Redland Investment Corporation Pty td

Annual Financial Statements 30 June 2017

Prepared by:
Chief Financial Officer

Redland Investment Corporation Pty Ltd

ABN 68 603 164 503

For the year ended 30 June 2017

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Redland Investment Corporation Pty Ltd
ABN 68 603 164 503

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

	Notes	2017 $	2016 $
Total revenue and other income	2	**3,841,413**	1,060,394
Costs of goods sold		**(736,713)**	-
Employee benefits expense		**(1,137,891)**	(773,870)
Administration costs		**(78,977)**	(542,746)
Professional services		**(213,671)**	-
Development costs		**(295,063)**	(136,205)
Corporate costs		**(331,716)**	(118,731)
Selling costs		**(35,327)**	(86,307)
Auditors' remuneration	15	**(14,700)**	(9,000)
Depreciation expense		**(7,323)**	-
Finance costs		**(665)**	(1,267)
Total expenses		**(2,852,046)**	(1,668,126)
Profit/(Loss) before income tax		**989,367**	**(607,732)**
Income tax (expense)/benefit	1(b)	-	-
Profit/(Loss) for the period		**989,367**	**(607,732)**
Other comprehensive income		-	-
Total comprehensive income for the period		**989,367**	**(607,732)**

The above statement should be read in conjunction with the accompanying notes and significant accounting policies.

Redland Investment Corporation Pty Ltd
ABN 68 603 164 503

Statement of Financial Position

As at 30 June 2017

	Notes	2017 $	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	4	**984,246**	1,717,279
Trade and other receivables	5	**804,796**	133,476
Inventories	6	**8,560,956**	4,801,210
Total current assets		**10,349,998**	6,651,965
Non-current assets			
Investment property	7	**6,058,043**	-
Property, plant and equipment	8	**63,762**	-
Total non-current assets		**6,121,805**	-
Total assets		**16,471,803**	6,651,965
LIABILITIES			
Current liabilities			
Trade and other payables	9	**245,598**	172,795
Provisions	10	**11,301**	7,821
Total current liabilities		**256,899**	180,616
Non-current liabilities			
Provisions	10	**21,641**	18,343
Total non-current liabilities		**21,641**	18,343
Total liabilities		**278,541**	198,959
Net assets		**16,193,263**	6,453,006
EQUITY			
Issued Capital	11	**14,712,100**	5,961,210
Retained earnings		**1,481,163**	491,796
Total equity		**16,193,263**	6,453,006

The above statement should be read in conjunction with the accompanying notes and significant accounting policies.

Redland Investment Corporation Pty Ltd

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Statement of Changes in Equity

For the year ended 30 June 2017

	Notes	Contributed equity $	Retained earnings $	Total equity $
Balance at 1 July 2015		1,160,000	1,099,528	2,259,528
Profit for the period		-	(607,732)	(607,732)
Shares issued during the period		4,801,210	-	4,801,210
Total comprehensive income for the year		**4,801,210**	**(607,732)**	**4,193,478**
Transactions with owners				
Divendend provided for or paid		-	-	-
Balance at 30 June 2016		**5,961,210**	**491,796**	**6,453,006**
Balance at 1 July 2016		5,961,210	491,796	6,453,006
Profit for the year		-	989,367	989,367
Shares issued during the year		8,750,890	-	8,750,890
Total comprehensive income for the year		**8,750,890**	**989,367**	**9,740,257**
Transactions with owners				
Divendend provided for or paid		-	-	-
Balance at 30 June 2017		**14,712,100**	**1,481,163**	**16,193,263**

The above statement should be read in conjunction with the accompanying notes and significant accounting policies.

Redland Investment Corporation Pty Ltd

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Statement of Cash Flows

For the year ending 30 June 2017

	Notes	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		2,067,101	729,166
Payments to suppliers and employees		(2,769,262)	(1,681,357)
Interest received		40,329	40,245
Finance costs		(117)	0
Net cash generated by operating activities		**(661,949)**	**(911,946)**
Cash flows from investing activities			
Payments for property, plant and equipment		(71,085)	-
Net cash used in investing activities		**(71,085)**	-
Cash flows from financing activities			
Net cash generated by/(used in) financing activities		-	-
Net increase in cash and cash equivalents held		(733,033)	(911,946)
Cash and cash equivalents at beginning of period		1,717,279	2,629,225
Cash and cash equivalents at end of financial period	4	**984,246**	**1,717,279**

The above statement should be read in conjunction with the accompanying notes and significant accounting policies.

Redland Investment Corporation Pty Ltd

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The financial statements and notes represent those of Redland Investment Corporation Pty Ltd. Redland Investment Corporation is a proprietary company registered under the *Corporations Act 2001*, established and domiciled in Australia.

The financial statements were authorised for issue on 26 October 2017 by the directors of the company.

NOTE 1: SUMMARY OF SIGNFICANT ACCOUNTING POLICIES

Basis of Preparation and Compliance

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. **Principles of Consolidation**

As at 30 June 2017 Redland Investment Corporation Pty Ltd had two wholly owned controlled entities:

RIC Toondah Pty Ltd - ABN 51 609 517 348 (Not Consolidated)

As the transactions in this entity are not material, it has not been consolidated with Redland Investment Corporations financial result.

AVA Terraces Pty Ltd - ACN 617 653 531 (Not Consolidated)

As the transactions in this entity are not material, it has not been consolidated with Redland Investment Corporations financial result.

b. **Income Tax**

Income of Redland Investment Corporation is exempt from Commonwealth taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). The net amount of GST receivable from the Australian Tax Office (ATO) or payable to the ATO is shown as an asset or liability respectively.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO, are classified as operating cash flows.

c. **Fair Value of Assets and Liabilities**

Redland Investment Corporation will measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standards.

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

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

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

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

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

d. **Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs that are clearly associated with the acquisition, development and construction of a project will be capitalised as inventory.

e. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated applicable depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

The cost of fixed assets constructed includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable the future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidate group commencing from the time the asset is held ready for use. Depreciation is recognised in profit or loss.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20%
Motor vehicle	25%
Computer hardware	33.33%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Investment Property

Investment Property is property held for the purpose of earning rental income and/or capital appreciation. Investment property is initially recognised at cost (including transaction costs) and subsequently revalued under the fair value model. Gains or losses arising form the change in fair value are recognised in the Statement of Profit or Loss and Comprehensive Income for the period in which they arise.

f. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. 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 immediately as an expense in profit or loss.

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 principle 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 cash payments or receipts (including fees, transaction costs an 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.

(1) *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 included in profit or loss.

(2) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(3) *Held-to-maturity investments*

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

(4) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at their fair value with any remeasurments other than impairment losses and foreign exchange gains and losses recognised on other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(5) *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 organisation 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 assets(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 group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

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

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the organisation 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.

g. **Employee Benefits**

Short-term employee benefits

Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The organisations obligation for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligation. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

NOTE 1: SUMMARY OF SIGNFICANT ACCOUNTING POLICIES

The organisations obligation for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the organisation does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

h. **Provisions**

Provisions are recognised when the organisation has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

i. **Cash and cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statements of financial position.

j. **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risk and reward of ownership of the goods and the cessation of all involvement in those goods.

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

Dividend revenue is recognised when the right to receive a dividend has been established.

Dividend received from associated and joint ventures are accounted for in accordance with the equity method of accounting.

All revenue is net of the amount of goods and services tax.

k. **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. 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. Refer to Note 1(e) for further discussions on determination of impairment losses.

l. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the organisation 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.

m. **Goods and Services Tax (GST)**

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).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

n. **Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements 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.

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following notes:
- Employee benefits (Note 1(g) and Note 11).
- Fair value of investment properties (Note 7).

o. **Comparative Figures**

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

Redland Investment Corporation Pty Ltd

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NOTE 2: REVENUE AND OTHER INCOME	2017 $	2016 $
Sales revenue:		
- Sale of land	**1,730,000**	-
Fair value adjustment:		
- 18-22 Wynyard Street, Cleveland	**1,265,713**	-
Professional fees:		
- Administration fees	**127,319**	898,502
- Parking fees	**34,885**	-
- Project management fees	**218,766**	43,210
- Brokerage fees	**373,798**	39,680
Commercial rent revenue:		
- 9-11 Oakland Street, Alexandra Hills	**50,500**	40,000
Other revenue:		
- Interest revenue	**40,432**	39,002
Total revenue and other income	**3,841,413**	1,060,394

NOTE 3: PROFIT BEFORE INCOME TAX	2017 $	2016 $
Cost of goods sold:		
- 18-22 Wynyard Street, Cleveland	**736,713**	-
Employee benefits expense:		
- Staff wages and salaries	**904,100**	591,887
- Superannuation	**91,291**	63,233
- Directors fees	**142,500**	118,750
	1,137,891	773,870
Administration costs	**78,977**	542,746
Professional services	**213,671**	-
Development costs	**295,063**	136,205
Corporate costs	**331,716**	118,731
Selling costs	**35,327**	86,307
Auditors' renumeration	**14,700**	9,000
Depreciation of property, plant and equipment	**7,323**	-
Finance costs	**665**	1,267
Total expenses	**2,852,046**	1,668,126

NOTE 4: CASH AND CASH EQUIVALENTS

	2017	2016
	$	$
CURRENT		
- Cash at bank	**984,246**	517,279
- Term deposit	**-**	1,200,000
	984,246	1,717,279

NOTE 5: TRADE AND OTHER RECEIVABLES

	2017	2016
CURRENT	$	$
Trade receivables		
- Receivable for parent	**281,630**	53,890
- Economic Development Queensland	**-**	51,107
- Settlement 2-16 Wynyard Street, Cleveland	**383,000**	-
- GST receivable	**26,030**	8,264
- Payroll tax refund	**-**	13,818
- Commercial rent revenue	**11,000**	5,500
- Receivable from subsidiary	**97,964**	-
- Parking fees	**4,172**	-
Other receivables		
- Interest receivable	**1,000**	897
	804,796	133,476

NOTE 6: INVENTORIES

At cost:		
- Land held for resale	**8,560,956**	4,801,210

NOTE 7: INVESTMENT PROPERTIES

	2017	2016
	$	$
At fair value:		
- Land held for rentals or capital appreciation or both	**6,058,043**	-

Investment properties were initially recognised at cost and subsequently revalued under the fair value model. Fair value is defined as the price Redland Investment Corporation would sell an asset for in an independent, knowledgeable and willing market.

Redland investment Corporation assesses changes in fair value on an annual basis and recognises any changes in fair value through profit or loss for the period in which the change occurs. The fair value measurement applied is market-based and reflects the assets highest and best use.

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment	Computer Hardware	Total
Carrying amount as at 1 July 2016	-	-	-
- Additions	54,855	16,230	71,085
- Disposals	-	-	-
- Revaluation decrements	-	-	-
- Impairment loss recognised in profit or loss	-	-	-
- Depreciation	(5,610)	(1,713)	(7,323)
Carrying amount as at 30 June 2017	**49,245**	**14,517**	**63,762**

NOTE 9: TRADE AND OTHER PAYABLES

	2017	2016
CURRENT	$	$
Trade payables		
- GST payable	**1,271**	5,941
- Annual leave	**77,125**	35,737
Sundry payables		
- Payables to parent entity for services provided	**99,389**	47,658
- Payables to external parties	**67,813**	83,459
	245,598	172,795

NOTE 10: PROVISIONS

	2017	2016
CURRENT	$	$
Long service leave	**11,301**	7,821
	11,301	7,821
NON-CURRENT		
Long service leave	**21,641**	18,343
Total provisions	**32,942**	26,164

Provision for employee benefits

Provision for employee benefits represents amounts accrued for long service leave. The curent position for this includes the total amount accrued for long service leave entitlements that have vested due to employees having completed the required period of service. It is not expected that the full amount of long service leave classified as current liability will be settled within the next 12 months. However, these amounts must be classified as current liabilities since Redland Investment Corporation does not have an unconditional right to defer settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required vesting period of service. 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 historic data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(g).

Movements in provisions were as follows:	2017	2016
Long service leave		
Opening balance at beginning of period	**26,164**	14,870
Long service leave entitlement raised	**19,241**	11,294
Long service leave entitlement paid	**(12,463)**	-
Closing balance at 30 June	**32,942**	26,164

NOTE 11: ISSUED CAPITAL

	2017	2016
Equity attributable to owners	$	$
Balance at beginning of period	**5,961,210**	1,160,000
Cash contributed by parent	**-**	-
Land contributed by parent	**8,750,890**	4,801,210
	14,712,100	5,961,210

Share capital	2017 Shares	2016 Shares
Balance at beginning of period	**100**	100
Shares issued during the period	**-**	-
Authorised and fully paid ordinary shares at 30 June	**100**	100

NOTE 12: FINANCIAL RISK MANAGEMENT

Redland Investment Corporation's financial instruments consist mainly of deposits with a bank, trade receivables and trade payables.

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

	Note	2017 $	2016 $
Financial assets			
Cash and cash equivalents	4	**984,246**	1,717,279
Trade receivables	5	**804,796**	133,476
Total financial assets		**1,789,042**	1,850,755
Financial liabilities			
Trade payables	9	**168,473**	137,058
Total financial liabilities		**168,473**	137,058

NOTE 13: RELATED PARTY DISCLOSURES

Entities exercising control over the group

The ultimate parent entity, which exercises control over Redland Investment Corporation Pty Ltd, is Redland City Council.

Redland Investment Corporation Pty Ltd is a wholly-owned subsidiary of Redland City Council.

Key management personnel compensation

The key management personnel during the year are as follows:

Board of Directors	Executive Team
Non-Executive Independent Director:	Peter Kelley - Chief Executive Officer
Philip Hennessy - Chairman	Anca Butcher - General Counsel and Company Secretary
Greg Kempton	Grant Tanham-Kelly - Chief Financial Officer
Mitch Neilson	
Non-Executive Director:	
Andrew Chesterman - (appointed 07/06/2017)	
William Lyon - Deputy Chair - (retired 18/04/2017)	
Luke Wallace - (retired 20/12/2016)	

The total remuneration paid to key management personnel of Redland Investment Corporation during the 2016/17 financial year are as follows:

	2017	2016
	$	$
Key management personnel compensation	**703,147**	533,769

Related party transactions

Transactions between Redland City Council and Redland Investment Corporation Pty Ltd are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2017	2016
	$	$
Purchase of goods and services	**264,434**	136,118
Receipt of professional services	**591,777**	882,890

NOTE 14: REMUNERATION OF AUDITORS

	2017	2016
	$	$
Auditor-General of Queensland		
Audit of financial report	**14,700**	9,000
	14,700	9,000

NOTE 15: SUBSIDIARY COMPANIES

The financial position and performance of the company's subsidiaries is as follows:

	2017	2017
	$	$
	RICT	AVA
Total revenue	**30,649**	-
Total expenditure	**97,964**	-
Total assets	**33,713**	1
Total liabilities	**101,029**	-
Capital	**(67,316)**	1

A significant portion of the balances and transaction within RIC Toondah Pty Ltd ("RICT") are with the company, and therefore would have been eliminated if the company had of been consolidated.

On the 21st February 2017, the board of directors for Redland Investment Corporation ("parent") resolved to create a subsidiary company called 'AVA Terraces Pty Ltd' ("AVA"). The subsidiary company was formed to develop and deal with land at 9-11 Oakland Street, Alexandra Hills. AVA was incorporated on 27 February 2017.

As at 30 June 2017 there had been no transactions in AVA Terraces Pty Ltd.

NOTE 16: EVENTS AFTER THE REPORTING DATE

On the 25th July 2017, the board of directors for Redland Investment Corporation ("parent") resolved to create a subsidiary company called 'Cleveland Plaza Pty Ltd' ("Cleveland Plaza"). The subsidiary company was formed to purchase and hold 48 Bloomfield Street, Cleveland. Cleveland Plaza was incorporated on 27 July 2017.

On the 25th July, the board of directors for Redland Investment Corporation resolved to enter into a loan facility agreement with Redland City Council for $3,500,000,

On the 1st August 2017, Redland Investment Corporation entered into a contemporaneous contract to buy Cleveland Plaza Shopping Centre at 48 Bloomfield Street, Cleveland for $4,000,000 and to sell 110-112 Queen Street, Cleveland for $5,900,000.

On 29 September 2017, the board of directors for Redland Investment Corporation declared a dividend to Council in the amount of $500,000 payable on 1 November 2017.

NOTE 17: CAPITAL AND LEASING COMMITMENTS

The company had no capital or leasing commitments at 30 June 2017.

NOTE 18: CONTINGENT ASSETS AND LIABILITIES

The company had no contingent assets or contingent liabilities at 30 June 2017.

Directors' declaration

Redland Investment Corporation Pty Ltd

ABN 68 603 164 503

Directors' Declaration

In accordance with a resolution of the directors of Redland investment Corporation Pty Ltd, the directors declare that:

1. The financial statements and notes, as set out on pages 7 to 22:
   a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
   b. give a true and fair view of the financial position of the company as at 30 June 2017 and of its performance for the period that ended on that date.

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

....

Philip Hennessy - Chairman

Dated this 26th day of October 2017.

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT

To the Members of Redland Investment Corporation Pty Ltd

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Redland Investment Corporation 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 2017, 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 2017, 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.

Other information

Other information comprises the information included in the directors' report for the year ended30 June 2017, but does not include the financial report and my auditor's report thereon.

The directors are responsible for the other information.

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

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

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

I have nothing to report in this regard.

Responsibilities of the company for the financial report

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with 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.

QUEENSLAND
3 1 OCT 2017
AUDIT OFFICE

Patrick Flemming
as delegate of the Auditor-General

Queensland Audit Office
Brisbane