Directors' Report for the year ended 30 June 2012

The Directors present their report on the company for the year ended 30 June 2012.

Directors

The following persons were Directors of the company during the whole of the year (unless otherwise noted):

Name	**Experience, qualifications and special responsibilities**
Peter Coaldrake Director and Chair 21/12/09 – 29/01/12	Peter Coaldrake is Vice-Chancellor of Queensland University of Technology and he has served as Chair and Chief Executive Officer of the Queensland Public Sector Management Commission from 1990 to 1994.
Cherrie Bottger Director 21/11/03 – 20/11/07, and 18/02/08 – 29/01/12 Director and Chair 30/01/12 – 30/06/12	Cherrie Bottger is the Head of Children's Programming and Documentaries at Network 10 and has had more than thirty years' experience in the broadcast industry. Cherrie is a board member of Screen Australia and also a member of the Advisory Board for QUT Creative Industries.
Michael Burton Director 18/02/08 – 30/06/12	Michael Burton is the Managing Director of Cutting Edge and has extensive experience in film production, broadcast television and creating innovative technology for post-production.
John Menzies Director 21/12/09 – 29/01/12	John Menzies is the Chairman of Warner Village Theme Parks, Executive Producer of the Australian Outback Spectacular, and a board member of the Australian Stockman's Hall of Fame.
Chris Nyst Director 21/12/09 – 30/06/12	Chris Nyst, founding principal of Nyst Lawyers, is recognised as one of Queensland's leading litigators and a specialist in criminal law. He is an adjunct professor of law with Griffith University, a best-selling author, and a critically acclaimed screenwriter and film producer.
Lynda O'Grady Director 18/02/08 – 22/07/11	Lynda O'Grady is a strategic and operations consultant to a diverse range of organisations across a number of industry sectors including ICT, biomedical, manufacturing, retailing, waste and green energy. Lynda has held senior executive roles in Telstra Corporation, PBL and Alcatel. She is an independent director on the Board of NEHTA (National Electronic Health Transition Authority) and member of the Council of Bond University Ltd.
Cathy Overett Director 21/12/09 – 30/06/12	Cathy Overett is Managing Director of New Holland Pictures, an international film and television production company. She is also Chair of the Queensland Screen Industry Council and is Queensland Chapter Head of the Screen Producers Association of Australia.

Directors' Report for the year ended 30 June 2012 (continued)

Name	**Experience, qualifications and special responsibilities**
Leigh Tabrett Director 14/07/09 – 30/06/12	Leigh Tabrett was Deputy Director-General, Arts Queensland, responsible for arts and cultural funding, capital programs, cultural policy and relationships with arts statutory bodies and companies. Prior to this role, Ms Tabrett was Assistant Director-General in Education with responsibility for international, non-state and higher education. Ms Tabrett has served on numerous national arts and higher education advisory bodies and boards.

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

Name	**Experience, qualifications and special responsibilities**
Geoff Cooper Director and Chair since 01/07/12	Geoff Cooper is a television producer and media consultant with twenty years' experience in the Queensland industry, including thirteen years as Executive Producer and Manager of Network 10's Children's and Documentary Unit. He is currently Consultant Live Action Commissioning for ABC Children's Television and a board member of the Brisbane Powerhouse, chairing the Digital Innovation Group.
Michael Hawkins Director and Deputy Chair since 01/07/12	Michael Hawkins is a company director of diverse commercial experience. His roles include Executive Director of the National Association of Cinema Operators-Australasia, Director of the Intellectual Property Awareness Foundation Ltd, and Director of MFP Media Management Pty Ltd – a film and television executive production business. He was formerly CEO of Australian Multiplex Cinemas Ltd and also served for many years as an Executive Councillor of the Australian Entertainment Industry Association. He is a lawyer by training and a Fellow of the Australian Institute of Company Directors.
Peter Baston Director since 01/07/12	Peter Baston has been a barrister for over twenty-five years and is an experienced arbitrator, mediator and consultant. Peter has been a part-time member of the Criminal Justice Commission Misconduct Tribunal and Chair of a Marine Board of Inquiry.
Stuart Cunningham Director since 01/07/12	Stuart Cunningham is Distinguished Professor, QUT, and Director of the Australian Research Council Centre of Excellence for Creative Industries and Innovation. He has served as Commissioner of the Australian Film Commission and as foundation Chair of QPIX, and is currently a member of the Library Board of Queensland.
Jan Grew Director since 01/07/12	Jan Grew has been a Councillor with the Gold Coast City Council for nineteen years and is the Chair of the Economic Development and Tourism Committee, and serves on various boards including Gold Coast Tourism, and Gold Coast Film Fantastic.

Directors' Report for the year ended 30 June 2012 (continued)

Name	**Experience, qualifications and special responsibilities**
Kathy Mac Dermott Director since 01/07/12	Kathy Mac Dermott is the Executive Director of the Queensland Division of the Property Council of Australia. She was a journalist for The Australian Financial Review for eleven years, seven as the Queensland Bureau Chief.
Kaye Martin Director since 01/07/12	Kaye Martin is a business consultant and qualified financial advisor. She is a Director of the Universal Group of Companies specialising in fund management and asset management services, especially for the Finance and IT industries, and has been a board member of the Australia-Taiwan Business Council.
Des Power Director since 01/07/12	Award-winning filmmaker, former journalist and foreign correspondent, and chair of a number of prominent boards in the film and events industries in Australia, Des Power is Chair of Asia Pacific Screen Awards Ltd.

Directors of the company have been appointed for a common term. These do not represent fixed employment arrangements with remuneration being based on fees per meeting. Expiry dates of current appointments are as follows:

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

Directors' meetings

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

Director	**Directors' meetings**		**Audit & Accounts meetings**	
	A	B	A	B
Peter Coaldrake	6	7	N/A	N/A
Cherrie Bottger	8	10	N/A	N/A
Michael Burton	7	10	3	3
John Menzies	1	7	N/A	N/A
Chris Nyst	4	10	N/A	N/A
Lynda O'Grady	2	2	N/A	N/A
Cathy Overett	9	10	N/A	N/A
Leigh Tabrett	9	10	N/A	N/A

A: Number of meetings attended.
B: Number of meetings held during the time the Director held office.
N/A: Not applicable.

Directors' Report for the year ended 30 June 2012 (continued)

Corporate governance statement

Screen Queensland Pty Ltd (SQ) is a company limited by shares with these shares held beneficially by the State of Queensland. SQ's Board of Directors is responsible for corporate governance, ensuring transparency of operation of SQ. Summarised in this report are the primary corporate governance practices established by the Board and which were in place throughout the financial year, unless otherwise stated, to ensure the interests of the State of Queensland, clients and staff are protected.

Board responsibilities

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

Key responsibilities of the Board also include:

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

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

Independent professional advice

The Board collectively, and each director individually, has the right to seek independent professional advice at the expense of the company.

A Director seeking such advice must obtain the prior approval of the Chair or in his/her absence, the Board. Such approval may not be unreasonably withheld. A copy of advice received by a director is made available to all other directors of the Board except where circumstances deem it inappropriate.

Conflicts of interest

In accordance with the *Corporations Act 2001* and the company's constitution, Directors must keep the Board advised on an ongoing basis of any interest that could potentially conflict with company interests. Where the Board believes a significant conflict exists, the Director concerned will not receive relevant Board papers, will not be present at the meeting whilst the item is considered, and will play no part in any decision made concerning the item.

An annual declaration of interests is made by each Board member, and has been completed by new Board members appointed on 1 July 2012.

Directors' Report for the year ended 30 June 2012 (continued)

Board committees

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

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

Code of conduct

Directors, management and staff are expected to perform their duties in line with the company's code of conduct ensuring professionalism, integrity and objectivity, striving at all times to enhance the reputation and performance of the company.

Insurance and indemnities

Screen Queensland paid an insurance premium for General Liability of $30,019 excluding GST to the Queensland Government Insurance Fund (QGIF) which provided Directors and Officers coverage during the year. This policy has been renewed subsequent to year end.

No indemnities have been given during or since the end of the financial year for any person who is or has been an officer or auditor of the company.

Options

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

Principal activities

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

a) the development, promotion and enhancement of the film production industry; and
b) film culture and presentation of film and film related events in Queensland.

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

Operating result

The company's net loss after income tax for the year was $391,032 (2011: profit of $1,462,041).

Dividends

The company has not paid or declared a dividend during the year ended 30 June 2012.

Review of financial operations

The loss is due to a timing difference between the year in which revenue is received and the timing of funds being expended. During the current financial year more funds were expended in development and production programmes (see Note 3) to meet prior years' future film commitments. Each year SQ commits funds to a variety of projects and those funds can only be expended upon the receipt by SQ of deliverables as specified in the contract.

Directors' Report for the year ended 30 June 2012 (continued)

Revenue

Revenue this year is consistent with the prior year. The majority of SQ revenue is received from the Queensland State Government.

Expenditure

Expenditure increased this year, primarily in development and production programmes (see Note 3) to meet prior years' future film commitments. Current future film commitments are $4,477,899 at year end. These commitments will become liabilities as specified at Note 13.

Significant changes in the state of affairs

The company's primary activities are to assist the local film production industry and to promote foreign investment in international production in the State. The ability of the company to undertake these activities is subject to ongoing Queensland State Government funding support. There have been no significant changes in the company's state of affairs during the year. As at the signing date of these statements there has been no change in budgeted Government funding support.

Likely developments

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

Events subsequent to the end of the financial year

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

a) the operations of the company;
b) the results of those operations; or
c) the state of affairs of the company for the financial years subsequent to 30 June 2012.

Directors' Report for the year ended 30 June 2012 (continued)

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Screen Queensland Pty Ltd

This audit independence declaration has been provided pursuant to s307C of the *Corporations Act 2001*.

Independence Declaration

As lead auditor for the audit of Screen Queensland Pty Ltd for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been;

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

K A Vivian
As Delegate for the Auditor General of Queensland

Date at Brisbane, this 23rd day of August 2012

Directors' Report for the year ended 30 June 2012 (continued)

Environmental policy

It is the company's policy to:

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

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Rounding off

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

Signed in accordance with a resolution of the Directors:

Geoff Cooper
Chair

Michael Hawkins
Deputy Chair

Brisbane, 24 August, 2012

Screen Queensland Pty Ltd
ABN 20 056 169 316

Statement of Comprehensive Income for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Income			
Revenue	2	12,862	13,298
Expenses			
Development & Production	3	10,156	8,375
Screen Culture	3	1,858	2,119
Corporate	3	1,239	1,342
Total Expenses		**13,253**	**11,836**
Profit / (Loss) before Income Tax		**(391)**	**1,462**
Income Tax Expense		-	-
Profit / (Loss) after Income Tax		**(391)**	**1,462**
Other Comprehensive Income		-	-
Total Comprehensive Income / (Loss)		**(391)**	**1,462**
Profit / (Loss) attributable to the member of the company		**(391)**	**1,462**
Total Comprehensive Income / (Loss) attributable to the member of the company		**(391)**	**1,462**

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 14 to 38.

Screen Queensland Pty Ltd
ABN 20 056 169 316

Statement of Financial Position as at 30 June 2012

	Note	2012 $'000	2011 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5	3,820	1,558
Trade and other receivables	6	11,919	11,186
Other assets	7	37	74
Total current assets		**15,776**	**12,818**
Non-current assets			
Trade and other receivables	6	3,728	4,675
Plant and equipment	8	102	125
Total non-current assets		**3,830**	**4,800**
Total assets		**19,606**	**17,618**
LIABILITIES			
Current liabilities			
Trade and other payables	9	336	243
Borrowings	10	11,576	3,845
Provisions	11	9	-
Total current liabilities		**11,921**	**4,088**
Non-current liabilities			
Borrowings	10	-	5,449
Provisions	11	20	25
Total non-current liabilities		**20**	**5,474**
Total liabilities		**11,941**	**9,562**
Net assets		**7,665**	**8,056**
EQUITY			
Retained profits		7,665	8,056
Total equity		**7,665**	**8,056**

The Retained profits include future film commitments of $4,477,899 (2011: $5,653,091) at year end. These commitments will become liabilities when the conditions as specified at Note 13 are fulfilled.

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 14 to 38.

Screen Queensland Pty Ltd
ABN 20 056 169 316

Statement of Cash Flows for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Government grants received		9,781	9,791
Cash receipts from customers		2,675	2,800
Cash payments to suppliers and employees		(12,661)	(11,281)
Interest received		597	727
Interest and finance charges paid		(669)	(565)
Net cash provided by (used in) operating activities	14b	**(277)**	**1,472**
Cash flows from investing activities			
Payments for plant and equipment		(37)	(113)
Proceeds from repayment of Film funding loans		7,285	8,996
Payments made for Film funding loans		(6,990)	(10,668)
Net cash provided by (used in) investing activities		**258**	**(1,785)**
Cash flows from financing activities			
Repayment of borrowings		(5,007)	(9,750)
Proceeds from borrowings		7,288	4,988
Net cash provided by (used in) financing activities		**2,281**	**(4,762)**
Net increase (decrease) in cash held		**2,262**	**(5,075)**
Cash at the beginning of the financial year		**1,558**	**6,633**
Cash at the end of the financial year	14a	**3,820**	**1,558**

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 14 to 38.

Screen Queensland Pty Ltd
ABN 20 056 169 316

Statement of Changes in Equity for the year ended 30 June 2012

	Note	Retained Profits $'000	Total $'000
Balance at 30 June 2010		**6,594**	**6,594**
Profit/(loss) attributable to the member of the company		1,462	1,462
Other Comprehensive Income attributable to the member of the company		-	-
Balance at 30 June 2011		**8,056**	**8,056**
Profit/(loss) attributable to the member of the company		(391)	(391)
Other Comprehensive Income attributable to the member of the company		-	-
Balance at 30 June 2012		**7,665**	**7,665**

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 14 to 38.

Notes to the financial statements for the year ended 30 June 2012

Note *Contents*

Notes to the financial statements for the year ended 30 June 2012

The financial report covers Screen Queensland Pty Ltd as an individual not-for-profit entity. Screen Queensland Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

1. Statement of significant accounting policies

(a) Basis of accounting

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, to meet the reporting requirements of the shareholder.

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

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

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

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

The financial statements were authorised for issue on 24 August 2012 by the directors of the company.

(b) Revenue recognition

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

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

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

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

Returns on equity invested in development or production of screen projects are recognised as revenue when the right to receive the investment return has been advised under the terms of the Production Investment Agreement.

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

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

1. Statement of significant accounting policies (continued)

(d) Rounding amounts

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

(e) Taxation

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

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

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

(f) Cash and cash equivalents

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

(g) Financial instruments

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

A financial instrument is recognised if the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the company’s contractual rights to the cash flow from the financial assets expire or if the company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the assets. Financial liabilities are derecognised if the company’s obligations specified in the contract expire or are discharged or cancelled.

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

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

(i) Investment Securities

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

(ii) Held-to-maturity investments

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

1. Statement of significant accounting policies (continued)

(g) Financial instruments (continued)

(iii) Loans and receivables

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

Loans receivable are generally settled within 24 months. A market rate of interest is charged on outstanding debts. The collectibility of debts is assessed at the reporting date and specific provision is made for any doubtful loans. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Other financial liabilities

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

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

(h) Assistance to domestic film industry and grant commitments

Each year SQ commits funds to a variety of projects. A liability for funds committed is recognised when an agreement has been signed and the company has a present obligation to settle the debt. A present obligation to settle the debt is assessed by the company with reference to contract payment dates and completion of predetermined milestones and deliverables. If the company does not have a present obligation to settle the debt at year end, the amount is considered as a commitment and not included in the Statement of Financial Position. Funds equal to the amount being committed are held in SQ's equity reserves until such time as the funds are expended.

(i) Borrowing costs

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

(j) Plant and equipment

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

Acquisition
Purchases of plant and equipment are initially recorded at cost.

1. Statement of significant accounting policies (continued)

(j) Plant and equipment (continued)

Impairment
The carrying amounts of plant and equipment are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of plant and equipment exceeds the recoverable amount, the asset is written down to the lower amount to reflect any impairment.

Depreciation and Amortisation
Depreciation on plant and equipment is calculated on a diminishing value basis so as to write off the cost (or other value) of each depreciable asset, less its estimated residual value, progressively over its estimated useful life.

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

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

- Plant and equipment — 37.50 - 66.67 percent
- Leasehold improvements — 40 percent

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

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

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

(k) Leased plant and equipment

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

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

(l) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

1. Statement of significant accounting policies (continued)

(m) Employee entitlements

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

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

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

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

(n) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates — Impairment
The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. No impairments have been recognised in respect of non-financial or financial assets at year end.

(o) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(p) for further discussion on the determination of impairment losses.

Notes to the financial statements for the year ended 30 June 2012 (continued)

1. Statement of significant accounting policies (continued)

(p) Impairment

(i) Non-financial assets

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

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

(ii) Financial assets

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

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

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

All impairment losses are recognised in the Statement of Comprehensive Income.

(q) Accounting standards issued not effective

At the date of authorisation of the financial report, certain Standards and Interpretations were on issue but not effective. These Standards and Interpretations have not been adopted in the preparation of the financial report for 30 June 2012.

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

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

- AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

  This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The company has not yet determined any potential impact on the financial statements.

1. Statement of significant accounting policies (continued)

(q) Accounting standards issued not effective (continued)

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

- simplifying the requirements for embedded derivatives;

- removing the tainting rules associated with held-to-maturity assets;

- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on; (a) the objective of the entity's business model for managing the finance and (b) the characteristics of the contractual cash flows; and

- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

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

  AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:
  Tier 1: Australian Accounting Standards; and
  Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

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

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

1. Statement of significant accounting policies (continued)

(q) Accounting standards issued not effective (continued)

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

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

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

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

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

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

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

  AASB 13 requires:

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

  These Standards are not expected to significantly impact the company.

- AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 136, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

1. Statement of significant accounting policies (continued)

(q) Accounting standards issued not effective (continued)

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the company.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the company.

(r) Financial risk management

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

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

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

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

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

Credit risk

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

Trade and other receivables

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

1. Statement of significant accounting policies (continued)

(r) Financial risk management (continued)

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

Investments – cash and cash equivalents

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

Liquidity risk

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

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

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

Market risk

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

Interest rate risk

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

	2012 $'000	2011 $'000

2. Revenue and other income

	2012 $'000	2011 $'000
Grant revenue	9,781	9,791
Contra sponsorship revenue – Screen Culture	346	646
Domestic film revenue	1,485	1,651
Sponsorship – Screen Culture	292	461
Event revenue – Screen Culture	274	231
Interest revenue from investments	279	186
Interest revenue from loans and receivables	405	332
	12,862	13,298

3. Expenses

Development and Production

	2012 $'000	2011 $'000
Project and business development programmes	1,506	1,700
Production funding programmes	3,991	4,602
Incentives including scouts	2,506	49
Industry networking programme	39	8
Marketing programme	299	299
Finance costs	669	565
Assessment costs	144	222
Employee benefits expense	718	724
Operating expenses	424	336
Total Development and Production	10,296	8,505

Screen Culture

	2012 $'000	2011 $'000
Screen Culture event programmes	1,052	947
Screen Culture contra expenses	346	646
Screen Culture funding programmes	149	83
Employee benefits expense	234	294
Operating expenses	122	202
Total Screen Culture	1,903	2,172

Corporate

	2012 $'000	2011 $'000
Depreciation and amortisation	45	90
Loss on disposal of plant and equipment	15	-
Lease payments	314	315
Employee benefits expense	656	731
Operating expenses	209	206
Total Corporate	1,239	1,342

		2012 $'000	2011 $'000
4. Auditors' remuneration			
Amounts received or due and receivable by the auditors for			
- the audit of the financial report	– current year	33	35
	– prior year	-	6
		33	41

	2012 $'000	2011 $'000
5. Cash and cash equivalents		
Cash on hand	1	1
Cash at bank	505	1,030
Cash fund (Queensland Treasury Corporation)	3,314	527
	3,820	1,558

The cash and cash equivalents are at call and pay interest at a weighted interest rate of 3.57 percent (2011: 5.28 percent).

	2012 $'000	2011 $'000
6. Trade and other receivables		
Current		
Sundry debtors	95	89
GST receivable	55	52
Loans receivable – film assistance loans	11,769	11,045
	11,919	11,186
Non-current		
Loans receivable – film assistance loans	3,728	4,675
	3,728	4,675

Credit Risk

Trade and other receivables (excluding film assistance loans) are non-interest bearing and are generally on 30 day terms. Film assistance loans are secured, interest bearing and are for a fixed term. The security is a fixed and floating charge held by the company over the assets of the borrower.

6. Trade and other receivables (continued)

The following table details the company's trade and other receivables exposed to credit risk prior to collateral with ageing analysis. Two past due loans of $1,040,171 and $1,814,195 have been extended on existing terms during the current year and consequently there has been no impairment provided.

			Past Due but Not Impaired (Days Overdue)				
	Gross Amount	**Past Due & Impaired**	**< 30 Days**	**31-60 Days**	**61-90 Days**	**> 90 Days**	**Within Initial Trade Terms**
2012	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
CURRENT							
Trade receivables	95	-	11	-	22	62	-
GST receivables	55	-	-	-	-	-	55
Film assistance loans - current	11,769	-	2,854	-	-	-	8,915
TOTAL CURRENT	**11,919**	**-**	**2,865**	**-**	**22**	**62**	**8,970**
NON-CURRENT							
Film assistance loans - non-current	3,728	-	-	-	-	-	3,728
TOTAL NON-CURRENT	**3,728**	**-**	**-**	**-**	**-**	**-**	**3,728**

			Past Due but Not Impaired (Days Overdue)				
	Gross Amount	**Past Due & Impaired**	**< 30 Days**	**31-60 Days**	**61-90 Days**	**> 90 Days**	**Within Initial Trade Terms**
2011	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
CURRENT							
Trade receivables	89	-	-	-	-	-	89
GST receivables	52	-	-	-	-	-	52
Film assistance loans - current	11,045	-	-	-	-	-	11,045
TOTAL CURRENT	**11,186**	**-**	**-**	**-**	**-**	**-**	**11,186**
NON-CURRENT							
Film assistance loans - non-current	4,675	-	-	-	-	-	4,675
TOTAL NON-CURRENT	**4,675**	**-**	**-**	**-**	**-**	**-**	**4,675**

7. Other assets

	2012 $'000	**2011 $'000**
Current		
Prepayments	37	74
	37	74

8. Plant and equipment

	2012 $'000	2011 $'000
Plant and equipment at cost	51	218
Less: accumulated depreciation	(14)	(201)
	37	17
Leasehold improvements at cost	180	180
Less: accumulated amortisation	(115)	(72)
	65	108
	102	125

Reconciliation

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

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

2012	**Plant & equipment $'000**	**Leasehold improvements $'000**	**Total $'000**
Carrying amount at 1 July 2010	10	92	102
Additions	25	88	113
Disposals	-	-	-
Depreciation and amortisation	(18)	(72)	(90)
Carrying amount at 30 June 2011	17	108	125

	2012 $'000	2011 $'000

9. Trade and other payables

	2012 $'000	2011 $'000
Current		
Unsecured Liabilities		
Sundry payables and accruals	268	149
Annual leave owing	68	94
	336	243

10. Borrowings

	2012 $'000	2011 $'000
Current unsecured	11,576	3,845
Non-current unsecured	-	5,449
Total	11,576	9,294

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

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

Current borrowings accumulate interest at prevailing market rates with a weighted average interest rate as at 30 June 2012 of 5.34 percent (2011: 5.64 percent).

Terms and conditions of outstanding current loans were as follows:

Nominal Interest Rate	Year of Maturity	Face Value $'000	Within 1 Year $'000	1-5 Years $'000	Contract Cash Flow Within 1 Year $'000	Contract Cash Flow 1-5 Years $'000
5.34%	2012/13	11,576	11,576	-	11,734	-
Totals		**11,576**	**11,576**	**-**	**11,734**	**-**

11. Provisions

	2012 $'000	2011 $'000
Provision for long service leave		
Current	9	-
Non-current	20	25
	29	25
Reconciliation		
Opening balance at 1 July	25	9
Additional provisions	12	16
Amounts used	(8)	-
	29	25

A provision has been recognised by the company for employee entitlements relating to long service leave for employees.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken, is based upon historical data. The measurement and recognition criteria for employee entitlements has been included in Note 1(m).

12. Contributed equity

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

13. Commitments for expenditure

(a) Lease commitments

Non-cancellable operating lease commitments

	2012 $'000	2011 $'000
Not longer than one year	30	25
Longer than one year but not longer than five years	-	
Longer than five years	-	-
	30	25

The lease commitment represents the lease for the company's office premises on a month to month lease term, and a photocopier with a lease expiring at the end of the 2013 financial year.

13. Commitments for Expenditure (continued)

(b) Future film commitments

The company enters into contracts with practitioners from the film industry for the provision of grant funding.

A commitment has been recognised when a contract has been entered into by the company.

Amounts are transferred from a commitment to a liability when the terms, conditions and deliverables as per the contract have been fulfilled by the industry practitioner.

The commitment remaining at year end is:

	2012 $'000	2011 $'000
Payable in		
Not longer than one year	4,478	5,653
Longer than one year but not longer than five years	-	-
Longer than five years	-	-
	4,478	5,653

14. Notes to statement of cash flows

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, short term deposits and investment securities. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2012 $'000	2011 $'000
Cash on hand	1	1
Cash at bank	505	1,030
Cash fund (Queensland Treasury Corporation)	3,314	527
	3,820	1,558

(b) Reconciliation of profit / (loss) after income tax to net cash flow from operating activities

	2012 $'000	2011 $'000
Net profit / (loss) after income tax	(391)	1,462
Depreciation and amortisation expense	45	90
Loss on sale of plant and equipment	15	-
Contra sponsorship revenue	346	646
Contra expenditure related to sponsorship	(346)	(646)
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	(68)	185
(Decrease)/increase in trade and other payables	81	(302)
(Decrease)/increase in provisions	4	16
(Increase)/decrease in other assets	37	21
Net cash provided by (used in) operating activities	(277)	1,472

14. Notes to statement of cash flows (continued)

(c) Credit standby arrangements and loan facilities

The company has a loan facility from QTC amounting to $20,000,000 (2011: $20,000,000). This facility may be drawn upon at any time. At 30 June 2012, $11,575,789 of this facility was drawn down (2011: $9,294,980). Interest rates are fixed.

15. Remuneration of key management personnel

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

	Short-term Benefits	**Termination Benefits**	**Long-term Benefits**	**Post Employment Benefits**	**Totals**
	Base remuneration (salary & fees) $	$	Provision for Long service leave $	Super contributions $	$
2012	617,434	-	6,516	92,830	716,780
2011	606,162	-	13,550	99,927	719,639

16. Transactions and balances with related parties

Directors and director-related parties

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

Name	**Interest**
Leigh Tabrett	Leigh Tabrett was Deputy Director-General, Arts Queensland with responsibility for arts and cultural funding. Arts Queensland funding to Screen Queensland was $9,781,000 (2011: $9,781,000). The company purchased $4,600 (2011: $20,000) worth of services from Arts Queensland during the year. As part of her role, Ms Tabrett had responsibility for the Corporate Administration Agency which provided Human Resources and Information Technology services of $8,380 (2011: $3,000).
Cherrie Bottger	Cherrie Bottger is Network Ten Head of Children's Television. Network Ten sponsors the annual Brisbane International Film Festival with in-kind support of $74,082 (2011: $127,272).
Michael Burton	Michael Burton is the Managing Director of Cutting Edge. Cutting Edge sponsors the annual Brisbane International Film Festival with in-kind support of $20,000 (2011: $36,364). The company purchased $14,578 worth of services from Cutting Edge during the year. Michael Burton is a Director of Blacklab Entertainment which received funding of $20,000 (2011: $8,000) from Screen Queensland during the year.

16. Transactions and balances with related parties (continued)

Directors and director-related parties (continued)

Name	Interest
Cathy Overett	Cathy Overett is a Director of New Holland Pictures Pty Ltd which received funding of $101,810 (2011: $135,715) from Screen Queensland during the year. Cathy Overett is a Director of Iron Sky Pty Ltd which received funding of $15,000 (2011: $358,000) from Screen Queensland during the year. In addition, Iron Sky Pty Ltd borrowed $20,000 from the Screen Queensland revolving loan facility during the year (2011: $1,384,228).

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

17. Financial risk management

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

	Notes	Floating interest $'000	Fixed interest $'000	Non-interest bearing $'000	Total $'000
2012					
Financial assets					
Cash and cash equivalents	5	3,819	-	1	3,820
Loans and receivables	6	-	15,497	150	15,647
Total		**3,819**	**15,497**	**151**	**19,467**
Financial liabilities					
Trade and other payables (excluding annual leave)	9	-	-	268	268
Borrowings	10	-	11,576	-	11,576
Total		**-**	**11,576**	**268**	**11,844**
2011					
Financial assets					
Cash and cash equivalents	5	1,557	-	1	1,558
Loans and receivables	6	-	15,720	141	15,861
Total		**1,557**	**15,720**	**142**	**17,419**
Financial liabilities					
Trade and other payables (excluding annual leave)	9	-	-	149	149
Borrowings	10	-	9,294	-	9,294
Total		**-**	**9,294**	**149**	**9,443**

17. Financial risk management (continued)

Specific financial risk exposures and management

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

(a) Credit risk

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

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Management has assessed the two loans past due as not impaired under the relevant Accounting Standards, and of high credit quality. Financial risk management is discussed at Note 1(r).

(b) Liquidity risk

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

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

Financial liabilities due for payment	**Within 1 year 2012 $'000**	**Within 1 year 2011 $'000**	**1 to 5 years 2012 $'000**	**1 to 5 years 2011 $'000**	**Over 5 years 2012 $'000**	**Over 5 years 2011 $'000**	**Total 2012 $'000**	**Total 2011 $'000**
Trade and other payables (excluding annual leave)	268	149	-	-	-	-	268	149
Loans payable	11,576	3,845	-	5,449	-	-	11,576	9,294
Total expected outflows	**11,844**	**3,994**	**-**	**5,449**	**-**	**-**	**11,844**	**9,443**
Financial assets - cash flows realisable								
Cash and cash equivalents	3,820	1,558	-	-	-	-	3,820	1,558
Trade and other receivables	150	141	-	-	-	-	150	141
Loans receivable	11,769	11,045	3,728	4,675	-	-	15,497	15,720
Total anticipated inflows	**15,739**	**12,744**	**3,728**	**4,675**	**-**	**-**	**19,467**	**17,419**
Net (outflow) / inflow on financial instruments	**3,895**	**8,750**	**3,728**	**(774)**	**-**	**-**	**7,623**	**7,976**

Notes to the financial statements for the year ended 30 June 2012 (continued)

17. Financial risk management (continued)

Specific financial risk exposures and management

Sensitivity analysis

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

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

	Profit $'000	Equity $'000
Year ended 30 June 2012		
+/- 1% in interest rates	+/-69	+/-69
Year ended 30 June 2011		
+/- 1% in interest rates	+/-40	+/-40

Net fair values
Fair value estimation

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

Financial assets	**Note**	**2012 Net carrying value ($'000)**	**2012 Net fair value ($'000)**	**2011 Net carrying value ($'000)**	**2011 Net fair value($'000)**
Cash and cash equivalents	(i)	3,820	3,820	1,558	1,558
Trade and other receivables	(i)	150	150	141	141
Loans receivable	(ii)	15,497	15,497	15,720	15,720
Total financial assets		**19,467**	**19,467**	**17,419**	**17,419**
Financial liabilities					
Trade and other payables	(i)	268	268	149	149
Borrowings	(iii)	11,576	11,734	9,294	9,813
Total financial liabilities		**11,844**	**12,002**	**9,443**	**9,962**

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

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

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

17. Financial risk management (continued)

Specific financial risk exposures and management

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

18. Economic support

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

19. Events subsequent to reporting date

There were no material events subsequent to the reporting date but prior to the signing date of these accounts that the management or board of the company were aware of that require disclosure in the financial report.

20. Company details

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

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

Directors' Declaration

The Directors of Screen Queensland Pty Ltd declare that:

(a) The financial statements and notes set out on pages 10 to 38; are in accordance with the *Corporations Act 2001*; and

(i) give a true and fair view of the financial position of the company as at 30 June 2012, and of its performance for the year ended on that date; and

(ii) comply with Accounting Standards and other mandatory professional reporting requirements; and

(b) As at the date of this report there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors:

Geoff Cooper
Chair

Michael Hawkins
Deputy Chair

Brisbane, 29th August, 2012

INDEPENDENT AUDIT REPORT

To the Member of Screen Queensland Pty Ltd

Report on the Financial Report

I have audited the accompanying financial report of Screen Queensland Pty Ltd, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

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

INDEPENDENT AUDIT REPORT (Continued)

Opinion

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

(i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Screen Queensland Pty Ltd for the year ended 30 June 2012. Where the financial report is included on Screen Queensland Pty Ltd's website the company's directors are responsible for the integrity of Screen Queensland Pty Ltd's website and I have not been engaged to report on the integrity of Screen Queensland Pty Ltd's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

K A VIVIAN
as Delegate of the Auditor-General of Queensland

Brisbane, 29th August 2012