

Consolidated Financial Statements

For year ended

30 June 2021



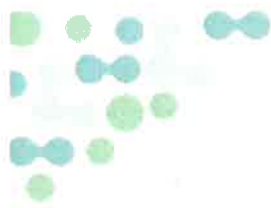


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REDLAND INVESTMENT CORPORATION PTY LTD
ABN 68 603 164 503

Directors' Report

For the year ended 30 June 2021

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 (Redland Developments), Cleveland Plaza Pty Ltd (Cleveland Plaza) and RIC Toondah Pty Ltd (RIC Toondah) for the financial year ended 30 June 2021.

Directors

The Directors of the Group during the 2020-21 financial year and up to the date of this report are as follows:

Mr Philip Hennessy	Chairperson of RIC and RIC Toondah Boards
Mr Greg Kempton	Director of RIC and RIC Toondah
Mr Mitch Nielsen	Director of RIC and RIC Toondah
Mr Peter Kelley	Director of Cleveland Plaza and Redland Developments
Mrs Anca Butcher	Director of Cleveland Plaza and Redland Developments Company Secretary of all companies

Meeting of Directors

The number of meetings of the Board of Directors held during the reporting period, and the number of meetings attended by each Director were as follows.

	RIC		RIC Toondah	
	Attended	Eligible	Attended	Eligible
Mr Philip Hennessy	5	5	4	4
Mr Greg Kempton	5	5	4	4
Mr Mitch Nielsen	5	5	4	4

There were no meetings held for Cleveland Plaza or for Redland Developments during the year.

In addition to the above, the Board also held three meetings during the year with the Councillors of Redland City Council (Council) which is the parent entity of the RIC Group.

Principal Activities

The principal activities of RIC during the financial year were to progress Council placemaking projects being the Capalaba Town Centre Revitalisation, Weinam Creek Priority Development Area (PDA) redevelopment and Toondah Harbour PDA redevelopment. RIC also engaged in developing land purchased from Council to create value for Council and the Redlands community, as well as leasing activities.

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



REDLAND INVESTMENT CORPORATION PTY LTD
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Directors' Report

For the year ended 30 June 2021

Operating Results and Review of Operations for the Year

The consolidated result for the Group for the financial year was a loss of \$228,244 (2020: \$37,983 profit).

RIC made significant headway in Council placemaking projects again this year. RIC progressed critical negotiations with the Shayher Group for the development of the Capalaba Town Centre Revitalisation project in order to enable Council to maximise the project's community outcomes. Additionally, RIC achieved a significant milestone in the Weinam Creek PDA project with the lodgement of the Masterplan with the State Government and driving a community engagement campaign. Weinam Creek PDA project's Stage 3 also commenced during the year and progressed through the design phase. The Toondah Harbour PDA project also achieved a significant milestone with the lodgement of the draft Environmental Impact Statement (EIS) with the Federal Government in May 2021.

The RIC Group completed the development of Edge 521 in early May, with all 13 townhouses either sold or under contract at 30 June 2021. RIC also lodged a Development Approval application in relation to the Meissner Street property at Redland Bay to improve its capital value.

Significant Changes to State of Affairs

The economic conditions resulting from the COVID-19 pandemic had a direct impact on the Group's operations, especially to the tenants of Cleveland Plaza investment property. The Group has worked collaboratively with the local businesses affected through this challenging time to provide rent relief as relevant under the *COVID-19 Emergency Response Act 2020* issued by the State Government in response to the mandatory Code of conduct for commercial leasing released by the Federal Government.

Additionally, on 16 June 2021, Council resolved as follows in relation to the ongoing operations of RIC:

- RIC to progress the masterplans for the Toondah Harbour and Weinam Creek PDAs and facilitate various property projects.
- RIC to complete existing (but not start new) property development and other projects which are outside of the Toondah Harbour and Weinam Creek PDAs and Capalaba Town Centre project whilst the transition plan is in development.
- The RIC Board review its operating model with regard to the Transition Plan that also considers Council's equity position in the company.

It is anticipated that Council will prepare the Transition Plan within the next 12 months. Until then, RIC's operations will be limited to progressing the three Council projects, and managing its existing investments including the Cleveland Plaza property.

RIC Group expects to continue to operate on a going concern basis in its current form for at least the next 12 months.

Dividends

No dividends were declared or paid during the year.

After Balance Date Events

Seven of the 13 Edge 521 townhouse development settled in June 2021. The remaining six townhouses settled in July and the profit on these will be recognised next financial year. The total settlement value in July is \$3,087,500.



REDLAND INVESTMENT CORPORATION PTY LTD
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Directors' Report

For the year ended 30 June 2021

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 Regulation

The Group's operations have not been impacted by any significant environmental regulations under the law of the Commonwealth or State or Territory during this financial year.

Indemnifying of Directors and Officers

The RIC Group 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 officers of the RIC Group; and
- b) All legal costs and other costs and expenses arising from proceedings or an investigation, incurred by the Directors as officers or as a consequence of having been officers of the Group.

Proceedings on Behalf of Company


No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration is required under section 307C of the *Corporations Act 2001* and is set out on the next page.

This report is made with the resolution of the Directors and made pursuant to section 298(2) of the *Corporations Act 2001*.


.....
Mr Philip Hennessy
Chairman

Dated this 8th day of September 2021

AUDITOR'S INDEPENDENCE DECLARATION

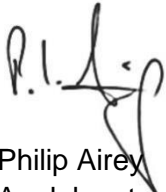
To the Directors of Redland Investment Corporation Pty Ltd

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 2021, 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.



Philip Airey
As delegate of the Auditor-General

Queensland Audit Office
Brisbane

8 September 2021

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 2021

	Note	Consolidated		Parent	
		2021 \$	2020 \$	2021 \$	2020 \$
Total revenue and other income	2	5,205,807	11,752,470	1,752,020	11,491,590
Costs of goods sold		(3,819,124)	(9,990,214)	(805,281)	(9,990,214)
Employee benefits expense	3	(1,117,735)	(1,117,667)	(1,087,735)	(1,086,417)
Rental property administration costs		(164,304)	(184,342)	(12,718)	(14,342)
Admin & Corporate costs		(264,945)	(346,723)	(248,302)	(345,890)
Auditors' remuneration	16	(25,000)	(25,100)	(25,000)	(25,100)
Depreciation expense	9	(31,609)	(38,599)	(17,497)	(24,486)
Finance costs		(11,334)	(11,842)	(5,829)	(8,375)
Total expenses		(5,434,051)	(11,714,487)	(2,202,362)	(11,494,824)
Profit/(Loss) before income tax		(228,244)	37,983	(450,342)	(3,234)
Income tax (expense)/benefit	1d	-	-	-	-
Profit/(Loss) after income tax		(228,244)	37,983	(450,342)	(3,234)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		(228,244)	37,983	(450,342)	(3,234)

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

Consolidated Statement of Financial Position

As at 30 June 2021

	Note	Consolidated		Parent	
		2021	2020	2021	2020
		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	7,276,840	6,039,996	7,218,750	5,904,320
Trade and other receivables	5	576,735	785,316	2,194,266	1,410,757
Inventory	6	2,464,478	1,497,131	-	-
Total Current Assets		10,318,053	8,322,443	9,413,016	7,315,077
NON-CURRENT ASSETS					
Investment property	7	6,894,917	6,798,993	2,853,448	2,683,503
Investment in subsidiary	8	-	-	4,888,191	5,332,292
Property, plant and equipment	9	425,976	468,708	31,374	59,995
Total Non-Current Assets		7,320,893	7,267,701	7,773,013	8,075,790
Total Assets		17,638,946	15,590,144	17,186,029	15,390,867
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	10	1,953,070	2,671,108	1,805,523	2,555,103
Borrowings	12	3,500,000	-	3,500,000	-
Total Current Liabilities		5,453,070	2,671,108	5,305,523	2,555,103
NON-CURRENT LIABILITIES					
Provisions	13	103,333	74,147	103,333	74,147
Borrowings	12	-	90,000	-	90,000
Total Non-Current Liabilities		103,333	164,147	103,333	164,147
Total Liabilities		5,556,403	2,835,255	5,408,856	2,719,250
Net Assets		12,082,543	12,754,889	11,777,173	12,671,617
EQUITY					
Issued Capital		12,656,998	13,101,100	12,656,998	13,101,100
Retained earnings		(574,455)	(346,211)	(879,825)	(429,483)
Total Equity		12,082,543	12,754,889	11,777,173	12,671,617

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 Changes in Equity

For the year ended 30 June 2021

Consolidated	Contributed equity	Retained earnings	Total equity
	\$	\$	\$
Balance at 1 July 2019	13,101,100	(384,194)	12,716,906
Profit/(loss) for the year	-	37,983	37,983
Total comprehensive income for the year	-	37,983	37,983
Balance at 30 June 2020	13,101,100	(346,211)	12,754,889
Balance at 1 July 2020	13,101,100	(346,211)	12,754,889
Profit/(loss) for the year	-	(228,244)	(228,244)
Total comprehensive income for the year	-	(228,244)	(228,244)
Transactions with owners			
Return of land to Redland City Council	(444,102)	-	(444,102)
Balance at 30 June 2021	12,656,998	(574,455)	12,082,543
Parent			
Balance at 1 July 2019	13,101,100	(426,249)	12,674,851
Profit for the year	-	(3,234)	(3,234)
Total comprehensive income for the year	-	(3,234)	(3,234)
Balance at 30 June 2020	13,101,100	(429,483)	12,671,617
Balance at 1 July 2020	13,101,100	(429,483)	12,671,617
Profit/(loss) for the year	-	(450,342)	(450,342)
Total comprehensive income for the year	-	(450,342)	(450,342)
Transactions with owners			
Return of land to Redland City Council	(444,102)	-	(444,102)
Balance at 30 June 2021	12,656,998	(879,825)	11,777,173

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 2021

	Note	Consolidated		Parent	
		2021 \$	2020 \$	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		3,862,065	10,834,058	309,410	10,713,374
Payments to suppliers and employees		(6,150,233)	(15,334,797)	(1,507,634)	(15,387,577)
Interest received		25,413	53,986	25,413	53,571
Dividends received		-	-	-	60,000
Finance costs		(11,334)	(11,842)	(5,829)	(8,375)
Net cash generated by operating activities		(2,274,089)	(4,458,595)	(1,178,640)	(4,569,007)
Payments for investment property		(673,912)	(507,146)	(586,932)	(353,739)
Proceeds/(payments) for property, plant and equipment		8,182	(37,589)	8,182	(37,588)
Proceeds from investments		809,091	6,900,000	809,091	6,900,000
Net cash used in investing activities		143,361	6,355,265	230,341	6,508,673
Proceeds from borrowings		3,410,000	90,000	-	-
Interest paid on borrowings		(42,428)	(3,514)	-	-
Deposits from subsidiary		-	-	2,262,729	-
Net cash generated in financing activities		3,367,572	86,486	2,262,729	-
Net increase in cash and cash equivalents held		1,236,844	1,983,156	1,314,430	1,939,666
Cash and cash equivalents at beginning of year		6,039,996	4,056,840	5,904,320	3,964,654
CASH AND CASH EQUIVALENTS END OF YEAR	4	7,276,840	6,039,996	7,218,750	5,904,320

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 2021

Notes to the Financial Statements

Note 1 Summary of Significant Accounting Policies

The consolidated financial statements and notes represent those of Redland Investment Corporation Pty Ltd (RIC) as the parent entity, and RIC and subsidiaries as a Group. RIC is a proprietary company registered under the *Corporations Act 2001*, established and domiciled in Australia.

The financial statements were authorised for issue on 8 September 2021 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. RIC is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 Accounting Standards Adopted by the Group

The Group applied all new and amended Australian Accounting Standards which became effective for annual reporting periods beginning on 1 July 2020; none of the standards had a material impact on the reported position, performance and cashflows.

b. New Accounting Standards for Application in Future Years

A number of new standards and interpretations are effective for annual reporting periods beginning on or after 1 July 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements. Most of the new standards relate to very specific circumstances and are not applicable to the Group. AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-For-Profit Entities becomes effective from 1 July 2021; however, it is not expected to have a material impact on the current disclosures for the Group.

c. Basis of Consolidation

The consolidated financial statements comprise the financial statements of RIC and its subsidiaries as at 30 June 2021.

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 RIC. As at 30 June 2021 RIC had three wholly owned controlled entities:



REDLAND INVESTMENT CORPORATION PTY LTD
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Notes to the Financial Statements

For the year ended 30 June 2021

c. Basis of Consolidation (continued)

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

RIC has 100% ownership of RIC Toondah Pty Ltd (RIC Toondah), which is limited by shares. RIC Toondah is a party to the Toondah Harbour Joint Venture along with the Minister for Economic Development Queensland (MEDQ) and Redland City Council. RIC Toondah also administers the day-to-day management of the joint venture for the Toondah Harbour Priority Development Area. The project is pending a transfer of State land to MEDQ as well as an environmental assessment; as such, nominal financial transactions have occurred in the entity during the current financial year.

The transactions in this entity, though nominal, have been consolidated with RIC's financial result.

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

RIC has 100% ownership of Redland Developments Pty Ltd which is limited by shares. Redland Developments was formed to develop and manage the Group's land developments. During the current financial year, Redland Developments completed the development of 521 Old Cleveland Road, Birkdale (Edge 521). This project was independent of Council.

The transactions in this entity are considered material and have been consolidated with RIC'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 investment property at 48 Bloomfield Street, Cleveland.

The transactions in this entity are considered material and have been consolidated with RIC's financial result.

d. Income Taxation

No provision for income tax has been raised as the Group is exempt from income tax per section 11-5 of the *Income Tax Assessment Act 1997*.

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.

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 assumption 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 derived 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.

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.

Notes to the Financial Statements

For the year ended 30 June 2021

e. Fair Value (continued)

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 considering transaction costs and transport costs).

For non-financial assets, the fair value measurement also considers 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 Group values its investment property under the fair value principles (refer Note 1i).

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 for sale) are capitalised as inventory.

g. Property, Plant and Equipment

Plant and equipment including buildings and computer hardware are 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 year in which they are incurred.

h. Depreciation

The depreciable amount of fixed assets is depreciated on a straight-line basis or diminishing value basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation is recognised in profit or loss. The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>	<i>Depreciation Method</i>
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.



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Notes to the Financial Statements

For the year ended 30 June 2021

i. 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 (refer Note 1e).

RIC group obtains independent valuations from qualified valuers with relevant experience in the location and category of the investment property being valued, at least every three years. The last independent valuation of investment property earning rental income was undertaken as at 30 June 2021 using the income capitalisation approach as the primary method. This was supported by recent sales comparisons of similar properties by the valuers, before arriving at a market value assessment.

Other investment property (not earning rental income) acquired in prior years was also valued by an independent valuer as at 30 June 2021 using recent sales comparisons of similar properties. The most significant inputs employed in this valuation technique were 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.

Any gains or losses arising from the changes in fair values of investment property are recognised in the profit or loss for the year in which they arise.

Gains or losses arising from the retirement or disposal of investment property are recognised in profit or loss in the year 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.

Please refer Note 17 for implications of COVID-19 on the valuation of investment property.

j. Leases (the Group as lessee)

At inception of a contract, the Group assesses if the contract contains, or is, a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease. For the purposes of leasing, the low-value threshold is \$10,000.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.



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Notes to the Financial Statements

For the year ended 30 June 2021

k. Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

RIC Group financial instruments are classified as follows.

Financial Assets

Cash and cash equivalents (refer Notes 1n and 4)

Trade and other receivables (refer Notes 1p and 5)

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 include 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.

Financial Liabilities

Trade and other payables (refer Notes 1r and 10)

Borrowings (refer Notes 12 and 14)

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost.

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

Impairment

AASB 9 impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit losses (ECL) model'.

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.

Please refer Notes 17 for implications of COVID-19 on the impairment of financial assets and liabilities.



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Notes to the Financial Statements

For the year ended 30 June 2021

I. 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 reporting year 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 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 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 is 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.

m. 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.

n. 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.

o. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after considering 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.



REDLAND INVESTMENT CORPORATION PTY LTD
ABN 68 603 164 503

Notes to the Financial Statements

For the year ended 30 June 2021

o. Revenue and Other Income (continued)

For partially completed contracts the Group recognises 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.

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

p. 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 1k for further discussions on determination of impairment losses. All known bad debts were written-off or provided for at 30 June 2021.

q. Goods and Services Tax (GST)

Revenue, 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 net 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.

r. 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.

s. Dividends Payable

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



REDLAND INVESTMENT CORPORATION PTY LTD
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Notes to the Financial Statements

For the year ended 30 June 2021

t. **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 (refer Notes 1e, 1i and 17)
- Revenue and other income (refer Notes 1o, 2 and 17).



REDLAND INVESTMENT CORPORATION PTY LTD
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Notes to the Financial Statements

For the year ended 30 June 2021

Note 2 Total Revenue and Other Income

	Consolidated		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
Sales revenue	4,133,766	10,462,964	809,091	10,402,387
Fair value adjustment	362,882	354,527	523,882	409,595
Project management fees	305,168	469,987	304,519	457,708
Commercial rent	290,963	302,677	1,500	-
Parking fees	75,646	65,898	75,646	65,898
Profit / (loss) from disposal of fixed assets	(2,941)	-	(2,941)	-
Dividend from subsidiary	-	-	-	60,000
Interest revenue	22,765	57,901	22,765	57,486
Other recoveries	17,558	38,516	17,558	38,516
Total revenue and other income	5,205,807	11,752,470	1,752,020	11,491,590

COVID-19 economic implications affecting commercial rent revenue included extended vacancies and rent relief to existing tenants. Please also refer Note 17.

Note 3 Employee Benefits Expense

Staff wages and salaries	890,074	878,180	890,074	878,180
Superannuation	82,602	91,939	82,602	91,939
Directors fees	145,059	147,548	115,059	116,298
Total employee benefits expense	1,117,735	1,117,667	1,087,735	1,086,417

Note 4 Cash and Cash Equivalents

Cash at bank	233,143	446,646	175,053	310,970
QTC Cash Management Fund	7,043,697	5,593,350	7,043,697	5,593,350
Total cash and cash equivalents	7,276,840	6,039,996	7,218,750	5,904,320

Note 5 Trade and Other Receivables

CURRENT

Trade receivables				
- Receivable from Redland City Council	429,324	540,535	317,529	539,349
- Commercial rent and car parking	45,059	98,459	-	6,299
- Receivable from subsidiary	-	-	1,809,400	772,153
- Receivable from other customers	40,121	43,584	-	-
- Less: provision for expected credit losses	(16,452)	(16,452)	-	-
- Net GST receivable	20,800	15,459	9,455	(174)
Bonds and deposits paid	46,331	87,357	46,331	76,756
Interest receivable	1,267	3,915	1,267	3,915
Other receivables	10,285	12,459	10,284	12,459
Closing balance as at 30 June	576,735	785,316	2,194,266	1,410,757

REDLAND INVESTMENT CORPORATION PTY LTD
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Notes to the Financial Statements

For the year ended 30 June 2021

Note 6 Inventory

	Consolidated		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
Opening balance at 1 July	1,497,131	1,858,025	-	955,077
Acquisitions and related costs	4,325,719	1,629,293	-	1,094,638
Transfer to Investment property	-	(236,140)	-	(220,170)
Transfer to subsidiary	-	-	-	(75,498)
Transfer to Redland City Council	(444,102)	-	-	-
Disposals	(2,914,270)	(1,754,047)	-	(1,754,047)
Closing balance as at 30 June	2,464,478	1,497,131	-	-

Note 7 Investment property

Opening balance as at 1 July	6,798,993	12,067,148	2,683,503	8,050,000
Acquisitions and subsequent expenditure on investment property	513,911	2,255,787	426,932	2,118,347
Transfer to/(from) other asset class	-	236,140	-	220,170
Net gain from fair value adjustments to investment property	362,882	354,527	523,882	409,595
Disposals	(780,869)	(8,114,609)	(780,869)	(8,114,609)
Closing balance as at 30 June	6,894,917	6,798,993	2,853,448	2,683,503

The measurement and recognition criteria for investment property under the fair value methodology have been discussed in Notes 1e and 1i. COVID-19 implications have also been considered in the fair value assessments; please also refer Note 17.

Note 8 Investment in Subsidiary

Investment in Cleveland Plaza Pty Ltd	-	-	4,408,240	4,408,240
Investment in Redland Developments Pty Ltd	-	-	479,951	924,052
Total investment in subsidiary	-	-	4,888,191	5,332,292

The reduction in the investment in Redland Developments relates to the transfer of land worth \$444,102 back to Council this financial year. Please refer the Consolidated Statement of Equity and Note 6 for the impact of this transfer on consolidated equity and inventory.

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Notes to the Financial Statements

For the year ended 30 June 2021

Note 9 Property, Plant and Equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	2021	2021	2021	2021	2021	2020	2020	2020	2020	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Consolidated	Plant and Equipment	Computer Hardware	Building	Land	Total	Plant and Equipment	Computer Hardware	Building	Land	Total
Carrying amount as at 1 July	54,990	5,006	321,087	87,625	468,708	30,392	16,502	335,199	87,625	469,718
- Additions	-	2,853	-	-	2,853	37,589	-	-	-	37,589
- Disposals	(11,123)	-	-	-	(11,123)	-	-	-	-	-
- minor asset written off	-	(2,853)	-	-	(2,853)	-	-	-	-	-
- Depreciation	(12,491)	(5,006)	(14,112)	-	(31,609)	(12,991)	(11,496)	(14,112)	-	(38,599)
Carrying amount as at 30 June	31,376	-	306,975	87,625	425,976	54,990	5,006	321,087	87,625	468,708
Parent	Plant and Equipment	Computer Hardware	Building	Land	Total	Plant and Equipment	Computer Hardware	Building	Land	Total
Carrying amount as at 1 July	54,989	5,006	-	-	59,995	30,392	16,501	-	-	46,893
- Additions	-	2,853	-	-	2,853	37,588	-	-	-	37,588
- Disposals	(11,124)	-	-	-	(11,124)	-	-	-	-	-
- minor asset written off	-	(2,853)	-	-	(2,853)	-	-	-	-	-
- Depreciation	(12,491)	(5,006)	-	-	(17,497)	(12,991)	(11,495)	-	-	(24,486)
Carrying amount as at 30 June	31,374	-	-	-	31,374	54,989	5,006	-	-	59,995

The Group has one multi-function device under lease which is a low value asset and therefore does not give rise to a right-of-use asset.

REDLAND INVESTMENT CORPORATION PTY LTD
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Notes to the Financial Statements

For the year ended 30 June 2021

Note 10 Trade and Other Payables

	Consolidated		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
CURRENT				
Trade payables				
- Payables to Redland City Council	1,561,036	1,745,200	1,561,036	1,745,200
- Payables to related parties	3,750	3,943	2,500	193
- Payables to external parties	332,875	855,876	186,578	743,621
Annual Leave	55,409	66,089	55,409	66,089
Total Payables at 30 June	1,953,070	2,671,108	1,805,523	2,555,103

Note 11 Dividends Payable

No dividends have been declared or paid by the subsidiaries during the financial year.

Note 12 Borrowings

Loan provided by Redland City Council	3,500,000	90,000	3,500,000	90,000
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On 30 April 2019 Redland Developments entered into a loan facility agreement with Redland City Council via RIC for \$3.5 million. This loan is repayable by RIC upon settlement of the Edge 521 townhouse sales. As such, it is anticipated that this loan will be repaid within the next 12 months. The borrowing rate is fixed at 4.39%.

RIC also holds a Line of Credit facility with CBA for \$2.1 million which is secured over Cleveland Plaza at 48 Bloomfield Street, Cleveland. None of this facility was drawn down at 30 June 2021. It is intended to be used solely for future property development projects undertaken by RIC in alignment with approved key performance indicators or acquisition of new investment property. Following the Council resolution of 16 June 2021, this facility is unlikely to be utilised until Council's Transition Plan for RIC is known.

Note 13 Provisions

CURRENT				
Leave - Long Service	-	-	-	-
NON-CURRENT				
Long service leave	103,333	74,147	103,333	74,147
Total provisions at 30 June	103,333	74,147	103,333	74,147

The current portion of the long service leave provision is nil as no employees have completed the required period of service for the long service leave liability to have become vested.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested due to employees having 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 from Council's employment history. The measurement and recognition criteria for employee benefits have been discussed in Note 11.

REDLAND INVESTMENT CORPORATION PTY LTD
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Notes to the Financial Statements

For the year ended 30 June 2021

Note 13 Provisions (continued)

Movements in provisions were as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
<u>Long service leave</u>				
Opening balance at 1 July	74,147	51,056	74,147	51,056
Long service leave entitlement raised	29,186	23,091	29,186	23,091
Closing balance at 30 June	103,333	74,147	103,333	74,147

Note 14 Financial Risk Management

RIC's financial instruments consist mainly of deposits with a bank and Queensland Treasury Corporation (QTC), trade receivables, trade payables and borrowings. The QTC cash fund investment is capital guaranteed.

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	7,276,840	6,039,996	7,218,750	5,904,320
Trade and other receivables	5	576,735	785,316	2,194,266	1,410,757
Total financial assets		7,853,575	6,825,312	9,413,016	7,315,077
Financial liabilities					
Trade and other payables	10	1,953,070	2,671,108	1,805,523	2,555,103
Borrowings - measured at amortised cost	12	3,500,000	90,000	3,500,000	90,000
Total financial liabilities		5,453,070	2,761,108	5,305,523	2,645,103

Credit risk on cash and cash equivalents is managed by depositing funds in at-call deposit accounts that can be diversified easily depending on returns. Credit risk on receivables is managed by close monitoring of debt based on an ageing analysis. Borrowings are at fixed interest rates and are on interest only terms and are managed using rolling cash flow forecasts.



REDLAND INVESTMENT CORPORATION PTY LTD
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Notes to the Financial Statements

For the year ended 30 June 2021

Note 15 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

Key management personnel are defined as those persons having authority for planning, directing and controlling the activities of the RIC group, being members of the Boards and the Chief Executive Officer. The key management personnel during the year were as follows:

Mr Philip Hennessy	Chairperson of RIC and RIC Toondah Boards
Mr Greg Kempton	Director of RIC and RIC Toondah
Mr Mitch Nielsen	Director of RIC and RIC Toondah
Mr Peter Kelley	Director of Cleveland Plaza and Redland Developments Chief Executive Officer
Mrs Anca Butcher	Director of Cleveland Plaza and Redland Developments Company Secretary of all companies General Counsel

The total remuneration paid to key management personnel of the Group are as follows. This includes remuneration accrued or prepaid at year end:

	2021	2020
	\$	\$
Key management personnel compensation – short term benefits (Paid)	614,114	616,674
Key management personnel compensation – short term benefits (Accrued)	(13,428)	1,878
Key management personnel superannuation (Paid)	54,115	55,310
Key management personnel superannuation (Accrued)	(280)	(315)
Key management personnel long service leave (Accrued)	23,214	20,105



REDLAND INVESTMENT CORPORATION PTY LTD
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Notes to the Financial Statements

For the year ended 30 June 2021

Related party transactions

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

	2021	2020
	\$	\$
Purchase of goods and services from Council	412,297	142,782
Receipt / (Repayment) of loan to Council	3,410,000	90,000
Interest paid on loan from Council	42,428	3,450
Goods and services cost recovery from Council	918,414	3,256,940
Professional services provided to Council	304,519	316,450
Land sold to RIC by Council	-	1,700,000
Retransfer of land assets from RIC to Council	444,102	-

The loan from Council are on terms outlined in Note 12. The receivables and payables from Council are provided at Notes 5 and 10.

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

Dividend received from subsidiary	-	60,000
Decrease in investment in subsidiaries (transfer of land to Council)	(444,102)	-
Recoverable from subsidiaries	1,809,400	772,153

Note 16 Remuneration of Auditors

Auditor-General of Queensland

Audit of financial statements	25,000	25,100
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Note 17 COVID-19 implications on operations

RIC Group operations for the period ended 30 June 2021 have been impacted by the COVID-19 pandemic. The impact has been identified as an indicator for impairment for its investment property and trade receivables.

The main impact of the pandemic was in relation to the commercial rent revenue of Cleveland Plaza. Rent relief was made available as required by the Federal and State Governments as follows:

Rent deferral	24,779	-
Rent waived	15,788	-

Cleveland Plaza investment property fair value impairment was recognised as below, and this is partly attributed to COVID-19 impact on commercial leasing.

Impairment of Cleveland Plaza	161,000	55,068
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Construction of some projects suffered minor delays due to new COVID-19 safety plans needing to be implemented, along with various contractor staff requiring testing or quarantining from time to time along with delays in sourcing construction material.

RIC was anticipating a negative impact on the selling price of Edge 521 townhouses due to the removal of State and Government COVID-19 incentives such as JobKeeper, JobSeeker and other grants, but this did not materialise.



REDLAND INVESTMENT CORPORATION PTY LTD
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Notes to the Financial Statements

For the year ended 30 June 2021

Note 18 Events after the Reporting Date

Seven of the 13 Edge 521 townhouse development settled in June 2021. The remaining six townhouses settled in July and the profit on these will be recognised next financial year. The total settlement value in July is \$3,087,500 including GST.

Note 19 Capital and Leasing Commitments

RIC has an ongoing lease in relation to one photocopier which is a low value asset and therefore is not recognised as a right-of-use asset under AASB 16 but is expensed instead.

Note 20 Contingent Assets and Liabilities

The Group had no contingent assets or contingent liabilities at 30 June 2021.


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Directors' Declaration

For the year ended 30 June 2021

In accordance with a resolution of the Directors of Redland Investment Corporation Pty Ltd, the Directors declare that:

- a. The financial statements and notes, as set out on pages 7 to 26:
 - i. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - ii. give a true and fair view of the financial position of the company and consolidated entity as at 30 June 2021 and their financial performance for the year that ended on that date.
- b. 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.



Mr Philip Hennessy
Chairman

Dated this 8th day of September 2021

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 2021, 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 2021, 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 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 the 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 Auditing Standards*. I am also independent of the entity in accordance with the auditor independence requirements of the *Corporations Act 2001*.

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 financial and non-financial information (other than the audited financial report). At the date of this auditor's report, the available other information in Redland Investment Corporation Pty Ltd's annual report for the year ended 30 June 2021 was the directors' report.

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 Group for the financial report

The Group'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 Group'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 Group's directors are also responsible for assessing the Parent's and the 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 the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

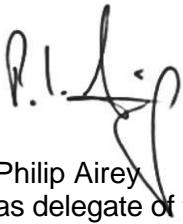
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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 the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent and the Group.
- Conclude on the appropriateness of the Parent's and the 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 the 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 Group'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.



Philip Airey
as delegate of the Auditor-General

8 September 2021

Queensland Audit Office
Brisbane