The Queensland Music Festival Pty Ltd

ABN 67 084 526 876

Financial Report

For the year ended 30 September 2012

The Queensland Music Festival Pty Ltd

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DIRECTORS REPORT

Your directors present their report on the company for the financial year ended 30 September 2012.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Paul Campbell-Ryder (resigned 13/10/11)
Kate Farrar
John Evenhuis
Anna Sharpe (resigned 27/10/11)
Simon Lockyer
Greg Hallam
Darren Busine
Leigh Cleave

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The profit of the company for the financial year amounted to 2012: $953,678 (2011: Loss $1,300,025)

No significant changes in the company's state of affairs occurred during the financial year.

The principal activity of the company during the financial year was providing the State of Queensland with a Music Festival.

No significant change in the nature of these activities occurred during the year.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the entity in future financial years.

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

The company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

No dividends have been paid or declared since the start of the financial year.

No options over issued 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.

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

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

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

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Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 September 2012 has been received and can be found on page 5 of the financial report.

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

Kate Farrar	Darren Busine
Director	Director

Dated at Brisbane this 14TH day of DECEMBER 2012.

The Queensland Music Festival Pty Ltd

ABN 67 084 526 876

AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF THE QUEENSLAND MUSIC FESTIVAL PTY LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2012 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm: As delegate of the Auditor-General of Queensland

Name of Partner: Mark Wright FCPA

Brisbane

Date:

The Queensland Music Festival Pty Ltd

Statement of Comprehensive Income for the year ended 30 September 2012

	Notes	2012 $	2011 $
Income from Continuing Operations			
Grants	2	2,284,000	2,886,684
Sponsorship	2	70,000	1,332,739
Box Office		-	449,784
Other revenue	2	143,953	152,999
Total Income from Continuing Operations		**2,497,953**	**4,822,206**
Expenses from Continuing Operations			
Programming & Technical		351,088	3,187,731
Marketing & Development		51,799	1,142,093
Festival artistic & management team		860,673	1,361,971
Travel & accommodation		87,692	87,126
Other goods & services		12,145	105,710
Premises & facilities		139,805	173,602
Depreciation		41,073	63,998
Total Expenses from Continuing Operations	3	**1,544,275**	**6,122,231**
Operating Result from Continuing Operations		**953,678**	**(1,300,025)**
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		**953,678**	**(1,300,025)**

The accompanying notes form part of these financial statements.

The Queensland Music Festival Pty Ltd

Statement of Financial Position as at 30 September 2012

	Notes	2012	2011
		$	$
Assets			
Current Assets			
Cash and Cash Equivalents	4	965,859	163,207
Prepayments		29,620	6,372
Trade and Other Receivables	5	580,115	232,940
Total Current Assets		**1,575,594**	**402,519**
Non-current Assets			
Festival Equipment	6	106,938	83,988
Total Non-Current Assets		**106,938**	**83,988**
Total Assets		**1,682,532**	**486,507**
Current Liabilities			
Trade and Other Payables	7	329,739	87,392
Total Current Liabilities		**329,739**	**87,392**
Total Liabilities		**329,739**	**87,392**
Net Assets		**1,352,793**	**399,115**
Equity			
Contributed Equity	8a	2	2
Retained Earnings		1,225,731	272,053
Reserves	8b	127,060	127,060
Total Equity		**1,352,793**	**399,115**

The accompanying notes form part of these financial statements.

The Queensland Music Festival Pty Ltd

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

	$ Issued Capital Ordinary	$ Retained Surplus	$ Reserves	$ Total
Balance at 1 October 2010	**2**	**1,572,078**	**127,060**	**1,699,140**
Comprehensive Income				
Surplus for the year attributable to members of the entity	-	(1,300,025)	-	(1,300,025)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income attributable to members of the entity	-	(1,300,025)	-	(1,300,025)
Balance at 30 September 2011	**2**	**272,053**	**127,060**	**399,115**
Comprehensive Income				
Surplus for the year attributable to members of the entity	-	953,678	-	953,678
Other comprehensive income for the year	-	-	-	-
Total comprehensive income attributable to members of the entity	-	953,678	-	953,678
Balance at 30 September 2012	**2**	**1,225,731**	**127,060**	**1,352,793**

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 September 2012

	Notes	2012 $	2011 $
Cash flow from operating activities			
Receipts of funds, grants, sponsorship & other		1,520,319	4,486,717
Payments to suppliers and employees		(678,458)	(5,442,812)
Interest received		24,814	51,835
Net cash generated from operating activities		**866,675**	**(904,260)**
Cash flow from investing activities			
Held-to-maturity investment		-	450,000
Payment for Festival equipment		(64,023)	(14,361)
Net cash used in investing activities		**(64,023)**	**435,639**
Net increase in cash held		**802,652**	**(468,621)**
Cash and cash equivalents at beginning of the financial year		163,207	631,828
Cash and Cash Equivalents at the end of the financial year	**4**	**965,859**	**163,207**

The accompanying notes form part of these financial statements.

The financial statements cover The Queensland Music Festival Pty Ltd as an individual entity, incorporated and domiciled in Australia. The Queensland Music Festival Pty Ltd is a company limited by shares.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*.

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

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 6 December 2012 by the directors of the company.

Accounting Policies

a. **Reporting entity**

The Queensland Music Festival Pty Ltd is a wholly owned corporation of the Queensland State Government. It was established as a non profit proprietary company and the object of the company is "to produce and promote a biennial festival of music of international excellence, accessible to Queenslanders from all walks of life".

The financial statements include all assets, liabilities, equities, revenues and expenses of The Queensland Music Festival Pty Ltd. The corporation does not control any other entities. All transactions relate to the management and production of the music festival alone.

b. **Public Fund**

The Queensland Music Festival Fund is a tax deductible gift recipient listed on the Register of Cultural Organisations under Subdivision 30-B of the Income Tax Assessment Act 1997. The company is also exempt from tax as a charitable entity under subdivision 50-5 of the Income Tax Assessment Act 1997.

c. **Appropriations**

No Government appropriations are made to the Queensland Music Festival Pty Ltd.

d. **Festival grants & other contributions**

Grants, contributions, donations and gifts are non-reciprocal in nature and are recognized as revenue in the year in which the company obtains control over them.

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

All revenue is stated net of the amount of goods and services tax (GST).

e. **In Kind Revenue and Expenses**

In kind contributions of goods and services are recorded at fair market value as revenue, sponsorship and within the relevant expenditure category.

f. **Interest revenues**

Interest revenues are recognised as they are paid.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

g. **Sponsorship and Box Office**

Sponsorship and box office revenues are recognised in the year the event occurs.

h. **Trade and Other Receivables**

Trade and other receivables are non-derivative financial assets with determinable payments that are not quoted in an active market and are subsequently measured at cost. The balance is recognised as a current asset with the amounts for trade receivables normally paid within 30 days of recognition of the asset.

i. **Property, Plant and Equipment**

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

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment. 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. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(k) for details of impairment).

Plant and equipment that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over the asset's useful life to the entity commencing from beginning of year of purchase. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20% – 33.33%

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. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

j. **Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

k. **Impairment of Assets**

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

l. **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

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

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

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

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

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

o. **Provisions**

Provisions are recognised when the entity 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. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

p. **Trade and Other Payables**

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

q. **Comparative Figures**

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

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

The year ended 30 September 2012 relates to the development and planning year for the 2013 festival and the comparative relates to the 2011 festival.

r. **New Accounting Standards for Application in Future Periods**

The Australian Accounting Standards Board has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the company has decided not to early adopt. 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.

  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 financial assets; 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 due to changes in the entity's own credit risk in the 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

– 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 not-for-profit private sector entity, 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.

– AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments are not expected to significantly impact the company.

– 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 (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 10 replaces parts of AASB 127 (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. The company has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

  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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

– AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 (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 (applicable for annual reporting periods commencing on or after 1 July 2012).

  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.

– AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The company does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to:

(a) require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as either other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and

  The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

(b) the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

  (i) where for an offer that may be withdrawn – when the employee accepts;

  (ii) where for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

  (iii) where the termination is associated with a restructuring of activities under AASB 137 and if earlier than the first two conditions – when the related restructuring costs are recognised.

  The association has not yet been able to reasonably estimate the impact of these changes to AASB 119.

NOTE 2: REVENUE AND OTHER INCOME

		2012	2011
		$	$
Revenue			
–	Festival funding from Arts Queensland	1,850,000	1,350,000
–	Queensland Government Grants	73,000	
–	Australia Council	65,000	
–	Local Councils	251,000	
–	In Kind Income	-	258,404
–	Other Grant income	45,000	1,278,280
		2,284,000	**2,886,684**
Sponsorship			
-	In Kind Sponsorship	-	961,939
-	Other Sponsorship	70,000	370,800
		70,000	**1,332,739**
Other revenue			
–	Interest Income	24,814	51,827
–	Donations	100,000	10,200
–	Sundry Income	19,139	90,972
		143,953	**152,999**

Revenue Recognition

Queensland Music Festival Pty Ltd holds a music festival on a biennial basis. The company has a policy not to incur an overall Festival loss or deficit position unless expressly determined by the Board for a specified reason and there are sufficient cash reserves to absorb the potential loss.

Income from a variety of sources is received throughout the two year period while the majority of the expenditure is incurred on the festival, which takes place near the end of the second financial year. This causes the Company to report large profits and losses in alternative years under the current Accounting Standards for Not-for-profit entities in Australia. The last festival was held in 2011 and the next will be held in 2013.

NOTE 3: PROFIT FOR THE YEAR

The Queensland Music Festival Pty Ltd's operating result from continuing operations was earned after charging to the Statement of Comprehensive Income the following expenses:

			2012	2011
			$	$
a.	**Expenses**			
	Festival Expenditure			
	2012 Festival Expenditure – Development Year		1,544,275	-
	2011 Festival Expenditure – Presentation Year		-	6,122,231
			1,544,275	**6,122,231**
	Expenditure on – Programming and Development	(a)	402,887	4,329,824
	Festival Team	(b)	805,685	1,361,971
	– Other	(c)	335,703	430,436
	Total Festival Expenditure		**1,544,275**	**6,122,231**
	(a) Programming and Development			
	Programming		305,771	1,684,117
	Technical		45,317	798,739
	Marketing		28,904	558,325
	In-Kind Expenses		-	1,220,343
	Development		22,895	68,300
	Total Programming and Development Expenditure		**402,887**	**4,329,824**
	b) Festival Team			
	Festival Team Wages		557,301	954,835
	Festival Team Super		47,250	88,066
	Contractors		139,853	319,038
	Financial Services		16,880	-
	Others		44,401	32
	Total Festival Team Expenditure		**805,685**	**1,361,971**
	(c) Other			
	Travel & Accommodation		87,692	87,126
	Corporate & Administration		54,988	91,461
	Premises & office facilities		139,805	173,602
	Depreciation		41,073	63,998
	Festival Development		5,026	2,513
	Board Expenses		7,119	11,736
	Total Other Expenses		**335,703**	**430,436**

NOTE 3: PROFIT FOR THE YEAR CONT.

	2012	2011
	$	$
Auditor Remuneration		
– audit services	7,450	6,350
Total Audit Remuneration	**7,450**	**6,350**

NOTE 4: CASH AND CASH EQUIVALENTS

	2012	2011
	$	$
CURRENT		
Cash at bank	964,047	157,635
Cash on hand	1,812	5,571
Total cash and cash equivalents as stated in the statement of financial position	**965,859**	**163,206**
Total cash and cash equivalents as stated in the statement of cash flows	**965,859**	**163,206**

NOTE 5: TRADE AND OTHER RECEIVABLES

	2012	2011
	$	$
CURRENT		
Trade receivables	580,115	160,563
Other receivables	-	15,353
BAS Refundable	-	57,024
Total current trade and other receivables	**580,115**	**232,940**

(ii) **Credit Risk – Trade and Other Receivables**

The company does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

NOTE 5: TRADE AND OTHER RECEIVABLES CONT.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue) < 30	31–60	61–90	> 90	Within initial trade terms
	$	$	$	$	$	$	$
2012							
Trade and term receivables	580,115	-	16,500	13,750	-	-	549,865
Total	**580,115**	**-**	**16,500**	**13,750**	**-**	**-**	**549,865**
2011							
Trade and term receivables	160,563	-	90,984	66,829	2,750	-	-
BAS Refundable	57,024	-	-	-	-	-	57,024
Other receivables	15,353	-	-	-	-	-	15,353
Total	**232,940**	**-**	**90,984**	**66,829**	**2,750**	**-**	**72,377**

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

	2012	2011
	$	$
PLANT AND EQUIPMENT		
Festival equipment		
At cost	349,749	285,726
Less accumulated depreciation	(242,811)	(201,738)
Total property, plant and equipment	**106,938**	**83,988**

NOTE 6: PROPERTY, PLANT AND EQUIPMENT CONT.

Movements in Carrying Amounts

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

	Plant and Equipment	Total
	$	$
2011		
Balance at the beginning of the year	133,625	133,625
Additions at cost	14,361	14,361
Additions at fair value	-	-
Disposals	-	-
Revaluation increment	-	-
Depreciation expense	(63,998)	(63,998)
Carrying amount at end of year	**83,988**	**83,988**

	Plant and Equipment	Total
	$	$
2012		
Balance at the beginning of the year	**83,988**	**83,988**
Additions at cost	64,023	14,361
Additions at fair value	-	-
Disposals	-	-
Depreciation expense	(41,073)	(63,998)
Carrying amount at end of year	**106,938**	**83,988**

NOTE 7: TRADE AND OTHER PAYABLES

	Note	2012	2011
		$	$
CURRENT			
Trade payables		138,041	55,944
Annual Leave Entitlements		50,986	21,576
BAS Payable		134,436	-
Superannuation		6,276	9,872
		329,734	**87,392**

NOTE 7: TRADE AND OTHER PAYABLES CONT

		Note	2012	2011
			$	$
a.	**Financial liabilities at amortised cost classified as trade and other payables**			
	Trade and other payables			
	– Total current		196,941	87,392
	– Total non-current		-	-
	Less deferred income		-	-
	Less annual leave entitlements		50,986	21,576
	Financial liabilities as trade and other payables		**145,955**	**65,816**

NOTE 8: EQUITY

	Note	2012	2011
		$	$
a. Contributed Equity			
Issued and paid up share capital – 2 ordinary shares fully paid		2	2
b. Reserves			
Festival Initiatives Fund		77,060	77,060
Music Development Fund		50,000	50,000
Total Reserves		**127,060**	**127,060**

NOTE 9: CAPITAL AND LEASING COMMITMENTS

		Note	2012	2011
			$	$
a.	**Operating Lease Commitments**			
	Non-cancellable operating leases contracted for but not capitalised in the financial statements			
	Payable – minimum lease payments			
	– not later than 12 months		101,395	91,050
	– later than 12 months but not later than 5 years		111,668	188,075
	– greater than 5 years		-	-
			213,063	**279,125**

NOTE 9: CAPITAL AND LEASING COMMITMENTS CONT.

The company had no other commitments for capital or other major expenditure at the end of the financial year. The property lease commitments are non-cancellable operating leases contracted for but not recognised in the financial statements with a five-year term.

NOTE 10: CONTINGENT LIABILITIES AND ASSETS

The QMF is not aware of any contingent assets or contingent liabilities. At 30 September 2012 no losses are expected to arise which have not been provided for in the accounts.

NOTE 11: EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period.

NOTE 12: RELATED PARTY TRANSACTIONS

		2012	2011
		$	$
a.	**Key Management Personnel**		
	Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.		
	Key management personnel compensation		
–	short-term benefits	425,877	631,286
–	post-employment benefits	-	-
–	other long-term benefits	-	-
		425,877	**631,286**

b. **Other Related Parties**

Other related parties include immediate family members of key management personnel, and entities that are controlled or significantly influenced by those key management personnel individually or collectively with their immediate family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

The following revenue was received from the Queensland State Government, which holds all the issued capital of the festival, either directly or indirectly through departments or statutory authorities:

	2012	2011
	$	$
Arts Queensland - core funding	1,850,000	1,350,000

NOTE 13: FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The company's financial instruments consist mainly of cash and deposits with banks. The main purpose of non-derivative financial instruments is to raise finance for group operations. The group does not have any derivative instruments at 30 September 2012.

The carrying amounts for each category of financial instruments:

	Note	2012	2011
		$	$
Financial Assets			
Cash and cash equivalents	4	965,859	163,206
Loans and receivables	5	580,115	160,563
Total Financial Assets		**1,545,974**	**323,769**
Financial Liabilities			
Financial liabilities at amortised cost			
– trade and other payables		329,739	87,392
Total Financial Liabilities		**329,739**	**87,392**

Specific Financial Risk Exposures and Management

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

a. **Credit risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial report. The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

All other pending standards issued between the previous financial reporting date and the current reporting date have no application to the entity.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 5.

NOTE 13: FINANCIAL RISK MANAGEMENT CONT.

The company has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 5.

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Note	2012	2011
		$	$
Cash and cash equivalents			
– AA rated		964,047	157,635
	4	**964,047**	**157,635**

NOTE 14: ENTITY DETAILS

The principal activity of the company is "to produce and promote a biennial festival of music of international excellence, accessible to Queenslanders from all walks of life".

It was noted that Paul Campbell-Ryder was replaced by Nigel Lavender as Company Secretary on 24/11/2011.

The registered office and principle place of business of the entity is:

Queensland Music Festival
Level 1, 381 Brunswick Street
Fortitude Valley
QLD 4006

The postal address of the entity is:

Queensland Music Festival
PO Box 1060
Fortitude Valley
QLD 4006

Other Entity Details:

ABN: 67 084 526 876
Phone: 07 3010 6600
Fax: 07 3010 6666
Website: http://www.qmf.org.au
Email: info@qmf.org.au

Field Code

Field Code

Certificate of The Queensland Music Festival Pty Ltd

DIRECTORS' DECLARATION

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 6 to 24, are in accordance with the *Corporations Act 2001*:
   a. comply with Australian Accounting Standards; and
   b. give a true and fair view of the financial position as at 30 September 2012 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Kate Farrar (Director)	Darren Busine (Director)

Dated this 14TH day of DECEMBER 2012

INDEPENDENT AUDITOR'S REPORT

To the Members of The Queensland Music Festival Pty Ltd

Report on the Financial Report

I have audited the accompanying financial report of The Queensland Music Festival Pty Ltd, which comprises the statement of financial position as at 30 September 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 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 entity'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 entity'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 only be removed 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 The Queensland Music Festival Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In my opinion –

(a) the financial report of The Queensland Music Festival 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 September 2012* and of its performance for the year ended on that date; and

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

M W WRIGHT FCPA
(as Delegate of the Auditor-General of Queensland) Brisbane