Redland Investment Corporation Pty Ltd

Consolidated Financial Statements
For the year ended 30 June 2019

REDLAND INVESTMENT CORPORATION PTY LTD
ABN 68 603 164 503

For the year ended 30 June 2019

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Directors' Report

For the year ended 30 June 2019

The Directors present their report, together with the financial statements of the Group being Redland Investment Corporation Pty Ltd (RIC) and its controlled entities, Redland Developments Pty Ltd (RD), Cleveland Plaza Pty Ltd (CP) and RIC Toondah Pty Ltd (RICT) for the financial year ended 30 June 2019.

1. General Information

Directors

The following persons were Directors of Redland Investment Corporation Pty Ltd during the 2018/19 financial year and up to the date of this report, unless otherwise stated:

Mr Phillip Hennessy – Chairman*
Mr Greg Kempton*
Mr Mitch Nielsen*
Mr Andrew Chesterman (resigned 11 January 2019)
**Also Directors of RIC Toondah Pty Ltd*

Principal Activities

The principle activities of RIC during the financial year were to buy, sell, develop, lease, licence and contract in relation to Redland City Council (Council) and non-council land to create value for Council and the Redlands community. There were no significant changes in the nature of these activities during the year.

2. Operating Results and Review of Operations for the Year

Operating Result

The consolidated result for the Group for the financial year accounted for a loss of $555,468 (2017/18: $749,688 profit).

The Group loss was largely the result of:

- Delays in gaining development approval on the site at 3-11 Moores Road, and resulting deferral of sale until next financial year (a timing difference)
- Deferral of recognising revenue relating to project management of the Weinam Creek Car Park until next financial year (a timing difference)
- One off costs for technical advice in relation to change in accounting standards
- Unforeseen costs due to staff extended leave and staff turnover

The timing differences highlighted above relate to revenue initially forecast to have been recognised in the 2019 financial year, which have been deferred to the 2020 financial year. In excluding the above significant items, the Group would have incurred an underlying profit for the year.

Review of Operations

Projects

- Delivered:
  - The sale and settlement of ten residential townhouses at 9-11 Oaklands Street, Alexandra Hills during July – September 2018.
  - Sub-division of 3-11 Moores Rd, Redland Bay into a "Superlot" and 9 residential improved land parcels.
  - The sale of the "Superlot" at 3-11 Moores Road, Redland Bay.
  - Three contracts were secured on the residential land parcels at Moores Rd, prior to 30 June 2019.
  - Development approval for 521 Old Cleveland Road East, Birkdale has been lodged. Construction is expected to commence in late 2019.

  - Request for tenders undertaken on 521 Old Cleveland Road East and the Moores Rd projects. Preferred contractors selected on both projects.
  - Renovation works on Cleveland Plaza commenced with remainder to occur in 2019-2020 year.

- Planning Phases:
  Capalaba Town Centre Revitalisation Project – Redland Investment Corporation (RIC) in partnership with Redland City Council (Council), launched an expression of interest campaign seeking a development partner to deliver an exciting landmark development that supports the revitalisation of Capalaba. The project will improve public transport access, provide a new library and community facilities and transform the precinct into a new town square environment that is safe, activated and innovative. The project has progressed to the Request for Detailed Proposal phase, inviting proponents to provide a detailed project proposal to RIC and Council for consideration.
  - Weinam Creek Priority Development Area (PDA) – RIC has commenced project management work on behalf of Council and is continuing to engage with key stakeholders. The development application for the car park and pedestrian bridge on Moores Road was lodged in December 2018 with construction expected to commence August 2019. Service modelling and reports for the Weinam Creek PDA masterplan are in progress. Lodgement of the development application for the masterplan is expected late 2019, once the final network analysis and sequencing works on infrastructure upgrades is complete.

- Project pipeline:
  - Planning and service reports commenced for the 12-22 Meissner Street, Redland Bay site which RIC is currently progressing through the Council process to purchase in the 2019-2020 financial year. RIC is planning on lodging the development application early in the financial year in effort to commence construction early-mid 2020.
  - RIC is currently looking at investment and development opportunities inside and outside of the Redland Coast region for delivery in the 2020-2021 financial year. Due diligence and feasibility work is currently in progress. Acquisition work will continue until RIC has secured at least two sites.

Administration

RIC has invested significant effort into its corporate governance arrangements. There is detailed and regular reporting of financial and operational performance to Council.

RIC completed a review of policies and procedures during the year, including the development of pro-forma construction contracts.

3. Other Items

Significant Changes to State of Affairs

There were no significant changes to the state of affairs during the year ended 30 June 2019.

Dividends

Dividends paid or declared during financial year were:

	2019	2018
Dividend provided for and declared	**$Nil**	$1,500,000
Dividend paid	**$1,500,000**	$500,00

The board of Directors make dividend decisions using up to date accounting information including the balance of retained earnings.

After Balance Date Events

RIC has exercised an option under the contract to extend payment to Redland City Council for 3-11 Moores Rd, Redland Bay. The purchase price of Moores Rd is to be adjusted by $10,000 as a result of the deferred payment. As this is an immaterial transaction, it has not been recognised in the financial statements for the year ended 30 June 2019.

RIC has executed a Loan Facility Agreement with Redland City Council on 30 April 2019 to fund the development of townhouses at 521 Old Cleveland Road, Birkdale, QLD. At reporting date, the loan had not been drawn down therefore is not reflected in the financial statements. The first drawn down was made on 16 August 2019 for $90,000.

Meeting of Directors

The number of Director meetings held during the year ending 30 June 2019, and the number of meetings attended by each Director were:

	Redland Investment Corporation Pty Ltd		**RIC Toondah Pty Ltd**		**Cleveland Plaza Pty Ltd**	
	A	**B**	**A**	**B**	**A**	**B**
Mr Phillip Hennessy	8	8	6	6	N/A	N/A
Mr Greg Kempton	8	8	6	6	N/A	N/A
Mr Mitch Nielsen	8	8	6	6	N/A	N/A
Mr Andrew Chesterman (resigned 11 January 2019)	4	4	N/A	N/A	N/A	N/A
Mrs Anca Butcher	N/A	N/A	N/A	N/A	2	2
Mr Peter Kelley	N/A	N/A	N/A	N/A	2	2

A = Number of meetings attended B = Number of meetings eligible to attend
NB: There were no meetings for Redland Developments Pty Ltd during the year.

Insurance of Directors and Officers

During the financial year, insurance policies held under Council covered the Directors and Officers of the Group for Directors and Officers Liability insurance.

RIC pays Council a premium through a Service Level Agreement. No claims were made during the financial year.

Environmental Issues

The Group's operations have not been impacted by any significant environmental issues during the financial year.

Indemnifying of Directors and Officers

The Company agrees to the maximum extent permitted by law to indemnify and keep indemnified the Directors and officers against:

a) All liabilities incurred by the Director as an Officer of the Company and each Subsidiary; and

b) Without limiting sub-paragraph (a), all Legal Costs and other costs and expenses arising from proceedings or an Investigation, incurred by the Director as an Officer or as a consequence of having been an Officer of the Company or a Subsidiary.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company, or 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 any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Directors:

....
Mr Philip Hennessy
Chair
Dated this 4th day of September 2019

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Redland Investment Corporation Pty Ltd

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

Independence declaration

As lead auditor for the audit of Redland Investment Corporation Pty Ltd for the financial year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Redland Investment Corporation Pty Ltd and the entities it controlled during the year.

4 September 2019

Melissa Read
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

REDLAND INVESTMENT CORPORATION PTY LTD
ABN 68 603 164 503

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $ *restated	Parent 2019 $	Parent 2018 $ *restated
Total revenue and other income	2	**6,966,068**	9,524,158	**6,865,484**	9,405,017
Costs of goods sold		**(5,616,722)**	(6,914,882)	**(5,616,722)**	(6,914,882)
Employee benefits expense		**(1,232,540)**	(1,288,886)	**(1,232,540)**	(1,288,886)
Professional services		**(339,085)**	(345,711)	**(295,637)**	(304,847)
Admin & corporate costs		**(273,119)**	(191,882)	**(188,866)**	(191,882)
Auditors' remuneration	19	**(19,410)**	(15,900)	**(19,410)**	(15,900)
Depreciation expense	9	**(36,489)**	(16,915)	**(22,172)**	(13,640)
Finance costs		**(4,171)**	(294)	**(4,158)**	(1,012)
Total expenses	3	**(7,521,536)**	(8,774,470)	**(7,379,505)**	(8,731,049)
Profit/(Loss) before income tax		**(555,468)**	749,688	**(514,021)**	673,968
Income tax (expense)/benefit	1(d)	**-**	-	-	-
Profit/(Loss) for the year		**(555,468)**	749,688	**(514,021)**	673,968
Other comprehensive income		**-**	-	-	-
Total comprehensive income for the year		**(555,468)**	749,688	**(514,021)**	673,968

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

** Refer Note 1(s)*

REDLAND INVESTMENT CORPORATION PTY LTD
ABN 68 603 164 503

Consolidated Statement of Financial Position

For the year ended 30 June 2019

		Consolidated		Parent	
	Note	**2019 $**	2018 $ *restated	**2019 $**	2018 $ *restated
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	**4,056,840**	2,915,830	**3,964,654**	2,806,887
Trade and other receivables	5	**468,388**	207,882	**399,221**	3,680,168
Inventory	6	**1,858,025**	6,543,857	**955,077**	3,812,100
Other current assets		**33,621**	-	**33,621**	-
Investment property	7	**8,050,000**	-	**8,050,000**	-
Total Current Assets		**14,466,874**	9,667,569	**13,402,573**	10,299,155
NON-CURRENT ASSETS					
Investment property	7	**4,017,148**	11,989,953	**-**	7,898,829
Investment in subsidiary	8	**-**	-	**5,332,292**	4,373,800
Property, plant and equipment	9	**469,718**	378,847	**46,893**	50,122
Total Non-Current Assets		**4,486,866**	12,368,800	**5,379,185**	12,322,751
Total Assets		**18,953,740**	22,036,369	**18,781,758**	22,621,906
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	10	**4,891,801**	959,438	**4,761,874**	1,627,065
Dividends payable	11	**-**	1,500,000	**-**	1,500,000
Borrowings	12	**-**	3,500,000	**-**	3,500,000
Current provision	13	**-**	11,277	**-**	11,277
Deferred revenue	14	**1,293,977**	-	**1,293,977**	-
Total Current Liabilities		**6,185,778**	5,970,715	**6,055,851**	6,638,342
NON-CURRENT LIABILITIES					
Provisions	13	**51,056**	33,692	**51,056**	33,692
Deferred revenue	14	**-**	1,150,000	**-**	1,150,000
Total Non-Current Liabilities		**51,056**	1,183,692	**51,056**	1,183,692
Total Liabilities		**6,236,834**	7,154,407	**6,106,907**	7,822,034
Net Assets		**12,716,906**	14,881,962	**12,674,851**	14,799,872
EQUITY					
Issued Capital	15	**13,101,100**	14,712,100	**13,101,100**	14,712,100
Retained earnings		**(384,194)**	169,862	**(426,249)**	87,772
Total Equity		**12,716,906**	14,881,962	**12,674,851**	14,799,872

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

* *Refer Note 1(s)*

REDLAND INVESTMENT CORPORATION PTY LTD
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Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

Consolidated	Note	Contributed equity $	Retained earnings $	Total equity $
Balance at 1 July 2017		14,712,100	1,413,804	16,125,904
Retained earnings Cleveland Plaza	1(c)	-	6,370	6,370
Profit for the year (restated)		-	749,688	749,688
Total comprehensive income for the year		**-**	**756,058**	**756,058**
Transactions with owners				
Distribution to shareholder - Redland City Council		-	(2,000,000)	(2,000,000)
Balance at 30 June 2018 (restated)		**14,712,100**	**169,862**	**14,881,962**
Balance at 1 July 2018 (restated)		14,712,100	169,862	14,881,962
Retained earnings RIC Toondah	1(c)		1,412	1,412
Profit/(loss) for the year		-	(555,468)	(555,468)
Shares issued during the year		-	-	-
Total comprehensive income for the year		**-**	**(554,056)**	**(544,056)**
Transactions with owners				
Return of land to Redland City Council		(1,611,000)	-	(1,611,000)
Balance at 30 June 2019		**13,101,100**	**(384,194)**	**12,716,906**
Parent				
Balance at 1 July 2017		14,712,100	1,413,804	16,125,904
Profit for the year		-	673,968	673,968
Total comprehensive income for the year		**-**	**673,968**	**673,968**
Transactions with owners				
Distribution to shareholder - Redland City Council		-	(2,000,000)	(2,000,000)
Balance at 30 June 2018 (restated)		**14,712,100**	**87,772**	**14,799,872**
Balance at 1 July 2018 (restated)		14,712,100	87,772	14,799,872
Profit/(loss) for the year		-	(514,021)	(514,021)
Shares issued during the year		-	-	-
Total comprehensive income for the year		**-**	**(514,021)**	**(514,021)**
Transactions with owners				
Return of land to Redland City Council		(1,611,000)	-	(1,611,000)
Balance at 30 June 2019		**13,101,100**	**(426,249)**	**12,674,851**

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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Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**10,018,001**	6,769,557	**9,749,076**	6,191,672
Payments to suppliers and employees		**(3,730,540)**	(4,421,226)	**(7,085,032)**	(500,365)
Interest received		**29,918**	26,020	**28,712**	24,777
Dividends received		-	-	**211,000**	-
Finance costs		**(4,171)**	(1,012)	**(4,158)**	(1,012)
Net cash generated by operating activities		**6,313,208**	2,373,339	**2,899,598**	5,715,072
Payments for investment property		**(118,496)**	-	**(84,057)**	-
Payments for property plant and equipment		**(18,945)**	-	**(18,943)**	-
Proceeds from investments		-	1,150,000	-	1,150,000
Purchase of investments		-	(4,523,485)	**(104,074)**	(4,474,161)
Repayment of loan from subsidiary		-	-	**3,500,000**	-
Net cash used in investing activities		**(137,441)**	(3,373,485)	**3,292,926**	(3,324,161)
Proceeds from borrowings		-	3,500,000	-	-
Repayment of borrowings		**(3,500,000)**	-	**(3,500,000)**	-
Dividends paid		**(1,500,000)**	(500,000)	**(1,500,000)**	(500,000)
Interest paid on borrowings		**(34,757)**	(68,270)	**(34,757)**	(68,270)
Net cash generated by/(used in) financing activities		**(5,034,757)**	2,931,730	**(5,034,757)**	(568,270)
Net increase in cash and cash equivalents held		**1,141,010**	1,931,584	**1,157,767**	1,822,641
Cash and cash equivalents at beginning of year		**2,915,830**	984,246	**2,806,887**	984,246
CASH AND CASH EQUIVALENTS END OF YEAR	4	**4,056,840**	2,915,830	**3,964,654**	2,806,887

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

Note 1: Summary of Significant Accounting Policies

The financial statements cover Redland Investment Corporation Pty Ltd as an individual entity and Redland Investment Corporation Pty Ltd and subsidiaries as a Group. Redland Investment Corporation Pty Ltd is a proprietary company registered under the *Corporations Act 2001*, established and domiciled in Australia.

The financial statements were authorised for issue on 4 September 2019 by the Directors of the company.

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. Redland Investment Corporation Pty Ltd 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 certain assets. The amounts presented in the financial statements have been rounded to the nearest dollar.

a. New and Amended Standards Adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2018.

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers

The Group has not had a material change to its accounting policies following the adoption of AASB 9 and AASB 15. These policies had an immaterial impact on the amounts recognised in prior years.

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduced new rules for hedge accounting and a new impairment model for financial assets. Re-measurement of receivables was not required following adoption of AASB 9.

The adoption of AASB 15 requires all contracts with customers to be reviewed on an individual basis to determine whether performance obligations have been met and whether revenue should be recognised at a point in time or over time. Property Sales are recognised at a point in time once legal title passes to the buyer; which is consistent with prior year accounting policies.The accounting policies for the Group's revenue from customers is explained further in Note 1(m).

b. New Accounting Standards for Application in Future Years

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting and have not been adopted by the Group. The Group's assessment shows no impact of new standards to current accounting policies.

Note 1: Summary of Significant Accounting Policies (continued)

b. New Accounting Standards for Application in Future Years (continued)

Title of Standard	AASB 16 *Leases*
Nature of change	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	The Group currently does not have any operating leases as a lessee however, the Group does have operating leases as a lessor. The Group does not expect the new guidance to significantly affect the accounting for these leases as lessor.
Mandatory application	Mandatory for financial years commencing on or after 1 July 2019. The Group does not intend to adopt the standard before its effective date.

c. Basis of Consolidation

The consolidated financial statements comprise the financial statements of Redland Investment Corporation Pty Ltd and its subsidiaries as at 30 June 2019.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investment in a subsidiary is accounted for at cost in the financial statements of Redland Investment Corporation Pty Ltd. As at 30 June 2019 Redland Investment Corporation Pty Ltd had three wholly owned controlled entities:

RIC Toondah Pty Ltd - ABN 51 609 517 348 (Consolidated)

RIC has 100% ownership of RIC Toondah Pty Ltd (RICT), which is limited by shares. RICT was formed to provide the administration services for the day-to-day management of the joint operation between the Minister for State Development, Manufacturing, Infrastructure and Planning, Council and the developer for the project in the Toondah Harbour Priority Development Area. Council's interest in the joint operation is 50%. The project is pending a transfer of State land to MEDQ as well as an environmental assessment; as such, nominal transactions have occurred in the entity during the current financial year.

The transactions in this entity are considered material in the current financial year and have been consolidated with Redland Investment Corporation Pty Ltd.'s financial result. The transactions in this entity in the previous financial year were not material and therefore not consolidated. An adjustment has been made to retained earnings on 1 July 2018, representing the net assets of the company when initially consolidated.

Note 1: Summary of Significant Accounting Policies (continued)

c. Basis of Consolidation (continued)

Redland Developments Pty Ltd - ABN 90 617 653 531 (Consolidated)

RIC has 100% ownership of Redland Developments (formerly AVA Terraces Pty Ltd) which is limited by shares. Redland Developments Pty Ltd was formed to develop and manage land at 9-11 Oaklands Street, Alexandra Hills during 2018 and 2019 financial years. During the current financial year, Redland Developments Pty Ltd was used for a new development project at 521 Old Cleveland Road, Capalaba.

The transactions in this entity are considered material and have been consolidated with Redland Investment Corporation Pty Ltd.'s financial result.

Cleveland Plaza Pty Ltd - ABN 67 620 724 558 (Consolidated)

RIC has 100% ownership of Cleveland Plaza Pty Ltd (Cleveland Plaza) which is limited by shares. Cleveland Plaza was formed to manage the property at 48 Bloomfield Street, Cleveland.

The transactions in this entity are considered material and have been consolidated with Redland Investment Corporation Pty Ltd.'s financial result.

This company was consolidated for the first time during the 2018 year. An adjustment has been made to retained earnings on 1 July 2017, representing the net assets of the company when initially consolidated.

d. Income Taxation

Redland Investment Corporation Pty Ltd is exempt from Commonwealth income tax.

e. Fair Value

The Group measures certain assets at fair value on either a recurring or a non-recurring basis, depending on the requirements of the applicable Accounting Standards.

Fair value is the price the Group would receive to sell an asset 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 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 (i.e. the market with the greatest volume and level of activity for the asset) 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, 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.

Note 1: Summary of Significant Accounting Policies (continued)

f. Inventories

Inventories are measured at the lower of cost and net realisable value. Costs that are directly associated with the acquisition, development and construction of a project (i.e. land being developed or held for sale) are capitalised as inventory.

g. Property, Plant and Equipment

Plant and equipment including, buildings and computer hardware is measured on the cost basis and 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 with the loss recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The cost of fixed assets constructed includes the cost of materials, direct labour, borrowing costs and an appropriate portion 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 that 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 fixed assets is depreciated on a straight-line basis and diminishing value basis over the asset's useful life to the 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***	***Depreciation Method***
Plant and equipment	13% - 25%	Straight Line
Computer hardware	33% - 67%	Straight Line / Diminishing Value
Buildings	4%	Straight Line

The asset's 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 recognised in profit or loss when the item is derecognised.

h. Investment Property

Investment property is property held to earn rental income or for capital appreciation or for both, not for sale in the ordinary course of business, use in supply of goods or services or for administrative purposes. Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value under the fair value model.

Fair value is based on market values and reflects the price at which the property could be exchanged between knowledgeable willing parties in an arm's length transaction at the measurement date.

Any gains or losses arising from the change in fair values of investment properties are recognised in the profit or loss for the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Note 1: Summary of Significant Accounting Policies (continued)

h. Investment Property (continued)

Gains or losses arising from the retirement or disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period of retirement or disposal. Transfers are made to, or from, investment property when, and only when, there is a change in use, evidenced by ending or commencement of owner-occupation, commencement of an operating lease to another party or commencement of development with a view to sale.

i. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For the purpose of subsequent measurement, financial assets which includes trade and other receivables and cash and short-term deposits are measured at amortised cost.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses. Classifications are determined by both the entities business model for managing the financial asset; and the contractual cash flow characteristics of the financial assets

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortization 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, 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.

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.

Note 1: Summary of Significant Accounting Policies (continued)

i. Financial Instruments (continued)

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Impairment

AASB 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI), trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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 Group 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.

j. 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 year in which the employees

Note 1: Summary of Significant Accounting Policies (continued)

j. Employee Benefits (continued)

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 Group's 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.

The Group's obligation for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group 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.

k. Provisions

Provisions are recognised when the Group 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.

l. 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 within short-term borrowings in current liabilities in the statement of financial position.

m. 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. The Group recognises revenue to the extent that it is probable that the economic benefits will flow to the Group and the performance obligations are met regardless of when the payment is received.

Revenue from the sale of property is recognised at a point in time based on enforceability of a contract and the specificity of performance obligations. An enforceable right to payment arises once legal title has passed to the customer.

Revenue from consulting services is recognised over time based on the performance obligations of each contract. This is because the asset created does not have an alternative use for the Group and the contracts have an enforceable right to payment for the time and effort spent by the Group on progressing the performance obligation.

Note 1: Summary of Significant Accounting Policies (continued)

m. Revenue and Other Income (continued)

For partially completed contracts the Group recognise revenue based on stage of completion of the project which is estimated by comparing the total costs incurred, including labour hours, relative to expected costs to complete the project.

This is considered a faithful depiction of the transfer of services as the contracts are initially priced on the basis of anticipated costs to complete the projects and therefore also represents the amount to which the Group would be entitled to based on its performance to date. Where revenue is received in advance, it is shown as deferred revenue on the Statement of Financial Position.

Where consulting service contracts are based on an as needs basis, revenue is recognised based on labour hours expended each month to manage the requirements of the contract. Revenue is recognised once the deliverable of the specific customer request has been completed.

Rental income from operating leases over commercial investment property is recognised on a straight-line basis over the lease term. Rent not received at balance date is reflected in the balance sheet as a receivable, or if paid in advance as deferred revenue.

Interest revenue is recognised using the effective interest method applied to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint ventures are accounted for in accordance with the equity method of accounting.

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

n. 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(i) for further discussions on determination of impairment losses. All known bad debts were written-off or provided for at 30 June 2019.

o. 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.

Note 1: Summary of Significant Accounting Policies (continued)

p. Trade and Other Payables

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

q. Dividends Payable

Dividends payable are recognised when the dividend is appropriately authorised and is no longer at the discretion of the Company.

r. Critical Accounting Estimates and judgements

The preparation of the financial statements requires the determination and use of certain critical accounting estimates and management assumptions that have potential to cause a material adjustment to the carrying amount of assets and liabilities within the financial year. Such estimates, judgements and assumptions are reviewed on an ongoing basis.

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 Group.

Revisions to accounting estimates are recognised in the period in which the estimate is reviewed and in the future periods as relevant. Judgements, estimates and assumptions that have a potential significant effect are outlined in the following notes:

- Fair value of investment properties (Note 1(e) and Note 17)
- Revenue and other income (Note 1 (m)).

s. Correction to prior period error

In the 2019 financial, it was identified transactions that occurred in the 2018 financial year required adjustment. The details of the adjustments is detailed below. The cumulative affect of the adjustment has been recognised as a prior period restatement in the 2019 financial statements.

In accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, the financial report and comparative information has been restated as if the error never occurred.

Lot 35/SP226325 transferred from Redlands City Council (RCC)

The results of a RCC review of the transfer of Lot35/SP226325 found that the parcel of land that RCC had transferred to RIC in the 2017/18 financial year had actually been transferred to the State Government as part of a new road, and not to RIC. RIC has reversed the entries that occurred in the 2017/18 financial year. The impact will be a reduction to Expenses (COGS) of $79,183 and a reduction to Equity (Issued Capital – Land contributed from Parent) of $79,183.

This restatement has no effect on the preceding year's Statement of Financial Position therefore a restatement of the Statement of Financial Position as at 1 July 2017 is not required.

Correction to prior period recognition of Revenue

Following a detailed review of revenue in the 2019 financial year, it was identified consulting services, which includes project management services, provided by the Group relate to services provided as Agent rather than Principal. Revenue derived as an agent is to be disclosed as net revenue, being revenue less costs incurred.

Note 1: Summary of Significant Accounting Policies (continued)

s. Correction to prior period error (continued)

To correct this misstatement, revenue and associated expenses have been restated in the Statement of Comprehensive Income. There was no impact to profit, but revenue and expenses decreased by $25,502 (consolidated) and $977,038 (parent).

The errors have been corrected by restating each of the affected financial statement line items for the prior period as follows:

Consolidated

Consolidated Statement of Financial Position (extract)	30 June 2018 $	Cumulative Increase / (decrease) $	30 June 2018 (restated) $
Issued Capital	14,791,283	(79,183)	14,712,100

Consolidated Statement of Profit & Loss (extract)	30 June 2018 $	Cumulative Increase / (decrease) $	30 June 2018 (restated) $
Revenue	9,549,660	(25,502)	9,524,158
Development Expenses	(25,502)	25,502	-
Cost of goods sold	(6,994,065)	79,183	(6,914,882)
Total Expenses	(8,879,155)	104,685	(8,774,470)
Profit	670,505	79,183	749,688

Parent

Consolidated Statement of Financial Position (extract)	30 June 2018 $	Cumulative Increase / (decrease) $	30 June 2018 (restated) $
Issued Capital	14,791,283	(79,183)	14,712,100

Consolidated Statement of Profit & Loss (extract)	30 June 2018 $	Cumulative Increase / (decrease) $	30 June 2018 (restated) $
Revenue	10,382,055	(977,038)	9,405,017
Development Expenses	(977,038)	977,038	-
Cost of goods sold	(6,994,065)	79,183	(6,914,882)
Total Expenses	(9,787,270)	1,056,221	(8,731,049)
Profit	594,785	79,183	673,968

Notes to the Financial Statements

For the year ended 30 June 2019

NOTE 2: REVENUE AND OTHER INCOME	Consolidated		Parent	
	2019	2018	2019	2018
	$	$ *restated	$	$ *restated
Sales revenue:				
- Sale of land (Moores Rd)	2,100,000	5,926,621	2,100,000	5,926,621
- Sale of town-houses (AVA Terraces)	4,267,298	1,385,581	4,267,298	1,385,581
Fair value adjustment:				
- Land held as investment property	67,114	1,740,427	67,114	1,740,427
Consulting Fees:				
- Brokerage fees	-	80,000	-	80,000
- Project management fees	127,942	140,310	127,942	190,637
Commercial rent revenue:				
- Parking Fees	64,395	56,974	64,395	56,974
- Cleveland Plaza, Cleveland	310,901	168,225	523	-
Other revenue:				
- Dividend revenue	-	-	211,000	-
- Interest revenue	28,418	26,020	27,212	24,777
Total revenue and other income	6,966,068	9,524,158	6,865,484	9,405,017

NOTE 3: EXPENSES				
Cost of goods sold:				
- land (Moores Rd)	1,287,590	5,571,582	1,287,590	5,571,582
- town-houses (AVA Terraces)	4,329,132	1,343,300	4,329,132	1,343,300
	5,616,722	6,914,882	5,616,722	6,914,882
Employee benefits expense:				
- Staff wages and salaries	982,486	1,049,788	982,486	1,049,788
- Superannuation	102,566	96,182	102,566	96,182
- Directors fees	147,488	142,916	147,488	142,916
	1,232,540	1,288,886	1,232,540	1,288,886
Administration & corporate costs	273,119	191,882	188,866	191,882
Professional services	339,085	345,711	295,637	304,847
Auditors' remuneration	19,410	15,900	19,410	15,900
Depreciation of property, plant and equipment	36,489	16,915	22,172	13,640
Finance costs	4,171	294	4,158	1,012
Total expenses	7,521,536	8,774,470	7,379,505	8,731,049

REDLAND INVESTMENT CORPORATION PTY LTD
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Notes to the Financial Statements

For the year ended 30 June 2019

NOTE 4: CASH AND CASH EQUIVALENTS	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Cash at bank	**4,056,840**	2,915,830	**3,964,654**	2,806,887
Total cash and cash equivalents	**4,056,840**	2,915,830	**3,964,654**	2,806,887

NOTE 5: TRADE AND OTHER RECEIVABLES

Trade receivables				
- Receivable from Redland City Council	**297,442**	110,251	**283,839**	110,251
- Cleveland Plaza debtors	**65,276**	55,906	**-**	-
- Receivable from subsidiary	**-**	-	**35,870**	3,507,571
- Receivable from external parties	**59,178**	3,521	**36,351**	3,521
- Parking fees	**3,495**	-	**3,495**	-
- GST receivable	**42,997**	36,704	**39,666**	57,325
Other receivables				
- Interest receivable	**-**	1,500	-	1,500
Total trade and other receivables	**468,388**	207,882	**399,221**	3,680,168

NOTE 6: INVENTORY

Opening balance as at 1 July 2018	**6,543,857**	8,560,956	**3,812,100**	8,560,956
Acquisitions and related costs	**2,517,948**	4,795,982	**2,274,458**	1,180,755
Transfer to subsidiary	**-**	-	**(854,418)**	-
Transfer to Redland City Council	**(1,611,000)**	-	**(1,611,000)**	-
Disposals	**(5,592,780)**	(6,813,081)	**(2,666,063)**	(5,929,611)
Total inventory	**1,858,025**	6,543,857	**955,077**	3,812,100

Land originally held for development and resale which was rezoned as open spaces was transferred to Redland City Council during the year.

NOTE 7: INVESTMENT PROPERTIES

Opening balance as at 1 July 2018	**11,989,953**	6,058,043	**7,898,829**	6,058,043
Acquisitions and subsequent expenditure on investment property	**118,496**	4,523,483	**84,057**	100,359
Transfer to/(from) property, plant and equipment	(108,415)	(332,000)	**-**	-
Net gain from fair value adjustments to investment property	**67,114**	1,740,427	**67,114**	1,740,427
Total investment properties	**12,067,148**	11,989,953	**8,050,000**	7,898,829

As at 30 June 2019, two properties being Doig street and Wynyard street were expected to be sold and settled within the next twelve months. These properties $8,050,000 (consolidated) and $8,050,000 (parent) have been recognised as current assets.

NOTE 8: INVESTMENT IN SUBSIDIARY

Investment in Cleveland Plaza Pty Ltd	**-**	-	**4,408,240**	4,373,800
Investment in Redland Developments Pty Ltd	**-**	-	**924,052**	-
Total investment in subsidiary	**-**	-	**5,332,292**	4,373,800

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	2019	2019	2019	2019	2019	2018	2018	2018	2018	2018
	$	$	$	$	$	$	$	$	$	$
Consolidated	**Plant and Equipment**	**Computer Hardware**	**Building**	**Land**	**Total**	Plant and Equipment	Computer Hardware	Building	Land	Total
Carrying amount as at 1 July 2018	39,996	10,126	328,725	-	378,847	49,245	14,517	-	-	63,762
- Additions	-	18,945	-	-	18,945	-	-	-	-	
- Reclassification from investment properties	-	-	20,790	87,625	108,415	-	-	332,000	-	332,000
- Depreciation	(9,604)	(12,569)	(14,316)	-	(36,489)	(9,249)	(4,391)	(3,275)	-	(16,915)
Carrying amount as at 30 June 2019	**30,392**	**16,502**	**335,199**	**87,625**	**469,718**	39,996	10,126	328,725	-	378,847
Parent										
Carrying amount as at 1 July 2018	39,996	10,126	-	-	50,122	49,245	14,517	-	-	63,762
- Additions	-	18,943	-	-	18,943	-	-	-	-	-
- Reclassification from investment properties	-	-	-	-	-	-	-	-	-	-
- Depreciation	(9,604)	(12,568)	-	-	(22,172)	(9,249)	(4,391)	-	-	(13,640)
Carrying amount as at 30 June 2019	**30,392**	**16,501**	-	-	**48,893**	39,996	10,126	-	-	50,122

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
NOTE 10: TRADE AND OTHER PAYABLES				
Trade payables				
- Payables to subsidiary entity for services provided	-	-	**1,622**	-
- Payables to subsidiary entity	-	-	-	743,471
- Payables to Redland City Council	**1,604,602**	-	**1,604,602**	-
- Payables to other related parties	**7,500**	-	**7,500**	-
- Payables to external parties	**504,018**	737,489	**443,319**	667,577
Sundry payables				
- GST payable	**32,540**	130,274	**(38,309)**	124,342
- Annual Leave	**63,241**	91,675	**63,240**	91,675
Weinam Creek Car Park Construction	**2,679,900**	-	**2,679,900**	-
Total trade and other payables	**4,891,801**	959,438	**4,761,874**	1,627,065

NOTE 11: DIVIDENDS PAYABLE

Dividend declared	-	1,500,000	-	1,500,000

No dividend was declared or provided for during the year ended 30 June 2019.

NOTE 12: BORROWINGS

Loan provided by Redland City Council	-	3,500,000	-	3,500,000

On 26 September 2018 Redland Investment Corporation Pty Ltd repaid loan to Redland City Council.

NOTE 13: PROVISIONS

CURRENT				
Long service leave	-	11,277	-	11,277
Total current provisions	-	11,277	-	11,277
NON-CURRENT				
Long service leave	**51,056**	33,692	**51,056**	33,692
Total non-current provisions	**51,056**	33,692	**51,056**	33,692

Provision for employee benefits represents amounts accrued for long service leave. The current 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(j).

NOTE 13: PROVISIONS (CONTINUED)	Consolidated		Parent	
	2019	2018	2019	2018
	$	$	$	$
Movements in provisions were as follows:				
Opening balance at beginning of year	**44,969**	32,942	**44,969**	32,942
Long service leave entitlement raised	**20,144**	12,027	**20,144**	12,027
Long service leave entitlement paid	**(14,057)**	-	**(14,057)**	-
Closing balance	**51,056**	44,969	**51,056**	44,969

NOTE 14: DEFERRED REVENUE

Investment property sales	**1,150,000**	1,150,000	**1,150,000**	1,150,000
Project management fees	**143,977**	-	**143,977**	-
Total deferred revenue	**1,293,977**	1,150,000	**1,293,977**	1,150,000

As at 30 June 2019, two properties being Doig street and Wynyard street were expected to be sold and settled within the next twelve months. In addition deferred project management fees are expected to be brought to revenue upon completion of the project within 12 months. These deferred revenues $1,293,997 (consolidated) and $1,293,977 (parent) have been recognised as current liabilities.

NOTE 15: ISSUED CAPITAL

Equity attributable to owners:				
Balance at beginning of year	**14,712,100**	14,712,100	**14,712,100**	14,712,100
Cash contributed by parent	-	-	-	-
Land contributed by parent	-	-	-	-
Land transferred to parent	**(1,611,000)**	-	**(1,611,000)**	-
Total equity attributable to owners	**13,101,100**	14,712,100	**13,101,100**	14,712,100

Share capital:				
Balance at beginning of year	**100**	100	**100**	100
Shares issued during the year	-	-	-	-
Authorised and fully paid ordinary shares at 30 June 2019	**100**	100	**100**	100

NOTE 16: 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 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows.

	Note				
Financial assets					
Cash and cash equivalents	4	**4,056,840**	2,915,830	**3,964,654**	2,806,887
Trade receivables	5	**468,388**	207,882	**399,221**	3,680,168
Total financial assets		**4,525,228**	3,123,712	**4,363,875**	6,487,055
Financial liabilities					
Trade and other payables	10	**4,891,801**	959,438	**4,761,874**	1,627,065
Borrowings - measured at amortised cost	12	-	3,500,000	-	3,500,000
Total financial liabilities		**4,891,801**	4,459,438	**4,761,874**	5,127,065

NOTE 17: FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the asset/liability being valued. Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the asset/liability being valued. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

Non-financial assets measured at fair value include investment properties.

All assets for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- Level 1 represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- Level 2 represents fair value, measurements that are substantially derives from inputs (other than quoted prices within level 1) that are observable, either directly or indirectly; and
- Level 3 represents fair value measurements that are substantially derived from unobservable inputs.

The specific valuation technique used to value investment properties are documented below. Fair value represents the highest and best use of the assets having regards to the optimal financial, physical and legal use of the asset.

Investment properties were initially recognised at cost and subsequently revalued under the fair value model. Redland Investment Corporation assesses changes in fair value on an annual basis and recognises any change in fair value though profit or loss in the period in which the change occurs.

The fair value of investment properties were determined using level 2 market approach valuation techniques. These valuation techniques use prices and other relevant information generated by market transactions involving identical or comparable assets.

Market approach valuation techniques included recent sale comparisons of similar properties and land sites. The most significant inputs employed in this valuation technique are price per square metre using recent sales in the same or similar geographical locations and actual binding sale contracts in place as at measurement date.

Where deferred consideration for the sale of investment properties is used as an input in determining fair value, the value is discounted to present value using an appropriate index.

Where investment properties are purchased in the current financial year it assumed that the transaction price equals fair value unless any of the following conditions exist:

(a) The transaction is between related parties, although the price in a related party transaction may be used as an input into a fair value measurement if the entity has evidence that the transaction was entered into at market terms.

(b) The transaction takes place under duress or the seller is forced to accept the price in the transaction, For example, that might be the case if the seller is experiencing financial difficulty.

NOTE 17: FAIR VALUE MEASUREMENT (CONTINUED)

(c) the unit of account represented by the transaction price is different from the unit of account for the asset or liability measure at fair value . For example, that might be the case if the asset or liability measure at fair value is only of the elements in the transaction (e.g. in a business combination), the transaction includes unstated rights and privileges that are measured separately in accordance with another standard, or the transaction price includes transaction costs.

(d) The market in which the transaction takes place is different from the principal market (or most advantageous market). For example, those markets might be different if the entity is a dealer that enters into transactions with customers in the retail market, but the principal (or most advantageous) market for the exit transaction is with other dealers in the dealer market.

NOTE 18: 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: - Phil Hennessy – Chair - Greg Kempton - Mitch Neilson - Andrew Chesterman (resigned 11 January 2019)	- Peter Kelley – Chief Executive Officer - Anca Butcher – General Counsel & Company Secretary - Grant Tanham-Kelly – Chief Financial Officer (resigned 26 March 2019)

Andrew Chesterman, the Chief Executive Officer of Redland City Council, did not receive any compensation during the financial year.

The total remuneration paid to key management personnel of Redland Investment Corporation during the 2018/19 financial year are as follows. This includes remuneration accrued as at 30 June 2019:

	2019 $	2018 $
Key management personnel compensation (paid)	**770,574**	812,069
Directors Fees (accrued, Refer to Note 10)	**7,500**	-

Related party transactions

a) Transactions between Redland City Council and the Redland Investment Corporation Group are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

Purchase of goods and services	**1,915,586**	1,156,298
Dividend (Refer Note 11)*	**-**	2,000,000
Receipt / (Repayment) of loan to Redland City Council	**(3,500,000)**	3,500,000
Interest paid on loan to Redland City Council (Refer Note 12)	**34,757**	68,270
Receipt of professional services**	**3,712,018**	270,602
Transfer of land assets from RIC to Redland City Council	**1,611,000**	-

* The dividend of $2,000,000 above relates to dividends declared in prior year of $1,500,000 for financial year ended 30 June 2018 and $500,000 for financial year ended 30 June 2017.

NOTE 18: RELATED PARTY DISCLOSURES (CONTINUED)

** Included in this amount is $2,679,900 which has been prepaid by Redland City Council to RIC for project management of Weinam Creek Priority Development Area. This amount is included in Note 10 of the financial statements as a liability for construction costs associated to works not yet completed.

b) Transactions between Redland Investment Corporation Pty Ltd with its subsidiaries are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

	2019 $	2018 $
Purchase of goods and services	-	1,763,877
Dividend from subsidiary	**211,000**	-
Receipt of professional services	**34,700**	-
Investment in subsidiary	**958,492**	4,378,800

NOTE 19: REMUNERATION OF AUDITORS

Auditor-General of Queensland		
Audit of financial report	**19,410**	15,900

NOTE 20: SUBSIDIARY COMPANIES

The subsidiary companies of Redland Investment Corporation are listed below.

Redland Developments Pty Ltd (formerly AVA Terraces Pty Ltd)
Cleveland Plaza Pty Ltd
RIC Toondah Pty Ltd

NOTE 21: EVENTS AFTER THE REPORTING DATE

RIC has exercised an option under the contract to extend payment to Redland City Council for 3-11 Moores Rd, Redland Bay. The purchase price of Moores Rd is to be adjusted by $10,000 as a result of the deferred payment. As this is an immaterial transaction, it has not been recognised in the financial statements for the year ended 30 June 2019.

RIC has executed a Loan Facility Agreement with Redland City Council on 30 April 2019 to fund the development of townhouses at 521 Old Cleveland Road, Birkdale, QLD. At reporting date, the loan had not been drawn down therefore is not reflected in the financial statements The first drawn down was made on 16 August 2019 for $90,000.

NOTE 22: CAPITAL AND LEASING COMMITMENTS

The Group had no capital or leasing commitments at 30 June 2019.

NOTE 23: CONTINGENT ASSETS AND LIABILITIES

The Group had no contingent assets or contingent liabilities at 30 June 2019.

REDLAND INVESTMENT CORPORATION PTY LTD
ABN 68 603 164 503

Director's Declaration

For the year ended 30 June 2019

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 8 to 29:
   a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
   b) give a true and fair view of the financial position of the company and consolidated entity as at 30 June 2019 and their financial performance for the year then ended.

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
Chair

Date
4/9/19

Queensland Audit Office
Better public services

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 (the parent) and its controlled entities (the group).

In my opinion, the financial report:

a) gives a true and fair view of the parent's and group's financial position as at 30 June 2019, and their financial performance and cash flows for the year then ended

b) complies with Australian Accounting Standards – Reduced Disclosure Requirements

The financial report comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 parent and group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*. I am also independent of the entity in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

Other information comprises the information included in the Redland Investment Corporation Pty Ltd directors' report for the year ended 30 June 2019, 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, 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 parent's and group'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 the directors either intend to liquidate the parent or group or to cease operations, or have 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 parent's and group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group'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 parent's or group'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 parent or group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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.

4 September 2019

Melissa Read
as delegate of the Auditor-General

Queensland Audit Office
Brisbane