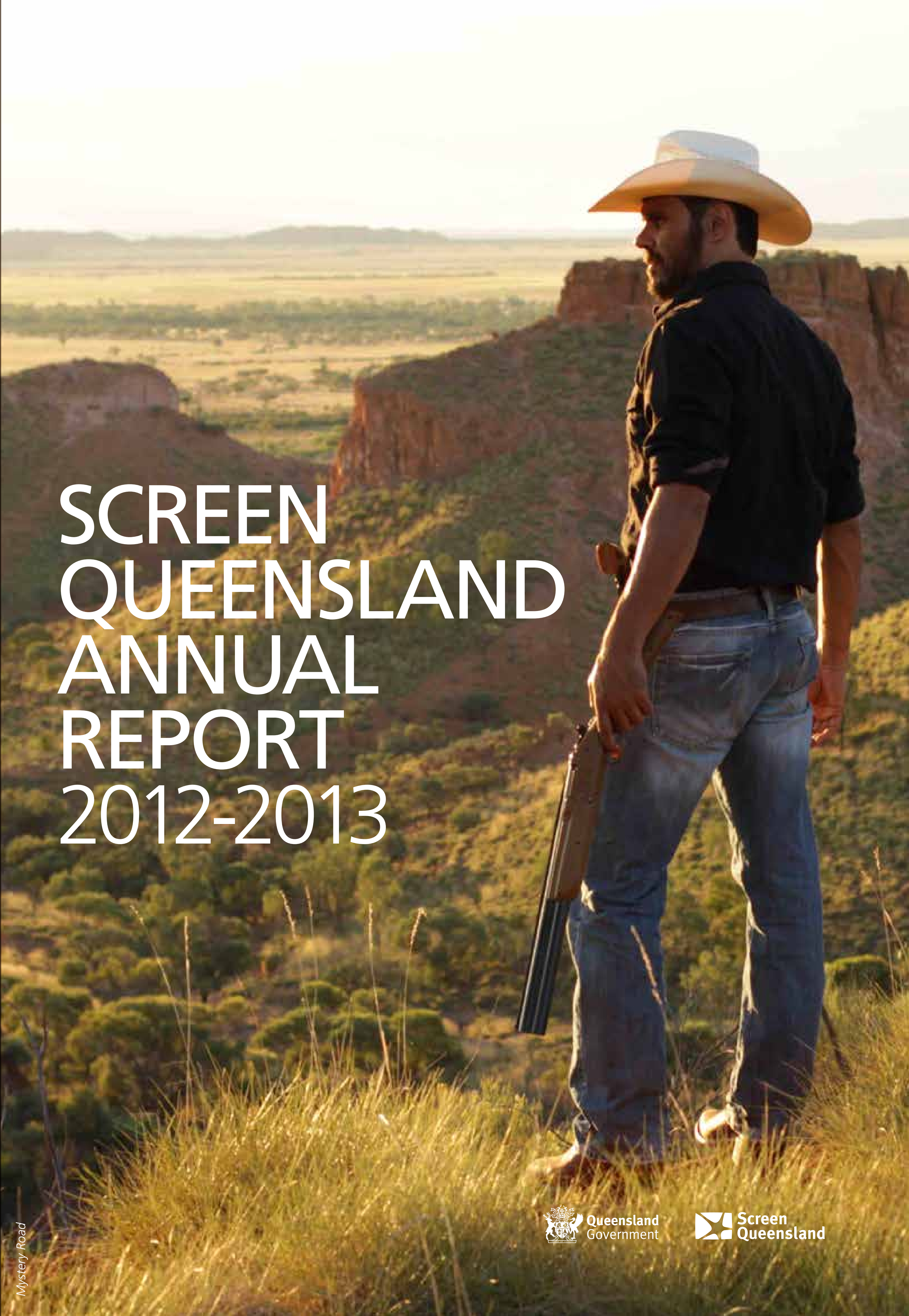
SCREEN QUEENSLAND ANNUAL REPORT 2012-2013



Mystery Road

Queensland Government

Screen Queensland

MESSAGE FROM CHAIR

Prof Peter Little

As the company's new Chair, it is my pleasure to present Screen Queensland's annual report for 2012-2013.

The past year has been witness to an exciting period of change and rejuvenation for Screen Queensland. We welcome new additions to the Board and senior management team, and look forward to the significant contributions they will make to the screen industry in Queensaland.

Queensland is a growing force in Australia's film and television industry landscape and a key contributor to the creative health of the nation. Our stunning locations, talented crew and attractive financial incentives are what give us our competitive advantage and are essential to the ongoing growth and sustainability of the industry in the State.

Screen Queensland's targeted investment into the production of film and television projects over the last five years has averaged $7.01 million per annum. This investment has leveraged other finance from the federal government interstate and overseas creating a five year average of $76.79 million per year in direct Queensland Production Expenditure (QPE).

But current economic challenges, such as global financial uncertainty, a record-high Australian dollar and increased competition from both interstate and low-cost developing nations, serve as a reminder to remain vigilant.

Our success, now and into the future, hinges on our continued ability to establish the frameworks, assistance and incentives required to unlock new opportunities and funding streams to drive development and growth.

We have consulted widely with the industry and will be introducing new funding programs next financial year to help make Queensland's film and television industry more sustainable, more viable and more productive than ever before.

This includes expanding the business with new initiatives, such as the Enterprise Program, which will establish and support viable film, television and multi-platform production businesses in Queensland.

These are exciting times to be involved in the creation of moving images in this State. The last Financial Year heralded a number of outstanding success stories in film and television in Queensland, including:

- Queensland production of *The Railway Man* (starring Colin Firth and Nicole Kidman)
- 21st annual Brisbane International Film Festival – featured 3 world premieres and 43 Australian premieres
- 19 industry festivals and events across regional and metropolitan Queensland.

Queensland's film and television industry continues to be a major economic driver for the State. In 2012-13, production accounted for $33.27 million in QPE, as well as 1,227 local jobs.

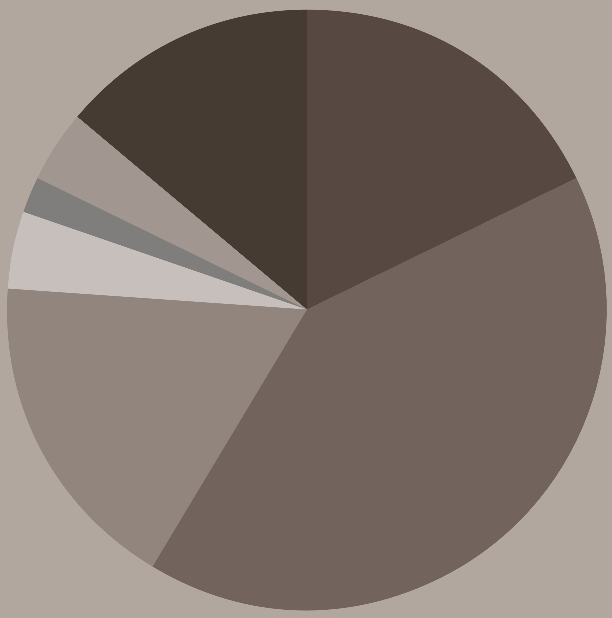
It's through new development and production initiatives that we will be able to foster the professional development of Queensland practitioners and encourage companies to set up office in Queensland, which will provide long term benefits to the local screen industry.

Attracting international productions to Queensland is critical in terms of retaining screen industry skills, generating employment and ensuring the ongoing viability of the Village Roadshow Studios. In line with this commitment, Screen Queensland has increased its presence at the Studios at Oxenford, establishing a permanent office at the world-class facility.

Through ongoing support for infrastructure, financial incentives to increase production and a renewed strategic focus, I believe Screen Queensland is well positioned to support a creative, innovative and commercially sustainable screen industry in Queensland, now and into the future.

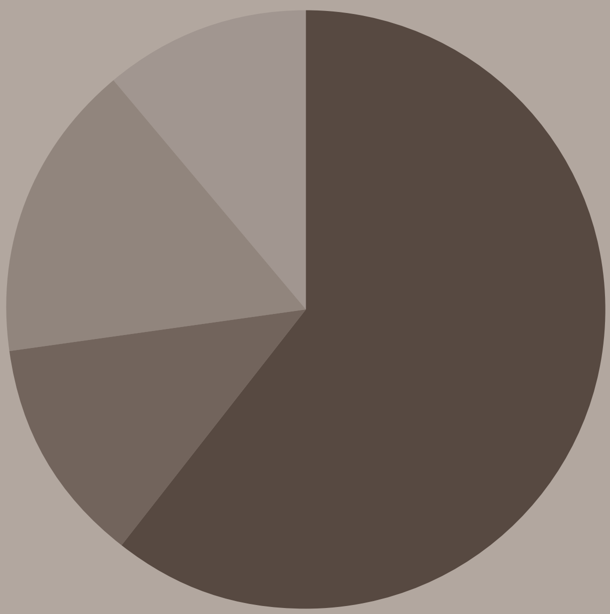
Together with the support of the Queensland Government, I look forward to working with our industry partners and guilds to bring about a stronger and more sustainable screen industry to the state.

FUNDING BREAKDOWN



Funding Program Expenditure 2012/1213

- 17.9% Project and business development program
- 40.8% Production funding program
- 17.4% Incentives including scouts
- 4.3% Marketing program
- 1.9% Screen Culture event program
- 4.0% Screen Culture in-kind sponsorships
- 13.6% Screen Culture funding program



Total Expenditure 2012/1213

- 60.7% Industry Funding
- 12.4% Brisbane International Film Festival
- 16.1% Employee expenses
- 10.9% Operating expenses

DIRECTORS' REPORT

The Directors present their report on the company for the year ended 30 June 2013.

Directors

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

Michael Hawkins
Director since 01/07/12
Acting Chair since 07/12/2012

Michael Hawkins is a company director of diverse commercial experience. His roles include Executive Director of the National Association of Cinema Operators-Australasia, and Director of the Intellectual Property Awareness Foundation Ltd. He was formerly CEO of Australian Multiplex Cinemas Ltd and also served for many years as an Executive Councillor of the Australian Entertainment Industry Association. He is a lawyer by training and a Fellow of the Australian Institute of Company Directors.

Geoff Cooper
Director since 01/07/12
Chair until 07/12/2012

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

Peter Baston
Director since 01/07/12

Peter Baston has been a barrister for over twenty-five years and is an experienced arbitrator, mediator and consultant. Peter has been a part-time member of the Criminal Justice Commission Misconduct Tribunal and Chair of a Marine Board of Inquiry.

Stuart Cunningham
Director since 01/07/12

Stuart Cunningham is Distinguished Professor, QUT, and Director of the Australian Research Council Centre of Excellence for Creative Industries and Innovation. He has served as Commissioner of the Australian Film Commission and as foundation Chair of QPIX, and is currently a member of the Library Board of Queensland.

Jan Grew
Director since 01/07/12

Jan Grew has been a Councillor with the Gold Coast City Council for nineteen years and is the Chair of the Economic Development and Tourism Committee, and serves on various boards including Gold Coast Tourism.

Kathy Mac Dermott
Director since 01/07/12

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

Kaye Martin
Director since 01/07/12
Ceased 18/02/13

Kaye Martin is a business consultant and qualified financial advisor. She is a Director of the Universal Group of Companies specialising in fund management and asset management services, especially for the Finance and IT industries, and has been a board member of the Australia-Taiwan Business Council.

Des Power
Director since 01/07/12
Ceased 23/10/2012

Award-winning filmmaker, former journalist and foreign correspondent, and chair of a number of prominent boards in the film and events industries in Australia, Des Power is Chair of Asia Pacific Screen Awards Ltd.

John Miller
Director since 01/07/12
Deceased 07/09/2012

John Miller was a Logie-winning producer and writer, and had over ten years' experience hosting and producing in news radio. He was a recipient of the Centenary of Federation Medal for contributions to Australian Society and the Media.

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DIRECTORS' REPORT

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

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

Directors' meetings

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

Director	Directors' meetings		Audit & Accounts committee meetings	
	A	B	A	B
Geoff Cooper	9	10		
Michael Hawkins	10	10	1	1
Peter Baston	7	10	2	2
Stuart Cunningham	8	10		
Jan Grew	9	10		
Kathy MacDermott	8	10		
Kaye Martin	6	6	2	2
Des Power	1	3		
John Miller	1	1		

A: Number of meetings attended.
B: Number of meetings held during the time the Director held office.

DIRECTORS' REPORT

Corporate governance statement

Screen Queensland Pty Ltd (SQ) is a company limited by shares, with these shares held beneficially by the State of Queensland. SQ's Board of Directors are responsible for corporate governance, ensuring transparency of operation of SQ. 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.

Board responsibilities

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

Key responsibilities of the Board include:

- Approving the strategic direction and related objectives of the company and monitoring management performance in the achievement of these objectives;
- Adopting an annual budget and monitoring the financial performance of the company;
- Selecting, appointing, setting targets for, and reviewing the performance of the Chief Executive Officer;
- Overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- Ensuring all major business risks are identified and effectively managed; and
- Ensuring the company meets its legal and statutory obligations.

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

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.

An annual declaration of interests is made by each Board member.

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DIRECTORS' REPORT

Board committees

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

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

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.

Insurance and indemnities

Screen Queensland paid an insurance premium for General Liability of $30,705 excluding GST to the Queensland Government Insurance Fund (QGIF), which includes Directors and Officers coverage during the year. This policy was renewed subsequent to year end.

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

Options

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

Principal activities

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

a) the development, promotion and enhancement of the screen industry; and

b) film culture and presentation of film related events in Queensland.

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

Operating result

The company's net profit after income tax for the year was $325,280 (2012: loss of $391,032).

Dividends

The company has not paid or declared a dividend during the year ended 30 June 2013.

DIRECTORS' REPORT

Review of financial operations

The profit is due to a timing difference between the year in which revenue is received and the timing of funds being expended. During the current financial year more funding was approved than expensed, however due to accounting policy, this is not reflected in the Statement of Profit & Loss and Comprehensive Income. Each year the company commits funding to a variety of screen and culture projects and those funds can only be expensed upon the receipt by the company of deliverables, as specified in the contract.

Revenue

Revenue earned during the financial year is consistent with the prior year, with 17% of revenue being received from the non-governmental sources.

Expenditure

Grants and funding approvals have been consistent with prior years. Future funding commitments are $1,614,273 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, and as at the signing date of these statements there has been no change in budgeted Queensland Government funding support.

Likely developments

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

Events subsequent to the end of the financial year

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

a) the operations of the company;

b) the results of those operations; or

c) the state of affairs of the company for the financial years subsequent to 30 June 2013.

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.

DIRECTORS' REPORT

Environmental policy

It is the company's policy to:

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

Rounding off

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the Corporations Act 2001 is set out on page 7.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Michael Hawkins	Peter Baston
Acting Chair	Chair of Audit & Accounts Committee

Gold Coast, 13th September, 2013

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.

As lead auditor for the audit of Screen Queensland Pty Ltd for the year ended 30 June 2013,
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.

M Keane

QUEENSLAND
-9 SEP 2013
AUDIT OFFICE

M J Keane CA
(as Delegate for the Auditor General of Queensland)

Queensland Audit Office
Brisbane

STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2013

	Note	2013 $'000	2012 $'000
Income			
Revenue	2	**12,158**	**12,862**
Expenses			
Development & Production	3	7,972	9,993
Screen Culture	3	2,042	1,804
Corporate	3	1,819	1,456
Total Expenses		**11,833**	**13,253**
Profit / (Loss) before Income Tax		**325**	**(391)**
Income Tax Expense		-	-
Profit / (Loss) after Income Tax		**325**	**(391)**
Other Comprehensive Income		-	-
Total Comprehensive Income / (Loss)		**325**	**(391)**
Profit / (Loss) attributable to the member of the company		**325**	**(391)**
Total Comprehensive Income / (Loss) attributable to the member of the company		**325**	**(391)**

The Statement of Profit & Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 12 to 34.

STATEMENT OF FINANCIAL POSITION
as at 30 June 2013

	Note	2013 $'000	2012 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5	4,188	3,820
Trade and other receivables	6	9,651	11,919
Other assets	7	-	37
Total current assets		13,839	15,776
Non-current assets			
Trade and other receivables	6	865	3,728
Plant and equipment	8	30	102
Total non-current assets		895	3,830
Total assets		14,734	19,606
LIABILITIES			
Current liabilities			
Trade and other payables	9	341	336
Borrowings	10	5,508	11,576
Provisions	11	-	9
Total current liabilities		5,849	11,921
Non-current liabilities			
Borrowings	10	882	-
Provisions	11	13	20
Total non-current liabilities		895	20
Total liabilities		6,744	11,941
Net assets		7,990	7,665
EQUITY			
Retained profits		7,990	7,665
Total equity		**7,990**	**7,665**

The Retained profits include future funding commitments of $1,614,273 (2012: $4,477,899) at year end.
These commitments will become liabilities when the conditions as specified at Note 13 are fulfilled.

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 12 to 34.

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2013

	Note	Retained Profits $'000	Total $'000
Balance at 30 June 2011		**8,056**	**8,056**
Profit/(loss) attributable to the member of the company		(391)	(391)
Other Comprehensive Income attributable to the member of the company		-	-
Balance at 30 June 2012		**7,665**	**7,665**
Profit/(loss) attributable to the member of the company		325	325
Other Comprehensive Income attributable to the member of the company		-	-
Balance at 30 June 2013		**7,990**	**7,990**

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 12 to 34.

STATEMENT OF CASH FLOWS
for the year ended 30 June 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Government grants received		9,781	9,781
Cash receipts from customers		2,228	2,675
Cash payments to suppliers and employees		(11,844)	(12,661)
Interest received		437	597
Interest and finance charges paid		(257)	(669)
Net cash provided by (used in) operating activities	14b	**345**	**(277)**
Cash flows from investing activities			
Payments for plant and equipment		-	(37)
Proceeds from repayment of Film funding loans		10,358	7,285
Payments made for Film funding loans		(5,149)	(6,990)
Net cash provided by (used in) investing activities		**5,209**	**258**
Cash flows from financing activities			
Repayment of borrowings		(9,297)	(5,007)
Proceeds from borrowings		4,111	7,288
Net cash provided by (used in) financing activities		**(5,186)**	**2,281**
Net increase (decrease) in cash held		**368**	**2,262**
Cash and cash equivalents at the beginning of the financial year		**3,820**	**1,558**
Cash and cash equivalents at the end of the financial year	14a	**4,188**	**3,820**

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 12 to 34.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note	Contents
1	Statement of significant accounting policies
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

The 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 13 September 2013 by the directors of the company.

1. Statement of significant accounting policies

(a) Basis of accounting

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

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

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

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

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

(b) Revenue recognition

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

Grants and contributions that are non-reciprocal in nature are recognised as revenue in the year in which the company obtains control over them. Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements.

Grants and contributions are recognised at their fair value and are only recognised when a fair value can be reliably determined.\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 Investment Agreement.

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

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

(d) Assistance to domestic film industry and grant commitments

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

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 in the Statement of Financial Position. Funds equal to the amount being committed are held in the company's equity reserves until such time as the funds are expended.

(e) Borrowing costs

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

(f) Cash and cash equivalents

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

(g) Trade and other receivables

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

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

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

(h) Plant and equipment

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

Acquisition

Purchases of plant and equipment are initially recorded at cost.

Impairment

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

Depreciation and Amortisation

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

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

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

- Plant and equipment 33%
- Leasehold improvements 33%

The depreciation method used during the 2011-2012 was the diminishing value method, this method was changed during the year to the straight line method as this reflects more accurately the consumption of the assets future economic benefits.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

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

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

(i) Leases

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Payments made under operating leases where substantially all the risks and benefits remain with the lessor, are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. The company's premises and photocopier are held under an operating lease.

(j) 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.

(k) Employee entitlements

Wages, salaries and annual leave

The accruals for employee entitlements to wages, salaries and annual leave represent the amount which the company has a present obligation to pay resulting from employees' services provided up to the reporting date. The accruals have been based on the remuneration rates expected to apply at the time of settlement.

Long service leave

A provision is made for the liability for employees' entitlements to long service leave. The provision represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to the reporting date. The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attached to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

Superannuation

The superannuation expense for the financial year reflects payments incurred in relation to employees' terms and conditions of employment for the period up to the reporting date.

The company contributes to several superannuation funds. Contributions are charged against income and expenses as they are incurred.

(l) Financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

A financial instrument is recognised if the company becomes a party to the contractual provisions of the instrument. Financial assets are not recognised if the company's contractual rights to the cash flow from the financial assets expire or if the company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the assets. Financial liabilities are not recognised if the company's obligations specified in the contract expire or are discharged or cancelled.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

Non-derivative financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Investment Securities

The only investment held is a capital guaranteed cash deposit with Queensland Treasury Corporation which is classified as part of cash and cash equivalents. This investment is classified as being a financial asset held at fair value through profit or loss.

Held-to-maturity Investments

If the company has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables

Loans and receivables comprise trade and other receivables and loans receivable. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Loans receivable are generally settled within 12-18 months. A market rate of interest is charged on outstanding debts. The collectibility of debts is assessed at the reporting date and specific provision is made for any doubtful loans. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Other financial liabilities

Financial liabilities comprise trade and other payables and borrowings. Trade and other payables represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days.

Refer to Note 10 for further details of borrowings. Financial liabilities are measured at amortised cost using the effective interest method.

(m) Impairment

Non-financial assets

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

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

Financial assets

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

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

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

(n) Taxation

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

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

Cash flows are included in the Statement of Cash Flows on a gross basis, with the GST components classified as operating cash flows including GST components of cash flows arising from investing and financing activities. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of the GST recoverable from, or payable to, the ATO is included with receivables or payables in the Statement of Financial Position.

(o) Critical accounting estimates and judgments

The preparation of the financial statements necessarily requires the determination and use of certain critical estimates and judgments, based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Estimates that have a potential effect are outline in the following financial statement notes:

- Valuation of Plant and Equipment – Note 1(h)
- Provision for Doubtful Debts – Note 6
- Provision for Long Service Leave – Note 1(k) and 11

(p) Rounding amounts

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

(q) Financial risk management

The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board delegated responsibility for developing and monitoring risk management policies to the Audit and Accounts Committee. The committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

The company Audit and Accounts Committee oversees how management monitors compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company.

Credit risk

Credit risk is the risk of financial loss to the company if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from clients and investment securities. The objective of the company is to minimise risk of loss from credit risk exposure. The company's maximum credit risk, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date is the carrying amount of those assets as indicated in the statement of financial position.

Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each client. The demographics of the company's client base, including the default risk of the industry and country, in which clients operate, has less of an influence on credit risk.

The board has established a credit policy under which each new major client is analysed individually for creditworthiness before the company's standard payment terms and conditions are offered. The company's review includes external ratings, when available, and in some cases bank references.

Investments – cash and cash equivalents

The company uses its best endeavours to limit its exposure to credit risk by only investing in liquid securities and only with counterparties that have a high credit rating.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations when they fall due. The company's objective in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company uses historical data, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicated, such as natural disasters.

The company maintains the $20 million revolving film finance facility with Queensland Treasury Corporation that is unsecured. Interest is payable at approximately the Bank Bill Reference Rate put out by the Australian Financial Markets Association plus 50 basis points. Additional approvals are required for drawdown and the company prefers to convert any drawings into fixed loans to match trade receivable maturity dates. (See Notes 6 and 10).

Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and equity prices, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The company is not materially exposed to market risks other than interest rate risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

Interest rate risk

Interest rate risk arises from cash and cash equivalents, loans and receivables, and borrowings. The company adopts a policy of ensuring 100% of its exposure to changes in interest rates on borrowings are on a fixed rate basis. This is achieved by entering into fixed maturity loans for all borrowing requirements. The policy of the company in relation to cash and other financial assets is to monitor interest rates continuously, use fixed rate facilities considered appropriate or dispose as appropriate.

(r) New accounting standards for application in future periods

At the date of authorisation of the financial report, certain Standards and Interpretations were on issue but not effective. These Standards and Interpretations have not been adopted in the preparation of the financial report for 30 June 2013.

The company expects to first apply these Standards and Interpretations in the financial report of the company relating to the annual reporting period beginning after the effective date of each pronouncement.

A discussion of those future requirements and their impact on the company is as follows:

- AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
  - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
  - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6: Amendments to Australian Accounting Standards Mandatory Effective Date of AASB 9 and Transition Disclosures (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of this change to the mandatory effective date, the Company is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 30 June 2014. These changes are not expected to significantly impact the company.

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

- AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

  – Tier 1: Australian Accounting Standards; and

  – Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

  Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

  Since the company is a public sector entity that is not part of the State Government's General Government Sector, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the company will take advantage of Tier 2 reporting at a later date.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16, & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. These Standards are not expected to significantly impact the company.

  AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the company.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the company.

- AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

  AASB 13 requires:

  - inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
  - enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

  These Standards are not expected to significantly impact the company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

2. Revenue and other income

	2013 $'000	2012 $'000
Grant revenue	9,781	9,781
Domestic film revenue	1,071	1,485
Sponsorship – Screen Culture	209	292
Event revenue – Screen Culture	234	274
Contra sponsorship revenue – Screen Culture	330	346
Interest revenue from investments	150	279
Interest revenue from loans and receivables	383	405
	12,158	12,862

3. Expenses

Development and Production

Development funding programs	1,490	1,506
Production funding programs	3,386	3,991
Incentives (including scouts)	1,442	2,506
Industry networking program	71	39
Marketing program	360	299
Finance costs	256	669
Assessment costs	171	144
Employee benefits expense	700	718
Other expenses	96	121
Total Development and Production	7,972	9,993

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

3. Expenses (continued)

Screen Culture

	2013 $'000	2012 $'000
Screen Culture events	1,133	1,052
Screen Culture contra expenses	330	346
Screen Culture funding programs	161	149
Employee benefits expense	386	234
Other expenses	32	23
Total Screen Culture	2,042	1,804

Corporate

	2013 $'000	2012 $'000
Bad & Doubtful Debts	127	15
Board Costs	41	12
Communications & Marketing	61	48
Consultants	41	29
Depreciation and amortisation	72	45
Employee benefits expense	815	657
Insurance	33	26
IT & Internet	119	131
Lease payments	316	314
Legal Fees	29	1
Travel	45	45
Other expenses	120	133
Total Corporate	1,819	1,456

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

4. Auditors' remuneration

	2013 $'000	2012 $'000
Amounts received or due and receivable by the auditors for		
- the audit of the financial report – current year	32	33
– prior year	(5)	-
Event revenue – Screen Culture	27	33

5. Cash and cash equivalents

	2013 $'000	2012 $'000
Cash on hand	1	1
Cash at bank	1,782	505
Cash fund (Queensland Treasury Corporation)	2,405	3,314
	4,188	3,820

The cash and cash equivalents are at call and pay interest at a weighted interest rate of 4.13 percent (2012: 3.57 percent).

6. Trade and other receivables

	2013 $'000	2012 $'000
Current		
Sundry debtors	150	95
Provision for Doubtful Debts	(54)	-
GST receivable	37	55
Loans receivable – film assistance loans	9,518	11,769
	9,651	11,919
Non-current		
Loans receivable – film assistance loans	865	3,728
	865	3,728

<u>Provision for Doubtful Debts</u>

The movement in the Provision for Doubtful Debts is as follows:

	2013 $'000	2012 $'000
Opening Balance	-	-
Charge for the Year	127	-
Amounts written off	(73)	-
Closing Balance	54	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

6. Trade and other receivables (continued)

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. The following table details the company's

trade and other receivables exposed to credit risk prior to collateral with ageing analysis. A past due loan of $1,324,228 has been extended on existing terms during the current year. The interest that is charged on this past due loan is shown in Sundry Debtors. There has been an impairment of $54,171 provided for the portion of the interest debt that is doubtful.

Past Due but Not Impaired (Days Overdue)

2013 **CURRENT**	Gross Amount $'000	Past Due & Impaired $'000	< 30 Days $'000	31-60 Days $'000	61-90 Days $'000	> 90 Days $'000	Within Initial Trade Terms $'000
Sundry Debtors	150	54	-	-	38	52	6
GST receivables	37	-	-	-	-	-	37
Film assistance loans	9,518	-	84	-	-	1,324	8,110
TOTAL CURRENT	**9,705**	**54**	**84**	-	**38**	**1,376**	**8,153**
NON-CURRENT							
Film assistance loans	865	-	-	-	-	-	865
TOTAL NON-CURRENT	**865**	-	-	-	-	-	**865**
2013							
CURRENT							
Sundry Debtors	95	-	11	-	22	62	-
GST receivables	55	-	-	-	-	-	55
Film assistance loans	11,769	-	2,854	-	-	-	8,915
TOTAL CURRENT	**11,919**	**-**	**2,865**	-	**22**	**62**	**8,970**
NON-CURRENT							
Film assistance loans	3,728	-	-	-	-	-	3,728
TOTAL NON-CURRENT	**3,728**	-	-	-	-	-	**3,728**

7. Other assets

Current Prepayments	-	37
	-	37

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

8. Plant and equipment

	2013 $'000	2012 $'000
Plant and equipment at cost	51	51
Less: accumulated depreciation	(26)	(14)
	25	37
Leasehold improvements at cost	180	180
Less: accumulated amortisation	(175)	(115)
	5	65
	30	102

Reconciliation

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

2013	Plant & equipment $'000	Leasehold improvements $'000	Total $'000
Carrying amount at 1 July 2012	37	65	102
Additions	-	-	-
Disposals	-	-	-
Depreciation and amortisation	(12)	(60)	(72)
Carrying amount at 30 June 2013	25	5	30
2012			
Carrying amount at 1 July 2011	17	108	125
Additions	37	-	37
Disposals	(15)	-	(15)
Depreciation and amortisation	(2)	(43)	(45)
Carrying amount at 30 June 2012	37	65	102

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

9. Trade and other payables

	2013	2012
	$'000	$'000
Current		
Unsecured Liabilities		
Sundry payables and accruals	271	268
Annual leave owing	70	68
	341	336

10. Borrowings

Bank Loans - Current unsecured	5,508	11,576
Bank Loans - Non-current unsecured	882	-
	6,390	11,576

Borrowings are from Queensland Government sources (Queensland Treasury Corporation - QTC) and by their nature are unsecured.

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

Current borrowings accumulate interest at prevailing market rates with a weighted average interest rate as at 30 June 2013 of 3.16 percent (2012: 5.34 percent).

11. Provisions

Provision for long service leave

Current	-	9
Non-current	13	20
	13	29
Reconciliation		
Opening balance at 1 July	29	25
Additional provisions	(7)	12
Amounts used	(9)	(8)
	13	29

A provision has been recognised by the company for employee entitlements relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken, is based upon historical data.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

12. Contributed equity

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

13. Commitments for expenditure

	2013 $'000	2012 $'000
a) Lease commitments		
Non-cancellable operating lease commitments		
Not longer than one year	31	30
Longer than one year but not longer than five years	15	-
Longer than five years	-	-
	46	30

The lease commitment represents the lease for the company's office premises on a month to month lease term and the operating lease for photocopiers. The photocopier lease has a 5 year term with lease premiums payable monthly in advance.

	2013 $'000	2012 $'000
(b) Future film commitments		
The commitment remaining at year end is payable in		
Not longer than one year	1,614	4,478
Longer than one year but not longer than five years	-	-
Longer than five years	-	-
	1,614	4,478

14. Notes to statement of cash flows

	2013 $'000	2012 $'000
(a) Reconciliation of cash		
or the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, short term deposits and investment securities. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash on hand	1	1
Cash at bank	1,782	505
Cash fund (Queensland Treasury Corporation)	2,405	3,314
	4,188	3,820
(b) Reconciliation of profit / (loss) after income tax to net cash flow from operating activities		
Net profit / (loss) after income tax	325	(391)
Non cash flows in profit & loss		
Depreciation and amortisation expense	72	45
Loss on sale of plant and equipment	-	15
Contra sponsorship revenue	330	346
Contra expenditure related to sponsorship	(330)	(346)
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	(78)	(68)
(Decrease)/increase in trade and other payables	5	81
(Decrease)/increase in provisions	(16)	4
(Increase)/decrease in other assets	37	37
Net cash provided by (used in) operating activities	345	(277)

(c) Credit standby arrangements and loan facilities

The company has a loan facility from QTC amounting to $20,000,000 (2012: $20,000,000). This facility may be drawn upon at any time. At 30 June 2013, only $6,389,787 of this facility was drawn down (2012: $11,575,789). Interest rates are fixed

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

15. Remuneration of key management personnel

Key management personnel include the directors and top five executives of the company. A remuneration summary of the key management personnel of the company is as follows:

	Short-term Benefits	Termination Benefits	Long-term Benefits	Post-Employment Benefits	Totals
	Base remuneration (salary, fees & other benefits) $	$	Provision for Long service leave $	Super contributions $	$
2013	701,019	26,259	-	53,723	781,001
2012	617,434	-	6,516	92,830	716,780

16. Transactions and balances with related parties

Directors and director-related parties

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

Michael Hawkins
Michael Hawkins was a director of MFP Media Management Pty Ltd until 8 December 2012. MFP Media Management Pty Ltd received $3,000 of funding from the company under the Development funding program during the year.

Michael Hawkins is the Chairman of the Australian International Movie Convention which received $5,000 of funding from the company under the Screen Culture funding program.

Geoff Cooper
Geoff Cooper is on the Board of Directors for Brisbane Powerhouse Pty Ltd. The company purchased $25,940 worth of services from Brisbane Powerhouse Pty Ltd during the year.

Kaye Martin
Kaye Martin provided consulting services to the management team at Screen Queensland between December 2012 – February 2013, under her company names Allegro Investments Pty Ltd and Enigma Group Holdings Pty Ltd. The amount of $21,000 was paid by the company for these services.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

17. Financial risk management

The company's financial instruments consist mainly of deposits with banks, loans receivable, trade receivable and payable and bank loans. The totals for each category of financial instruments and interest rate type are as follows:

	Notes	Floating interest $'000	Fixed interest $'000	Non-interest bearing $'000	Total $'000
2013					
Financial assets					
Cash and cash equivalents	5	4,187	-	1	4,188
Loans and receivables	6	-	10,383	133	10,516
Total		**4,187**	**10,383**	**134**	**14,704**
Financial liabilities					
Trade and other payables (excluding annual leave)	9	-	-	271	271
Borrowings	10	-	6,390	-	6,390
Total		**-**	**6,390**	**271**	**6,661**
2012					
Financial assets					
Cash and cash equivalents	5	3,819	-	1	3,820
Loans and receivables	6	-	15,497	150	15,647
Total		**3,819**	**15,497**	**151**	**19,467**
Financial liabilities					
Trade and other payables (excluding annual leave)	9	-	-	268	268
Borrowings	10	-	11,576	-	11,576
Total		**-**	**11,576**	**268**	**11,844**

Specific financial risk exposures and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

(a) Credit risk

The company has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 6.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Management has assessed the one loan past due as partially impaired under the relevant Accounting Standards, and of medium credit quality.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

(b) Liquidity risk

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liabilities due for payment	Within 1 year 2013 $'000	Within 1 year 2012 $'000	1 to 5 years 2013 $'000	1 to 5 years 2012 $'000	Over 5 years 2013 $'000	Over 5 years 2012 $'000	Total 2013 $'000	Total 2012 $'000
Trade and other payables (excluding annual leave)	271	268	-	-	-	-	271	268
Loans payable	5,508	11,576	882	-	-	-	6,390	11,576
Total expected outflows	**5,779**	**11,844**	**882**	-	-	-	**6,661**	**11,844**
Financial assets - cash flows realisable								
Cash and cash equivalents	4,188	3,820	-	-	-	-	4,188	3,820
Trade and other receivables	133	150	-	-	-	-	133	150
Loans receivable	9,518	11,769	865	3,728	-	-	10,383	15,497
Total anticipated inflows	**13,839**	**15,739**	**865**	**3,728**	-	-	**14,704**	**19,467**
Net (outflow) / inflow on financial instruments	**8,060**	**3,895**	**(17)**	**3,728**	-	-	**8,043**	**7,623**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

Specific financial risk exposures and management

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates.

The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit $'000	Equity $'000
Year ended 30 June 2013		
+/- 1% in interest rates	+/-20	+/-20
Year ended 30 June 2012		
+/- 1% in interest rates	+/-69	+/-69

Net fair values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position.

Financial assets	Note	2013 Net carrying value ($'000)	2013 Net fair value ($'000)	2012 Net carrying value ($'000)	2012 Net fair value($'000)
Cash and cash equivalents	(i)	4,188	4,188	3,820	3,820
Trade and other receivables	(i)	133	133	150	150
Loans receivable	(ii)	10,383	10,383	15,497	15,497
Total financial assets		**14,704**	**14,704**	**19,467**	**19,467**
Financial liabilities					
Trade and other payables	(i)	271	271	268	268
Borrowings	(iii)	6,390	6,390	11,576	11,734
Total financial liabilities		**6,661**	**6,661**	**11,844**	**12,002**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

The fair values disclosed in the above table have been determined based on the following methods:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts relating to the provision of annual leave.

(ii) Loans receivable have fixed interest rates with all of the interest receivable deducted upon drawdown by the borrower. These instruments are expected to be held until maturity and therefore the net fair value approximates the carrying value.

Specific financial risk exposures and management

(iii) Borrowings have fixed interest rates with interest accruing during the fixed loan term. The net fair values have been calculated using a cash flow model incorporating current commercial borrowing rates. The fair value of fixed rate bank debt may differ from carrying values.

18. Economic support

The company focuses on the provision of services on behalf of the Queensland State Government in relation to promotion and development of the film production industry and film culture in Queensland. Any significant change in Government funding support would have a material effect on the ability of the company to provide these services. As at the signing date of these statements there has been no change in budgeted Government funding support.

19. 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.

20. Company details

The registered office and principal place of business of the company is:

Screen Queensland Pty Ltd
Level 15, 111 George Street
Brisbane QLD 4000

DIRECTORS' DECLARATION

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

1. The financial statements and notes, as set out on pages 8 to 34, are in accordance with the Corporations Act 2001 and:
    a. comply with Australian Accounting Standards; and
    b. give a true and fair view of the financial position as at 30 June 2013 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:

Michael Hawkins	Peter Baston
Acting Chair	Chair of Audit & Accounts Committee

Gold Coast, 13th September, 2013

INDEPENDENT AUDITOR'S REPORT

To the Member of Screen Queensland Pty Ltd

Report on the Financial Report

I have audited the accompanying financial report of Screen Queensland Pty Ltd, which comprises the statement of financial position as at 30 June 2013, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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

INDEPENDENT AUDITOR'S REPORT

Independence (Continued)

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

Opinion

In my opinion the financial report of Screen Queensland Pty Ltd is in accordance with the *Corporations Act 2001*, including –

(i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

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

Other Matters - Electronic Presentation of the Audited Financial Report

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

M Keane

QUEENSLAND
- 9 SEP 2013
AUDIT OFFICE

M J Keane CA
(as Delegate for the Auditor General of Queensland)

Queensland Audit Office
Brisbane

Patrick

The Strange Calls

Secrets & Lies

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