>		<u>15,353</u>	<u>15,353</u>
Profit for the year		44	44
Other comprehensive income		-	-
<b>Balance at 30 June 2018</b>		<u>15,397</u>	<u>15,397</u>

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

## Statement of Cash Flows

For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Operating activities</b>			
Government grants received		21,752	19,852
Cash receipts from customers		3,081	2,959
Cash payments to suppliers and employees		(29,697)	(19,751)
Interest received		719	571
Interest and finance charges paid		(355)	(92)
<b>Net cash provided by/(used in) operating activities</b>		<b>(4,500)</b>	<b>3,539</b>
<b>Investing activities</b>			
Payments made for property, plant and equipment		(37)	-
Proceeds from repayment of film assistance loans		1,645	1,573
Payments made for film assistance loans		(12,403)	(7,095)
<b>Net cash (used in) investing activities</b>		<b>(10,795)</b>	<b>(5,522)</b>
<b>Financing activities</b>			
Repayment of borrowings		(4,902)	(1,260)
Proceeds from borrowings		17,057	5,048
<b>Net cash from financing activities</b>		<b>12,155</b>	<b>3,788</b>
<b>Net change in cash and cash equivalents</b>		<b>(3,140)</b>	<b>1,805</b>
Cash and cash equivalents, beginning of year		13,332	11,527
<b>Cash and cash equivalents, end of year</b>	15	<b>10,192</b>	<b>13,332</b>

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 8 August 2018 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. The impact of any changes to comparative figures was not material in the 2018 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.

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 or Loss and Other Comprehensive Income at their estimated fair market value at the time of consumption.

#### (d) Assistance to domestic screen 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) Current/Non-current classification

Assets are classified as current where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date, or the company does not have an unconditional right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as non-current.

### (g) 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 which have no more than 90 day maturity.

### (h) 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 production companies. These loans have fixed periods and are subject to an interest rate of 50% of the 90 day Bank Bill Swap Rate.

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, refer note 1 (q).

### (i) 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.

### (j) 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 or 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 25%

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 or Loss and Other Comprehensive Income.

### (k) 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

## Notes to and forming part of the Financial Statements

company's premises, telephone and photocopier are held under operating leases.

### (l) 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.

Unearned interest revenue is also included in trade and other payables. Interest revenue that has been received in advance is split between current and non-current portions.

### (m) 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.

### (n) Unearned income

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

### (o) Taxation

The company is exempt from income tax under Section 24AO of the *Income Tax Assessment Act 1936* and is exempted from other forms of Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

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.

### (p) Currency and rounding

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

## Notes to and forming part of the Financial Statements

### (q) Financial instruments

#### **Initial recognition and measurement**

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are recognised as expenses in profit or loss immediately.

#### **Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

#### (i) Financial assets at fair value through profit or loss

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes,

or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

During the year the company changed its accounting policy with respect to loans and receivables. The measure was changed from fair value to amortised cost. This change did not have a material impact on the financial statements.

#### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company’s intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

#### (iv) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

#### **Impairment**

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to

## Notes to and forming part of the Financial Statements

constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

### **Derecognition**

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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.

### **(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 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 screen production industry and screen 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) Fair Value of Assets & Liabilities

The company measures assets and liabilities at amortised cost in the financial report.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available,

other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements

### (v) Future Impact of Accounting Standards Not Yet Effective

At the date of authorisation of this report, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are set out below:

#### *AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers*

The company is yet to undertake a detailed assessment of the impact of AASB 1058 & AASB 15. However based on preliminary assessment, the Standards are not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ended 30 June 2020.

#### *AASB 9 Financial Instruments*

The company is yet to undertake a detailed assessment of the impact of AASB 9. However based on preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ended 30 June 2019.

#### *AASB 16 Leases*

Based on the company's assessment, it is expected that the first time adoption of AASB 16 for the year ended 30 June 2020 will have a material impact on the transactions and balances recognised in the financial statements. Assuming the company's current operating leases, including the lease for the screen production facility signed on 16 July 2018, were recognised on balance sheet at transition, it is estimated that lease assets and financial liabilities will increase by \$5.4 million and \$5.6 million respectively. The exact impact on the Statement of Profit or Loss and Other Comprehensive Income has not yet been quantified.

## Notes to and forming part of the Financial Statements

	2018 \$'000	2017 \$'000
<b>2. Revenue and other income</b>		
State grant revenue	25,698	19,852
Domestic screen revenue	1,156	1,316
Interest revenue from investments	524	487
Interest revenue from loans and receivables	205	100
Other income	161	117
<b>Total Revenue</b>	<b>27,744</b>	<b>21,872</b>
<b>3. Expenses</b>		
<b>Development and Production</b>		
Development funding programs	1,375	832
Production funding programs	5,595	6,109
Incentives (including scouts)	15,287	6,539
Industry support programs	611	329
Marketing program	180	220
Assessment costs	28	39
Employee benefits expense	1,023	863
Other expenses	73	88
<b>Total Development and Production</b>	<b>24,172</b>	<b>15,019</b>
<b>Screen Culture</b>		
Screen Culture funding programs	915	905
Assessment costs	21	-
Employee benefits expense	86	81
Other expenses	8	19
<b>Total Screen Culture</b>	<b>1,030</b>	<b>1,005</b>
<b>Corporate</b>		
Board Costs	47	33
Communications & Marketing	104	155
Depreciation and amortisation	3	4
Employee benefits expense	1,169	1,163
Insurance	14	17
IT & Internet	181	166
Professional services	113	18
Lease payments	266	264
Legal Fees	18	56
Travel	98	56
Other expenses	130	128
<b>Total Corporate</b>	<b>2,143</b>	<b>2,060</b>

## Notes to and forming part of the Financial Statements

	2018 \$'000	2017 \$'000
<b>4. Finance Costs</b>		
Interest and finance charges on borrowings	<u>355</u>	<u>92</u>

### 5. Auditors' remuneration

Amounts received or due and receivable by  
The auditors for the audit of the financial report  
- current year

<u>33</u>	<u>31</u>
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There are no non-audit services included in this amount.

### 6. Cash and cash equivalents

Cash on hand	7	4
Cash at bank	445	2,361
Cash fund (Queensland Treasury Corporation)	9,740	10,967
	<u>10,192</u>	<u>13,332</u>

### 7. Trade and other receivables

#### Current

Sundry debtors	27	125
GST receivable	1,397	570
GST payable	(6)	(18)
Grants receivable	3,946	-
Loans receivable – film assistance loans	16,376	6,544
	<u>21,740</u>	<u>7,221</u>

#### Non-current

Loans receivable – film assistance loans	<u>6,565</u>	<u>5,639</u>
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#### 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

	2018 \$'000	2017 \$'000
<b>8. Other current assets</b>		
Prepayments	<u>55</u>	<u>75</u>
<b>9. Plant and equipment</b>		
Plant & equipment at cost	131	94
Less: accumulated depreciation	<u>(85)</u>	<u>(82)</u>
	<u><b>46</b></u>	<u><b>12</b></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	Total \$'000
<b>2018</b>		
Carrying amount at 1 July 2017	12	12
Additions	37	37
Disposals	-	-
Depreciation and amortisation	<u>(3)</u>	<u>(3)</u>
Carrying amount at 30 June 2018	<u><b>46</b></u>	<u><b>46</b></u>

### 10. Trade and other payables

#### Current

Sundry payables and accruals	247	119
Unearned interest revenue - film assistance loans	<u>59</u>	<u>38</u>
	<u><b>306</b></u>	<u><b>157</b></u>

#### Non-current

Unearned interest revenue - film assistance loans	<u><b>148</b></u>	<u><b>194</b></u>
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### 11. Borrowings

#### Current

Borrowings from Arts Queensland	-	4,822
Borrowings from DPC	<u>15,641</u>	<u>-</u>
	<u><b>15,641</b></u>	<u><b>4,822</b></u>

#### Non-current

Borrowings from Arts Queensland	-	5,613
Borrowings from DPC	<u>6,949</u>	<u>-</u>
	<u><b>6,949</b></u>	<u><b>5,613</b></u>

## Notes to and forming part of the Financial Statements

Borrowings 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.

Effective 1 January 2018 Arts Queensland (AQ) was transferred out of the Department of the Premier and Cabinet (DPC), however the company remained controlled by DPC, as such the borrowings transferred from AQ to DPC.

	2018 \$'000	2017 \$'000
<b>12. Employee Benefits</b>		
<b>Current</b>		
Annual Leave	84	89
Long Service Leave	33	-
	<b>117</b>	<b>89</b>
<b>Non-current</b>		
Long Service Leave	<b>40</b>	<b>51</b>

A liability has been recognised by the company for employee entitlements relating to annual and long service leave for employees. Refer to note 2(m).

## 13. Commitments for expenditure

### Lease commitments

#### *Non-cancellable operating lease commitments*

Not longer than one year	272	208
Longer than one year but not longer than five years	215	312
	<b>487</b>	<b>520</b>

The lease commitment represents the lease for the company's two office premises on 4 and 5 year terms and other operating leases for photocopiers and phone system with terms of 3 and 5 years respectively.

### Future screen commitments

#### *The commitment remaining at year end is payable in*

Not longer than one year	15,192	13,026
Longer than one year but not longer than five years	-	16,025
	<b>15,192</b>	<b>29,051</b>

The company enters into contracts with practitioners from the screen 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 \$15,191,954 of commitments listed above, the company's Directors have approved grants for the amount of \$1,953,264 (2017: \$3,595,045) payable to practitioners in the

## Notes to and forming part of the Financial Statements

screen industry, however the contracts had not been executed at 30 June 2018. These approvals will become a commitment when a contract has been executed by the company.

### 14. 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 (2017: 1 Share, fully paid, \$10).

<b>2018</b>	<b>2017</b>
<b>\$'000</b>	<b>\$'000</b>

### 15. 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	7	4
Cash at bank	445	2,361
Cash fund (Queensland Treasury Corporation)	9,740	10,967
	<b>10,192</b>	<b>13,332</b>

#### Credit standby arrangements and loan facilities

The company has a loan facility from DPC amounting to \$30,000,000 (2017: \$20,000,000). This facility may be drawn upon at any time. At 30 June 2018, \$22,590,232 of this facility was drawn down (2017: \$10,434,928).

### 16. 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 \$	\$	\$
2018	563,889	9,966	52,477	-	626,332
2017	561,171	2,105	51,555	-	614,831

## Notes to and forming part of the Financial Statements

### 17. Transactions and balances with related parties

#### Controlling entities

Arts Queensland (AQ) Up until 31 December 2017 AQ was a division of the Department of the Premier and Cabinet. During the period 1 July 2017 to 31 December 2017 the company received \$17,352,000 (2017: \$19,852,000) in grant funding from AQ. AQ also paid the company \$50,000 (2017: \$30,000) as a contribution towards professional services.

Department of the Premier and cabinet (DPC) From 1 January 2018 the company reported directly to DPC. During the period 1 January 2018 to 30 June 2018 the company received \$4,400,000 (2017: \$nil) in grant funding from DPC and a further \$3,945,931 of grant funds which was approved for payment to the company but remained unpaid at 30 June 2018. DPC also paid the company \$50,000 (2017: \$nil) as a contribution towards a sponsorship agreement. The company's borrowings are also from DPC. Refer to note 11 for more information on these borrowings.

#### Directors, key management personnel and related parties

No Director or key management personnel has entered into transactions with the company since the end of the previous financial year and there were no other transactions involving Directors' or key management personnel's interests during the year.

### 18. Financial Risk Management

The company's financial instruments mainly consist of deposits with banks, accounts receivable and payable, film assistance loans to producers and borrowings from the Department of the Premier and Cabinet (DPC).

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2018 \$'000	2017 \$'000
<b>Financial Assets</b>			
Cash and cash equivalents	6	10,192	13,332
Trade receivables	7	27	125
Grants receivable	7	3,946	-
Loans receivable – film assistance loans	7	22,941	12,183
Total financial assets		<b>37,106</b>	<b>25,640</b>
<b>Financial Liabilities</b>			
Trade and other payables	10	247	119
Borrowing from AQ	11	-	10,435
Borrowings from DPC	11	22,590	-
Unearned revenue		207	232
Total financial liabilities		<b>23,044</b>	<b>10,786</b>

## Notes to and forming part of the Financial Statements

### 19. Events subsequent to reporting date

As part of the 2018-19 Budget the Queensland Government announced funding of \$12,000,000 over 4 years for the company to develop a screen production facility in Brisbane, Queensland. This funding is provided to the company to assist with both the lease commitment (refer below) as well as other refurbishment costs of the site (such as fitout costs).

On 16 July 2018 the company entered into a five year lease to rent premises for the facility.

#### Commitment

Not longer than one year	1,029
Longer than one year but not longer than five years	5,911
	<u>6,940</u>

There were no other 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.

### 20. Trust transactions and balances

The company acts as a trustee for the Screen Queensland Fund (Fund). As the company performs only a custodian role in respect of the trust, the transactions and balances are not recognised in the financial statements but are disclosed in these notes for the information of users. As at 30 June 2018 the Fund had no assets or liabilities.

### 21. 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 10 to 26, are in accordance with the *Corporations Act 2001* and:
  - comply with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
  - give a true and fair view of the financial position as at 30 June 2018 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:



.....  
**Linda Lavarch**  
Chair



.....  
**Patricia Heaton**  
Chair, Audit and Accounts Committee

Brisbane, 8 August 2018

## INDEPENDENT AUDITOR'S REPORT

To the Members of Screen Queensland Pty Ltd

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Screen Queensland Pty Ltd.

In my opinion, the financial report:

- a) gives a true and fair view of the company's financial position as at 30 June 2018 and its financial performance and cash flows for the year then ended
- b) complies with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards – Reduced Disclosure Requirements.

The financial report comprises the statement of financial position as at 30 June 2018, 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 to the financial statements including summaries of significant accounting policies and other explanatory information, and the directors' declaration.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*. I am also independent of the entity in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Other information

Other information comprises the information included in the entity's financial report for the year ended 30 June 2018, but does not include the financial statements and my auditor's report thereon.

Those charged with governance are responsible for the other information.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Responsibilities of the company for the financial report**

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards – Reduced Disclosure Requirements, and for such internal control as the company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The company's directors are also responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the company.
- Conclude on the appropriateness of the company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's

ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Paul Christensen  
As delegate of the Auditor-General

Queensland Audit Office  
Brisbane