

SENSITIVE



Consolidated Financial Statements

For year ended

30 June 2024





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REDLAND INVESTMENT CORPORATION PTY LTD
ABN 68 603 164 503

Directors' Report

For the year ended 30 June 2024

The Directors present their report, together with the financial statements of the Group being Redland Investment Corporation Pty Ltd (RIC) and its controlled entities, Cleveland Plaza Pty Ltd (Cleveland Plaza) and RIC Toondah Pty Ltd (RIC Toondah) for the financial year ended 30 June 2024.

Directors

The Directors of the Group during the 2023-24 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 |
| Mrs Anca Butcher | Director of Cleveland Plaza and 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 | 7 | 7 | 5 | 5 |
| Mr Greg Kempton | 7 | 7 | 5 | 5 |
| Mr Mitch Nielsen | 7 | 7 | 5 | 5 |

There were no meetings held for Cleveland Plaza.

In addition to the above, the Board also held two 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 conducted leasing activities for its investment properties on Bloomfield Street. RIC also conducts leasing activity for parking at Colburn Avenue.



REDLAND INVESTMENT CORPORATION PTY LTD
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Directors' Report

For the year ended 30 June 2024

Operating Results and Review of Operations for the Year

The consolidated result for the Group was a profit of \$476,941 (2023: \$669,794).

RIC made considerable headway in Council placemaking projects again this year, with Weinam Creek and Capalaba reaching significant milestones.

RIC and Council entered into a development agreement with Shayher Group for the revitalisation of the Capalaba Town Centre.

Toondah Harbour project is being reevaluated by the Walkers Group after the current planning proposal was withdrawn.

RIC, Council and Economic Development Queensland entered into a development agreement for Weinam Creek PDA for the delivery of significant infrastructure within 2-5 years. The masterplan for the Weinam Creek PDA was also approved in December 2021. The detailed design of the final and main stage is now complete, with roadwork construction is underway.

Significant Changes to State of Affairs

RIC Group expects to continue to operate on a going concern basis for the next 12 months.

Dividends

A dividend was declared and paid during the year by RIC to Council of \$325,000.

Post Balance Date Events

There are no post Balance date events to report.

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.

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.



REDLAND INVESTMENT CORPORATION PTY LTD
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Directors' Report

For the year ended 30 June 2024

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 16th September **2024**

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 2024, 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 period.

Jacques Coetzee

Jacques Coetzee
as delegate of the Auditor-General

16 September 2024

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 2024

| | Note | Consolidated | | Parent | |
|--|------|--------------------|--------------------|--------------------|--------------------|
| | | 2024 \$ | 2023 \$ | 2024 \$ | 2023 \$ |
| Trading Income | | 2,062,675 | 1,883,283 | 1,565,244 | 1,487,095 |
| Fair value adjustment | | - | 368,985 | - | - |
| Other Income | | - | (36,736) | - | (36,736) |
| Interest | | 81,161 | 81,068 | 81,161 | 81,068 |
| Total revenue and other income | 2 | 2,143,836 | 2,296,600 | 1,646,405 | 1,531,427 |
| Employee benefits expense | 3 | (1,231,667) | (1,209,516) | (1,201,667) | (1,179,516) |
| Administration costs | | (384,398) | (366,154) | (169,223) | (143,585) |
| Auditors' remuneration | 15 | (27,550) | (26,240) | (27,550) | (26,240) |
| Depreciation expense | 8 | (19,481) | (19,481) | (5,370) | (5,370) |
| Finance costs | | (3,799) | (5,415) | (3,799) | (5,412) |
| Loss on wind-up of subsidiary | | | - | | (97,272) |
| Total expenses | | (1,666,895) | (1,626,806) | (1,407,609) | (1,457,395) |
| Profit/(Loss) before income tax | | 476,941 | 669,794 | 238,796 | 74,032 |
| Income tax (expense)/benefit | 1d | - | - | - | - |
| Profit/(Loss) after income tax | | 476,941 | 669,794 | 238,796 | 74,032 |
| Increase in asset revaluation reserve | | 3,913,152 | - | 3,913,152 | - |
| Total comprehensive income for the period | | 4,390,093 | 669,794 | 4,151,948 | 74,032 |

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 2024

| | Note | Consolidated | | Parent | |
|--------------------------------------|------|-------------------|-------------------|-------------------|-------------------|
| | | 2024 \$ | 2023 \$ | 2024 \$ | 2023 \$ |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 4 | 2,975,388 | 2,888,203 | 2,644,223 | 2,412,413 |
| Trade and other receivables | 5 | 343,282 | 3,153,358 | 2,006,691 | 5,136,497 |
| Total Current Assets | | 3,318,670 | 6,041,561 | 4,650,914 | 7,548,910 |
| NON-CURRENT ASSETS | | | | | |
| Investment property | 6 | 6,420,450 | 6,353,290 | - | - |
| Investment in subsidiary | 7 | - | - | 4,408,239 | 4,408,239 |
| Property, plant and equipment | 8 | 15,563,901 | 383,382 | 15,211,634 | 17,003 |
| Total Non-Current Assets | | 21,984,351 | 6,736,672 | 19,619,873 | 4,425,242 |
| Total Assets | | 25,303,021 | 12,778,233 | 24,270,787 | 11,974,152 |
| LIABILITIES | | | | | |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 9 | 1,513,528 | 351,921 | 1,388,853 | 217,251 |
| Unearned Revenue RCC advance | | 127,345 | - | 127,345 | - |
| Unearned Revenue Land transfer | | 8,025,000 | - | 8,025,000 | - |
| Provisions | | 86,446 | - | 86,446 | - |
| Total Current Liabilities | | 9,752,319 | 351,921 | 9,627,644 | 217,251 |
| NON-CURRENT LIABILITIES | | | | | |
| Provisions | 12 | 91,801 | 119,959 | 91,801 | 144,354 |
| Total Non-Current Liabilities | | 91,801 | 119,959 | 91,801 | 144,354 |
| Total Liabilities | | 9,844,120 | 496,275 | 9,719,445 | 361,605 |
| Net Assets | | 15,458,901 | 12,281,958 | 14,551,342 | 11,612,547 |
| EQUITY | | | | | |
| Issued Capital | | 11,768,846 | 12,656,998 | 11,768,846 | 12,656,998 |
| Asset Revaluation surplus | | 3,913,152 | - | 3,913,152 | - |
| Retained earnings | | (223,097) | (375,040) | (1,130,656) | (1,044,451) |
| Total Equity | | 15,458,901 | 12,281,958 | 14,551,342 | 11,612,547 |

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 2024

| Consolidated | Contributed equity | Asset Revaluation Surplus | Retained earnings | Total equity |
|--|-----------------------|---------------------------------|----------------------|-----------------|
| | \$ | | \$ | \$ |
| Balance at 1 July 2022 | 12,656,998 | | (594,834) | 12,062,164 |
| Profit/(loss) for the year | - | | 669,794 | 669,794 |
| Total comprehensive income for the year | - | | 669,794 | 669,794 |
| Transactions with owners | | | | |
| Dividend paid to Redland City Council | - | | (450,000) | (450,000) |
| Balance at 30 June 2023 | 12,656,998 | | (375,040) | 12,281,958 |
| Balance at 1 July 2023 | 12,656,998 | | (375,040) | 12,281,958 |
| Profit/(loss) for the year | - | | 476,943 | 476,943 |
| Asset Revaluation Surplus | - | 3,913,152 | | 3,913,152 |
| Total comprehensive income for the year | 12,656,998 | 3,913,152 | 101,903 | 16,672,053 |
| Transactions with owners | | | | |
| Dividend paid to Redland City Council | - | | (325,000) | (325,000) |
| Repayment of Equity | (888,152) | - | - | (888,152) |
| Balance at 30 June 2024 | 11,768,846 | 3,913,152 | (223,097) | 15,458,901 |
| Parent | | | | |
| Balance at 1 July 2022 | 12,656,998 | | (668,483) | 11,988,515 |
| Profit/(loss) for the year | - | | 74,032 | 74,032 |
| Total comprehensive income for the year | - | | 74,032 | 74,032 |
| Transactions with owners | | | | |
| Dividend paid to Redland City Council | | | (450,000) | (450,000) |
| Balance at 30 June 2023 | 12,656,998 | | (1,044,451) | 11,612,547 |
| Balance at 1 July 2023 | 12,656,998 | | (1,044,451) | 11,612,547 |
| Profit/(loss) for the year | - | | 238,795 | 238,795 |
| Asset Revaluation Surplus | | 3,913,152 | | 3,913,152 |
| Total comprehensive income for the year | 12,656,998 | 3,913,152 | (805,656) | 15,764,494 |
| Transactions with owners | | | | |
| Dividend paid to Redland City Council | - | | (325,000) | (325,000) |
| Repayment of Equity | (888,152) | | - | (888,152) |
| Balance at 30 June 2024 | 11,768,846 | 3,913,152 | (1,130,656) | 14,551,342 |

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 2024

| | Note | Consolidated | | Parent | |
|---|------|--------------------|--------------------|--------------------|--------------------|
| | | 2024 \$ | 2023 \$ | 2024 \$ | 2023 \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers and related parties | | 3,340,385 | 1,862,050 | 3,134,239 | 1,462,072 |
| Payments to suppliers and employees | | (1,633,440) | (1,033,240) | (1,345,602) | (792,257) |
| Interest received | | 76,197 | 78,225 | 71,972 | 76,843 |
| Finance costs | | (3,799) | (5,415) | (3,799) | (5,412) |
| Net cash generated by operating activities | | 1,779,343 | 901,620 | 1,856,810 | 741,246 |
| Payments for investment property | | (67,158) | (1,847,640) | - | - |
| Contributed Equity | | (411,848) | - | (411,848) | - |
| Net cash used in investing activities | | (479,006) | (1,847,640) | (411,848) | - |
| Dividends paid | | (325,000) | (450,000) | (325,000) | (450,000) |
| Payments for PPE | | 411,848 | - | 411,848 | - |
| Repayment of Equity to Shareholders | | (1,300,000) | - | (1,300,000) | - |
| Deposits from (to) subsidiaries | | | | | (1,452,856) |
| Net cash generated in financing activities | | (1,213,152) | (450,000) | (1,213,152) | (1,902,856) |
| Net increase in cash and cash equivalents held | | 87,185 | (1,396,020) | 231,810 | (1,161,610) |
| Cash and cash equivalents at beginning of year | | 2,888,203 | 4,284,223 | 2,412,413 | 3,574,023 |
| CASH AND CASH EQUIVALENTS END OF YEAR | 4 | 2,975,388 | 2,888,203 | 2,644,223 | 2,412,413 |

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

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Notes to the Financial Statements

For the year ended 30 June 2024

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 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 – Simplified Disclosures 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 2023. New standards relate to very specific circumstances and are not applicable to the Group. 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 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of RIC and its subsidiaries as at 30 June 2024.

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.

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Notes to the Financial Statements

For the year ended 30 June 2024

c. Basis of Consolidation (continued)

Investment in a subsidiary is accounted for at cost in the financial statements of RIC. At 30 June 2024 RIC had two wholly owned controlled entities:

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. 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.

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 properties at 48 and 66 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.



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Notes to the Financial Statements

For the year ended 30 June 2024

e. Fair Value (continued)

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 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 two investment properties and land transferred from EDQ under the fair value principle (refer Note 1h).

f. 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.

g. 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 |
| 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 2024

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 (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 at 4 and 66 Bloomfield, earning rental income was undertaken as at 30 June 2023 using the income capitalisation approach as the primary method. This was supported by concurrent sales comparisons of similar properties by the valuers, before arriving at a market value assessment.

The land at Weinam Creek transferred from EDQ is supported by a valuation from a qualified valuer performed in April 2024.

At each year end, 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.

i. 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.

j. 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 1m and 4)

Trade and other receivables (refer Notes 1o 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 Revenue from Contracts with Customers*, 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.

REDLAND INVESTMENT CORPORATION PTY LTD
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Notes to the Financial Statements

For the year ended 30 June 2024

j. Financial Instruments (continued)

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 1q and 9)

Borrowings (refer Notes 11 and 13)

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 *Financial Instruments* 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.

k. 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

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Notes to the Financial Statements

For the year ended 30 June 2024

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.

l. 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.

m. 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.

n. 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.

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.

o. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed

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Notes to the Financial Statements

For the year ended 30 June 2024

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 1j for further discussions on determination of impairment losses. All known bad debts were written-off or provided for at 30 June 2024 where relevant.

p. 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.

q. 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.

r. Dividends Payable

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

s. 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 and 1h)
- Revenue and other income (refer Notes 1n and 2).

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Notes to the Financial Statements

For the year ended 30 June 2024

Note 2 Total Revenue and Other Income

| | Consolidated | | Parent | |
|---|------------------|------------------|------------------|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$ | \$ | \$ | \$ |
| Fair value adjustment on investment property | | 368,985 | | |
| Project management fees | 1,471,734 | 1,402,000 | 1,471,734 | 1,402,000 |
| Commercial rent | 497,431 | 396,188 | | - |
| Parking fees | 93,510 | 85,095 | 93,510 | 85,095 |
| Profit / (loss) from disposal of fixed assets | | (36,300) | | (36,300) |
| Interest revenue | 81,161 | 81,068 | 81,161 | 81,068 |
| Other recoveries | | (436) | | (436) |
| Total revenue and other income | 2,143,836 | 2,296,600 | 1,646,405 | 1,531,427 |

Note 3 Employee Benefits Expenses

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Staff wages and salaries | 1,036,777 | 967,946 | 1,036,777 | 967,946 |
| Superannuation | 104,890 | 99,308 | 104,890 | 99,308 |
| Directors fees | 90,000 | 142,262 | 60,000 | 112,262 |
| Total employee benefits expense | 1,231,667 | 1,209,516 | 1,201,667 | 1,179,516 |

Note 4 Cash and Cash Equivalents

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Cash at bank | 668,859 | 1,603,513 | 337,694 | 1,127,723 |
| QTC Cash Management Fund | 2,306,529 | 1,284,690 | 2,306,529 | 1,284,690 |
| Total cash and cash equivalents | 2,975,388 | 2,888,203 | 2,644,223 | 2,412,413 |

Note 5 Trade and Other Receivables

CURRENT

| | | | | |
|--|----------------|------------------|------------------|------------------|
| Trade receivables | | | | |
| - Receivable from Redland City Council | 245,191 | 210,865 | 244,164 | 210,865 |
| - Commercial rent and car parking | 76,511 | - | (11,349) | - |
| - Receivable from subsidiary | - | - | 1,752,511 | 2,032,511 |
| - Receivable from other customers | - | 2,898,409 | | 2,848,575 |
| - Less: provision for expected credit losses | (394) | (394) | | - |
| - Net GST receivable | 12,785 | 40,253 | 12,176 | 40,321 |
| Interest receivable | 9,189 | 4,225 | 9,189 | 4,225 |
| Closing balance as at 30 June | 343,282 | 3,153,358 | 2,006,691 | 5,136,497 |

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Notes to the Financial Statements

For the year ended 30 June 2024

| | Consolidated | | Parent | |
|--|------------------|------------------|----------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$ | \$ | \$ | \$ |
| Note 6 Investment property | | | | |
| Opening balance as at 1 July | 6,353,290 | 4,172,965 | - | 36,300 |
| Acquisitions and subsequent expenditure on investment property | 67,160 | 1,847,640 | - | - |
| Transfer from other asset class | | - | - | - |
| Net gain from fair value adjustments to investment property | | 368,985 | - | - |
| Disposals | | (36,300) | - | (36,300) |
| Closing balance as at 30 June | 6,420,450 | 6,353,290 | - | - |

Note 7 Investment in Subsidiary

| | | | | |
|---------------------------------------|----------|----------|------------------|------------------|
| Investment in Cleveland Plaza Pty Ltd | - | - | 4,408,239 | 4,408,239 |
| Total investment in subsidiary | - | - | 4,408,239 | 4,408,239 |

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Notes to the Financial Statements

For the year ended 30 June 2024

Note 8 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:

| Consolidated | 2024 | 2024 | 2024 | 2024 | 2023 | 2023 | 2023 | 2023 |
|--------------------------------------|----------------------------|-----------------|-------------------|-------------------|----------------------------|-----------------|---------------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| | Plant and Equipment | Building | Land | Total | Plant and Equipment | Building | Land | Total |
| Carrying amount as at 1 July | 17,003 | 278,754 | 87,625 | 383,382 | 22,373 | 292,865 | 87,625 | 402,863 |
| - Additions | - | - | 11,286,848 | 11,286,848 | - | - | - | - |
| - Revaluation adjustments | - | - | 3,913,152 | 3,913,152 | - | - | - | - |
| - Disposals | - | - | - | - | - | - | - | - |
| - Minor asset written off | - | - | - | - | - | - | - | - |
| - Depreciation | (5,370) | (14,112) | - | (19,481) | (5,370) | (14,111) | - | (19,481) |
| Carrying amount as at 30 June | 11,633 | 264,642 | 15,287,625 | 15,563,901 | 17,003 | 278,754 | 87,625 | 383,382 |
| Parent | Plant and Equipment | Building | Land | Total | Plant and Equipment | Building | Land | Total |
| Carrying amount as at 1 July | 17,003 | - | - | 17,003 | 22,373 | - | - | 22,373 |
| - Additions | - | - | 11,286,848 | 11,286,848 | - | - | - | - |
| - Revaluation adjustments | - | - | 3,913,152 | 3,913,152 | - | - | - | - |
| - Disposals | - | - | - | - | - | - | - | - |
| - Minor asset written off | - | - | - | - | - | - | - | - |
| - Depreciation | (5,370) | - | - | (5,370) | (5,370) | - | - | (5,370) |
| Carrying amount as at 30 June | 11,633 | - | 15,200,000 | 15,211,634 | 17,003 | - | - | 17,003 |

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.

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Notes to the Financial Statements

For the year ended 30 June 2024

Note 9 Trade and Other Payables

| | Consolidated | | Parent | |
|---------------------------------------|------------------|----------------|------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| CURRENT | \$ | \$ | \$ | \$ |
| Trade payables | | | | |
| Payables to Redland CC | 1,280,000 | | 1,280,000 | |
| Payables to external parties | 189,601 | 289,040 | 64,926 | 154,370 |
| Annual Leave | 43,927 | 62,881 | 43,927 | 62,881 |
| Total trade and other payables | 1,513,528 | 351,921 | 1,388,853 | 217,251 |

Note 10 Dividends

| | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| Dividend paid to Redland City Council | 325,000 | 450,000 | 325,000 | 450,000 |
| Total Dividends paid/received | 325,000 | 450,000 | 325,000 | 450,000 |

Note 11 Borrowings

RIC holds a Line of Credit facility with Commonwealth Bank Australia 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 2024. It is intended to be used by RIC in progressing the Council projects where ready cashflow is not available.

Note 12 Provisions

| | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|
| CURRENT | | | | |
| Long service leave | 86,446 | - | 86,446 | - |
| NON-CURRENT | | | | |
| Long service leave | 91,801 | 144,354 | 91,801 | 144,354 |
| Total provisions at 30 June | 178,247 | 144,354 | 178,247 | 144,354 |

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 1k.

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Notes to the Financial Statements

For the year ended 30 June 2024

Note 12 Provisions (continued)

Movements in provisions were as follows:

| | Consolidated | | Parent | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$ | \$ | \$ | \$ |
| <u>Long service leave</u> | | | | |
| Opening balance at 1 July | 144,354 | 119,959 | 144,354 | 119,959 |
| Long service leave entitlement raised | 33,893 | 24,395 | 33,893 | 24,395 |
| Closing balance at 30 June | 178,247 | 144,354 | 178,247 | 144,354 |

Note 13 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 | 2,975,388 | 2,888,203 | 2,644,223 | 2,412,413 |
| Trade and other receivables | 5 | 343,282 | 3,153,358 | 2,006,691 | 5,136,497 |
| Total financial assets | | 3,318,670 | 6,041,561 | 4,650,914 | 7,548,910 |
| Financial liabilities | | | | | |
| Trade and other payables | 9 | 1,513,528 | 351,921 | 1,388,853 | 217,251 |
| Total financial liabilities | | 1,513,528 | 351,921 | 1,388,853 | 217,251 |

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 on interest only terms and are managed using rolling cash flow forecasts.



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Notes to the Financial Statements

For the year ended 30 June 2024

Note 14 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 Chief Executive Officer |
| Mrs Anca Butcher | Director of Cleveland Plaza 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:

| | 2024 | 2023 |
|---|----------------|----------------|
| | \$ | \$ |
| Key management personnel compensation – short term benefits (Paid) | 635,795 | 622,381 |
| Key management personnel compensation – short term benefits (Accrued) | (6,108) | 12,686 |
| Key management personnel superannuation (Paid) | 60,359 | 59,178 |
| Key management personnel superannuation (Accrued) | - | - |
| Key management personnel long service leave (Accrued) | (137,135) | 18,396 |
| Total | 552,911 | 712,641 |

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Notes to the Financial Statements

For the year ended 30 June 2024

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.

| | 2024 | 2023 |
|---|------------------|------------------|
| | \$ | \$ |
| Purchase of goods and services from Council | - | - |
| Payment of dividend to Council | (325,000) | (450,000) |
| Repayment of loan to Council | - | - |
| Interest paid on loan from Council | - | - |
| Professional services provided to Council | 1,471,000 | 1,402,000 |
| Total | 1,146,000 | 2,824,276 |

The receivables and payables from Council are provided at Notes 5 and 9 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 | - | - |
| Receivable from subsidiaries | 1,752,511 | 2,032,511 |

Note 15 Remuneration of Auditors

| | | |
|-------------------------------|--------|--------|
| Auditor-General of Queensland | | |
| Audit of financial statements | 27,550 | 26,240 |

Note 16 Events after the Reporting Date

There are no events to report.

Note 17 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 Leases but is expensed instead.

Note 18 Contingent Assets and Liabilities

The Group had no contingent assets or contingent liabilities at 30 June 2024.

Directors' Declaration

For the year ended 30 June 2024

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 24:
 - 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 at 30 June 2024 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 16th September 2024

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 2024, and their financial performance and cash flows for the year then ended
- b) complies with Australian Accounting Standards – Simplified Disclosures.

The financial report comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statements 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 material accounting policy 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 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 parent and group 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 financial and non-financial information included in the Redland Investment Corporation Pty Ltd directors' report.

Those charged with governance 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 directors 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 the *Corporations Act 2001*, the Corporations Regulations 2001 and 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 management either intends to liquidate the parent or group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of my auditor's report.

Jacques Coetzee

18 September 2024

Jacques Coetzee
as delegate of the Auditor-General

Queensland Audit Office
Brisbane