

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 2019.

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:

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.

Patricia Heaton

Director since 01/09/2015

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.

Paul Syvret

Director since 01/09/2015

Member, Audit and Accounts Committee

Paul Syvret is a former 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

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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.

Sally Robb

Director since 01/09/2018

Sally Robb is a barrister and a member of the Bar Association of Queensland. Ms Robb works across public and administrative, regulatory, criminal and quasi-criminal jurisdictions. Her practice includes a focus on corporate regulatory matters. Ms Robb has a longstanding interest in film and tv.

Cathy Hunt

Director since 01/09/2018

Cathy is a successful cultural sector consultant and business woman, with thirty years' experience providing research and advice to governments, architects, planners, arts and cultural organisations in the UK, Australia, New Zealand and Hong Kong as the Co-founder and Director of Brisbane based Positive Solutions. She is the founder and investor in QuickstART, an interest free loan program for artists and creative practitioners and is an advisor to the \$1 million Arts Business Innovation Fund (ABIF) a partnership between the Queensland State Government and Tim Fairfax Family Foundation. Formerly a Festival Producer in the UK, Cathy recently returned to that role, assisting Jude Kelly Artistic Director of London's Southbank Centre to bring the WOW Women of the World Festivals to Australia. As Executive Director of non profit company Of One Mind Cathy was the Executive Producer of WOW at Festival 2018: Celebrating the Women of the Commonwealth and is now a Global Ambassador for the WOW Foundation in London.

Kylee Ratz

Director since 01/09/2018

Kylee is a highly experienced leader in the film and television industry. With 23 years experience in the field, the last 13 as Group General Manager at Cutting Edge, Kylee is recognised for her focus on building trusted relationships with clients and colleagues. Leading a team of 110 creative and administrative staff in Australia and Japan, Kylee focusses her team on delivering quality and creating a high performing workforce and has a proven track record for being agile, dedicated and passionate about the industry.

As Group General Manager Kylee seeks out and provides the context for organizational information. She helps her colleagues and industry associates make sense of what they read and hear and ensures information is relevant so every employee knows how they belong in the bigger picture. Kylee started the Cutting Edge Film and TV Mentoring and Internship Program in 2006; her strong ability to transform the landscape of a business and mentor fellow colleagues is a rewarding part of her career.

Patricia Alner

Director since 01/09/2018

Chair, Audit and Accounts Committee

Patricia has worked in the Education sector for the last 25 years and brings a wealth of experience in financial management, strategic asset planning and management, performance management

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systems, data analytics and business technology solutions, business process improvements, and policy and strategy formulation.

Patricia has a Bachelor of Informatics from Griffith University, a Graduate Diploma in Communication and a Master of Business (Communication studies) from QUT. She has also completed a Graduate Diploma in Professional Accounting from QUT and is a Graduate of the Australian Institute of Company Directors (GAICD) and CPA. Patricia is also a member of the Audit and Risk Management Committee of the Queensland Catholic Education Commission and a former Non-Executive Director of the Asset Institute Australia.

Lynne Benzie

Director since 01/09/2018

Lynne has over 28 years in the film, television and entertainment industry. Her career started in the United Kingdom in Engineering, she then migrated to Australia in 1979 where she developed a very diverse background in the Insurance, Finance, Legal, building and Information Technology industries, which led her to a position with EMI Records in promotion and marketing. Lynne joined Village Roadshow Studios in 1990 as PA to the General Manager of the Studios, after 5 years of being involved in the operations of the Studio Complex she was promoted to Studio Manager, then to Vice President Studios Operations and in January 2008 was promoted to President of the Studios.

In her capacity as President of Studios she is responsible for the day to day running and operations of the Studio Complex including, financial planning and marketing the studio facility, travels to USA. twice a year and works closely with Screen Queensland and City of Gold Coast to attract productions in Queensland and lobby governments to increase incentives. Lynne was on the Board of the PFTC for seven years and was Chair on Film Gold Coast and a committee member for REDAB (Regional Economic & Advisory Board for the film industry) and is currently on the Board of Ausfilm Australia, Bond University – Film and TV advisory board, QUT – CI Faculty Advisory Committee Meeting and the Gold Coast Film Festival.

Morgan Jaffit

Director since 01/09/2018

Morgan is an 18 year veteran of the global games industry creating games for PC, consoles, mobile, and alternate gaming platforms including virtual and augmented reality. He is the Gamerunner and co-founder at independent game studio Defiant Development, Brisbane, Australia, employing a team of 25 creating and publishing mobile, PC and console games. Defiant's current title "Hand of Fate 2" has been a critical and commercial success on Steam, PS4, and Xbox One. Morgan represents and supports Australian game development through community engagement, policy advisement, media liaison and higher education.

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

Dr Chelsea Bond

Director 01/06/2017 to 07/05/2019

Catherine O'Sullivan

Director 01/09/2015 to 31/08/2018

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Michael Smellie

Director 01/09/2015 to 31/08/2018

Takeshi Takada

Director 01/09/2015 to 31/08/2018

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 2021
Patricia Heaton	31 August 2021
Paul Syvret	31 August 2021
Sally Robb	31 August 2021
Cathy Hunt	31 August 2021
Kylee Ratz	31 August 2021
Patricia Alner	31 August 2021
Lynne Benzie	31 August 2021
Morgan Jaffit	31 August 2021

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	8	8		
Patricia Heaton	8	8	1	1
Paul Syvret	8	7	2	2
Morgan Jaffit	5	4		
Lynne Benzie	5	5		
Kylee Ratz	5	5		
Patricia Alner	5	5	1	1
Sally Robb	5	5		
Cathy Hunt	5	4		
Chelsea Bond	7	3	1	1
Catherine O'Sullivan	3	1		
Michael Smellie	3	3		
Takeshi Takada	3	3		

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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 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.

Directors' Report (Cont'd)

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 framework. 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 \$12,402 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 \$19,914,938 (2018: profit of \$44,392).

Dividends

The company has not paid or declared a dividend during the year ended 30 June 2019.

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 2018-19. 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 and the fund the development of a screen production facility.

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Expenditure

Grants and funding approvals recorded as expenditure have increased in line with revenue. Future funding commitments and approvals total \$27,042,920 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

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.

Events subsequent to the end of the financial year

There are no 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 2019

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.

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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.

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:



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Linda Lavarch
Chair



.....
Patricia Alner
Chair, Audit and Accounts Committee

Brisbane, 12 August 2019

Auditor's Independence Declaration

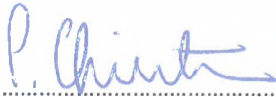
To the Directors of Screen Queensland Pty Ltd

This auditor's independence declaration has been provided pursuant to s. 307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of Screen Queensland Pty Ltd for the financial year ended 30 June 2019, 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.



Paul Christensen
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Signed at Brisbane on this 9th day of August 2019.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Income			
Revenue and other income	2	47,377	27,744
Expenses			
Development & Production expenses	3	21,703	24,172
Finance costs	4	407	355
Screen Culture expenses	3	1,067	1,030
Studio expenses	3	1,940	-
Corporate expenses	3	2,345	2,143
Profit before income tax		<u>19,915</u>	<u>44</u>
Income Tax expense	2 (o)	-	-
Profit for the year		<u>19,915</u>	<u>44</u>
Other Comprehensive Income		-	-
Total Comprehensive Income		<u>19,915</u>	<u>44</u>
Total Comprehensive Income for the year		<u><u>19,915</u></u>	<u><u>44</u></u>

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

Statement of Financial Position

As at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Assets			
Current assets			
Cash and cash equivalents	6	33,273	10,192
Trade and other receivables	7	10,979	21,740
Other current assets		63	55
Total current assets		44,315	31,987
Non-current assets			
Trade and other receivables	7	7,698	6,565
Plant and equipment	8	2,802	46
Total non-current assets		10,500	6,611
Total assets		54,815	38,598
Liabilities			
Current liabilities			
Trade and other payables	9	215	306
Borrowings	10	10,772	15,641
Employee benefits	11	125	117
Total current liabilities		11,112	16,064
Non-current liabilities			
Trade and other payables	9	106	148
Borrowings	10	8,247	6,949
Employee benefits	11	38	40
Total non-current liabilities		8,391	7,137
Total liabilities		19,503	23,201
Net assets		35,312	15,397
Equity			
Retained profits		35,312	15,397
Total equity		35,312	15,397

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 2019

	Retained Profits \$'000	Total \$'000
Balance at 1 July 2017	15,353	15,353
Profit for the year	44	44
Other comprehensive income	-	-
Balance at 30 June 2018	<u>15,397</u>	<u>15,397</u>
Profit for the year	19,915	19,915
Other comprehensive income	-	-
Balance at 30 June 2019	<u><u>35,312</u></u>	<u><u>35,312</u></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 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Government grants received		48,889	21,752
Cash receipts from customers		1,414	1,394
GST input tax credits from ATO		3,801	1,569
GST collected from customers		109	117
Cash payments to suppliers and employees		(26,767)	(27,182)
GST remitted to ATO		(110)	(123)
GST paid to suppliers		(2,633)	(2,391)
Interest received		632	719
Interest and finance charges paid		(407)	(355)
Net cash provided by/(used in) operating activities		24,928	(4,500)
Cash flows from investing activities			
Payments made for property, plant and equipment		(3,097)	(37)
Proceeds from repayment of film assistance loans		7,619	1,645
Payments made for film assistance loans		(2,798)	(12,403)
Net cash provided by/(used in) investing activities		1,724	(10,795)
Cash flows from financing activities			
Repayment of borrowings		(9,995)	(4,902)
Proceeds from borrowings		6,424	17,057
Net cash (used in)/provided by financing activities		(3,571)	12,155
Net change in cash and cash equivalents		23,081	(3,140)
Cash and cash equivalents, beginning of year		10,192	13,332
Cash and cash equivalents, end of year	14	33,273	10,192

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 12 August 2019 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 the 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, which is prepared on a cash basis, 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 2019 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 (p).

(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.

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

- Plant and equipment: 25%
- Leasehold improvements: life of lease

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.

(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.

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.

(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 *Employee Benefits*, 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 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.

(n) 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.

(o) 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

(p) 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.

(iii) 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 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.

Notes to and forming part of the Financial Statements

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.

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* was applied for the first time in 2018-19. This standard introduces new categories for the classification of financial assets and new impairment rules that focus on expected credit losses rather than incurred losses. The new standard does not impact on the classification of the Company's financial assets (cash and receivables), which will continue to be measured at amortised cost.

(q) 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.

(r) 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.

(s) Comparatives

There has been no material restatement of comparative information.

Notes to and forming part of the Financial Statements

(t) **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 has reviewed the impact of AASB 1058 & AASB 15 and have determined that 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 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 were recognised on balance sheet at transition, it is estimated that lease assets and financial liabilities will increase by \$5.735 million and \$5.878 million respectively.

Notes to and forming part of the Financial Statements

	2019 \$'000	2018 \$'000
2. Revenue and other income		
State grant revenue	44,944	25,698
Studios hire & recoveries	389	-
Domestic screen revenue	822	1,156
Interest revenue from investments	562	524
Interest revenue from loans and receivables	242	205
Other income	418	161
Total Revenue and other income	<u>47,377</u>	<u>27,744</u>
3. Expenses		
Development and Production		
Development funding programs	938	1,375
Production funding programs	5,460	5,595
Incentives (including scouts)	13,192	15,287
Industry support programs	708	611
Marketing program	181	180
Assessment costs	38	28
Employee benefits expense	1,124	1,023
Other expenses	62	73
Total Development and Production	<u>21,703</u>	<u>24,172</u>
Screen Culture		
Screen Culture funding programs	954	915
Assessment costs	14	21
Employee benefits expense	89	86
Travel	7	7
Other expenses	3	1
Total Screen Culture	<u>1,067</u>	<u>1,030</u>
Studio		
Communications & Marketing	22	-
Depreciation and amortisation	339	-
Employee benefits expense	122	-
Electricity	17	-
Lease payments	1,321	-
Legal Fees	21	-
Repairs and maintenance	39	-
Other expenses	59	-
Total Studios	<u>1,940</u>	<u>-</u>

Notes to and forming part of the Financial Statements

	2019 \$'000	2018 \$'000
Corporate		
Board Costs	43	47
Communications & Marketing	114	104
Depreciation and amortisation	15	3
Employee benefits expense	1,398	1,169
Insurance	14	14
IT & Internet	251	181
Professional services	9	113
Lease payments	273	266
Legal Fees	17	18
Travel	57	98
Other expenses	154	130
Total Corporate	2,345	2,143
4. Finance Costs		
Interest and finance charges on borrowings	407	355
5. Auditors' remuneration		
Amounts received or due and receivable by the Queensland Audit Office for the audit of the financial report		
- current year	34	33
There are no non-audit services included in this amount.		
6. Cash and cash equivalents		
Cash on hand	8	7
Cash at bank	1,467	445
Cash fund (Queensland Treasury Corporation)	31,798	9,740
	33,273	10,192
7. Trade and other receivables		
Current		
Sundry debtors	338	27
GST receivable	224	1,397
GST payable	(5)	(6)
Grants receivable	-	3,946
Loans receivable – film assistance loans	10,422	16,376
	10,979	21,740
Non-current		
Loans receivable – film assistance loans	7,698	6,565

Notes to and forming part of the Financial Statements

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.

2019	2018
\$'000	\$'000

8. Plant and equipment

Plant & equipment at cost	3,240	131
Less: accumulated depreciation	(438)	(85)
	<u>2,802</u>	<u>46</u>

Reconciliation

Reconciliation of the carrying amount at the beginning and end of the year is as follows:

	Plant & equipment	Total
	\$'000	\$'000
Carrying amount at 1 July 2018	46	46
Additions	3,110	3,110
Disposals	-	-
Depreciation	(354)	(354)
Carrying amount at 30 June 2019	<u>2,802</u>	<u>2,802</u>

9. Trade and other payables

Current

Sundry payables and accruals	211	247
Unearned interest revenue - film assistance loans	4	59
	<u>215</u>	<u>306</u>

Non-current

Unearned interest revenue - film assistance loans	<u>106</u>	<u>148</u>
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10. Borrowings

Current

Borrowings from DPC	<u>10,772</u>	<u>15,641</u>
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Non-current

Borrowings from DPC	<u>8,247</u>	<u>6,949</u>
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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.

Notes to and forming part of the Financial Statements

Credit standby arrangements and loan facilities

The company has a loan facility from DPC amounting to \$30,000,000 (2018: \$30,000,000). This facility may be drawn upon at any time. At 30 June 2019, \$19,018,640 of this facility was drawn down (2018: \$22,590,232).

	2019 \$'000	2018 \$'000
11. Employee Benefits		
Current		
Annual Leave	104	84
Long Service Leave	21	33
	<u>125</u>	<u>117</u>
Non-current		
Long Service Leave	<u>38</u>	<u>40</u>

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	1,890	272
Longer than one year but not longer than five years	5,588	215
	<u>7,478</u>	<u>487</u>

The lease commitment represents the lease for the company's two office premises and SQ Studios 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	23,539	15,192
Longer than one year but not longer than five years	1,478	-
	<u>25,017</u>	<u>15,192</u>

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 \$25,017,387 of commitments listed above, the company's Directors have approved grants for the amount of \$2,025,533 (2018: \$1,953,264) 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 2019. These approvals will become a commitment when a contract has been executed by the company.

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 (2018: 1 share, fully paid, \$10).

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:

	2019 \$'000	2018 \$'000
Cash on hand	8	7
Cash at bank	1,467	445
Cash fund (Queensland Treasury Corporation)	31,798	9,740
	33,273	10,192

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 \$	\$	\$
2019	560,836	11,263	52,397	-	624,496
2018	563,889	9,966	52,477	-	626,332

Notes to and forming part of the Financial Statements

16. Transactions and balances with related parties

Unless otherwise stated, all the transactions detailed below are in accordance with the Company's standard terms and conditions.

Controlling entities

Department of the Premier and Cabinet (DPC)	During the year the company received \$48,889,549 (2018: \$4,400,000) in grant funding from DPC. DPC also paid the company \$58,791 (2018: \$50,000) as a contribution towards a sponsorship agreement. The company's borrowings are also from DPC. Refer to note 10 for more information on these borrowings.
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Directors, key management personnel (KMP) and related parties

The installation of the WiFi at Screen Queensland Studios was undertaken by a company controlled by one of the Company's KMP. During 2018-19 the WiFi installation expenses incurred from the company totalled \$24,874.

A company controlled by a KMP entered into a contract with the Company on 27 October 2017 for funding under the Post Digital & Visual effects funding program. This contract was fully expensed in 2018-19 totalling \$26,320.

A company that employs a KMP of the Company entered into a contract in October 2015 for a Revolving Film Finance Fund loan. As at 30 June 2019 the loan balance is \$4,900,000.

A film festival of which a KMP is also a Board Member entered into a two-year contract with the Company on 10 July 2017 for funding. During 2018-19 payments totalling \$150,000 was made under this contract. As at 30 June 2019 \$30,000 remains owing on this contract.

No other 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.

Notes to and forming part of the Financial Statements

17. 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 9 *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019 \$'000	2018 \$'000
Classified under AASB 9 as follows:			
Financial Assets			
Cash and cash equivalents	6	33,273	10,192
Trade receivables	7	338	27
Grants receivable	7	-	3,946
Loans receivable – film assistance loans	7	18,120	22,941
Total financial assets		<u>51,731</u>	<u>37,106</u>
Financial Liabilities			
Trade and other payables	9	211	247
Borrowings from DPC	10	19,019	22,590
Unearned revenue	9	110	207
Total financial liabilities		<u>19,340</u>	<u>23,044</u>

18. 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.

19. 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 2019 the Fund had no assets or liabilities.

20. 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 2019 and of the financial 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 Alner
Chair, Audit and Accounts Committee

Brisbane, 12 August 2019

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 Australian Accounting Standards – Reduced Disclosure Requirements.

The financial report comprises the statement of financial position as at 30 June 2019, 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 believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 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

15 August 2019

Queensland Audit Office
Brisbane