

The Queensland Music Festival Pty Ltd

ABN 67 084 526 876

Financial Report

For the year ended 31 December 2020

The Queensland Music Festival Pty Ltd

ABN 67 084 526 876

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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".

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

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

The Queensland Music Festival Pty Ltd

ABN 67 084 526 876

DIRECTORS' REPORT

Your directors present their report on the company for the year ended 31 December 2020.

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

Dominic McGann (Chairperson)
Darren Busine
Terence Willsteed
Alison Mobbs
Diat Alferink
Prof Margaret Barrett
Jane Williams

Directors have been in office since 1 January 2020 to the date of this report unless otherwise stated.

The profit of the company for the period amounted to 2020: \$456,355 (2019 loss \$231,604).

The principal activity of the company during the financial year was providing the State of Queensland with a biennial festival of music of international excellence, accessible to Queenslanders from all walks of life.

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 in July, biennially. This causes the company to report large profits and losses in alternate years. The last Festival was held in July 2019 and the next will be held in 2021.

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

The impact of the Covid-19 pandemic required QMF to review festival programs given changes to government restrictions, ensuring current and future agreements and their funding obligations are reasonable and achievable.

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 on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

The Queensland Music Festival Pty Ltd

ABN 67 084 526 876

DIRECTORS' REPORT CONTINUED

The lead auditor's independence declaration for the year ended 31 December 2020 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.

DocuSigned by:
Alison Mobbs
6EB6AD6EDED444

Alison Mobbs
Director

DocuSigned by:
Jane Williams
285F932E395C405

Jane Williams
Director

Dated this 13th day of April 2021
04/14/21 | 1:26 PM AEST

04/15/21 | 11:45 AM ACST

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of The Queensland Music Festival Pty Ltd

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

Independence declaration

As lead auditor for the audit of The Queensland Music Festival Pty Ltd for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

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



Melissa Fletcher
as delegate of the Auditor-General

13 April 2021

Queensland Audit Office
Brisbane

The Queensland Music Festival Pty Ltd

Statement of Comprehensive Income for the year ended 31 December 2020

	Notes	2020 \$	2019 \$
Income from Continuing Operations			
Funding Revenue	2	1,621,327	3,052,847
Sponsorship and Donations	3	131,546	1,706,690
Box Office		-	247,574
Special and Regional Projects	4	465,782	1,043,872
Other revenue	5	<u>205,123</u>	<u>103,354</u>
Total Income from Continuing Operations		<u>2,423,778</u>	<u>6,154,337</u>
Expenses from Continuing Operations			
Artistic Production		74,920	2,543,973
Marketing & Business Development		79,390	674,275
Special Projects		465,782	1,083,076
Festival Team		1,096,860	1,624,553
Travel & Accommodation		6,790	58,838
Other Goods & Services		48,119	134,915
Premises & Office Facilities		73,571	100,956
Depreciation / Amortisation		<u>158,910</u>	<u>165,355</u>
Total Expenses from Continuing Operations	6	<u>2,004,342</u>	<u>6,385,941</u>
Result from Operations		<u>419,436</u>	<u>(231,604)</u>
Other Comprehensive Income			
Net Gain / (Loss) on Lease Re-measurement	1(r)	<u>36,919</u>	-
Total Other Comprehensive Income for the Year		<u>36,919</u>	<u>-</u>
Total Comprehensive Income for the year		<u>456,355</u>	<u>(231,604)</u>

The accompanying notes form part of these financial statements.

The Queensland Music Festival Pty Ltd

Statement of Financial Position as at 31 December 2020

	Notes	2020	2019
		\$	\$
Current Assets			
Cash and Cash Equivalents	7	2,443,876	1,801,539
Trade and Other Receivables	8	244,756	107,688
Prepayments		43,104	38,267
Total Current Assets		2,731,736	1,947,494
Non-current Assets			
Property, Plant and Equipment	9	146,888	183,783
Intangibles	10	23,950	-
Right-of-Use Assets	11	413,230	503,591
Total Non-Current Assets		584,068	687,374
Total Assets		3,315,804	2,634,868
Current Liabilities			
Trade and Other Payables	12	189,098	174,468
Accrued Employee Benefits	13	96,659	83,702
Lease Liabilities	15	88,822	82,300
Contract Liabilities	16	1,177,870	941,147
Total Current Liabilities		1,552,449	1,281,617
Non-Current Liabilities			
Accrued Employee Benefits	13	6,555	-
Lease Liabilities	15	408,948	461,754
Total Non-Current Liabilities		415,503	461,754
Total Liabilities		1,967,952	1,743,371
Net Assets		1,347,852	891,497
Equity			
Issued and Paid Up Share Capital		2	2
Accumulated Surplus	14	1,347,850	891,495
Total Equity		1,347,852	891,497

The accompanying notes form part of these financial statements.

The Queensland Music Festival Pty Ltd

Statement of Changes in Equity for the year ended 31 December 2020

	\$	\$	\$
	Issued Share Capital	Accumulated Surplus	Total
Balance at 1 January 2019	2	2,598,098	2,598,100
Adjustment for change in accounting policies		(1,474,999)	(1,474,999)
Balance at 1 January 2019 restated	2	1,123,099	1,123,101
Comprehensive Income			
Operating Result		(231,604)	(231,604)
Total comprehensive income for the year		(231,604)	(231,604)
Balance at 31 December 2019	2	891,495	891,497
Balance at 1 January 2020	2	891,495	891,497
Comprehensive Income			
Operating Result		419,436	419,436
Other Comprehensive Income		36,919	36,919
Total comprehensive income for the year		456,355	456,355
Balance at 31 December 2020	2	1,347,850	1,347,852

The accompanying notes form part of these financial statements.

The Queensland Music Festival Pty Ltd

Statement of Cash Flows for the year ended 31 December 2020

	2020	2019
	\$	\$
Notes		
Cash flow from operating activities		
Receipts of funds, grants, sponsorship & other	2,498,113	5,491,513
Payments to suppliers and employees	(1,776,597)	(5,738,208)
Interest received	<u>7,911</u>	<u>27,559</u>
Net inflow/(outflow) from operating activities	<u>729,427</u>	<u>(219,136)</u>
Cash flow from financial activities		
Payment of lease liability	(23,992)	(108,430)
Net inflow/(outflow) from operating activities	<u>(23,992)</u>	<u>(108,430)</u>
Cash flow from investing activities		
Payment for Festival equipment	(39,148)	(33,435)
Payment for Website development	<u>(23,950)</u>	<u>-</u>
Net cash used in investing activities	<u>(63,098)</u>	<u>(33,435)</u>
Net increase in cash held	642,337	(361,001)
Cash and cash equivalents at beginning of the financial year	<u>1,801,539</u>	<u>2,162,540</u>
Cash and Cash Equivalents at the end of the financial year 7	<u>2,443,876</u>	<u>1,801,539</u>

The accompanying notes form part of these financial statements.

The Queensland Music Festival Pty Ltd

Notes to the Financial Statements for the year ended 31 December 2020

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 – Reduced Disclosure Requirements (RDR) and 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 by the Directors at the date of signing of the Directors' Declaration.

Accounting Policies

a. Overall Consideration

The Queensland Music Festival Pty Ltd is a wholly owned subsidiary company 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".

As such, it is a not for profit entity for the purpose of preparing the financial statements. The financial statements include all assets, liabilities, equities, revenues and expenses of The Queensland Music Festival Pty Ltd. The company 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. It is registered with the Australian Charities and Not-for-profits Commission. The company is also exempt from tax as a charitable entity under subdivision 50-5 of the Income Tax Assessment Act 1997.

c. Festival grants & other contributions

Grants, contributions, donations and gifts are non-reciprocal in nature and are recognised as revenue in accordance with the relevant Accounting Standard.

Grant revenue is recognised in the statement of comprehensive income when the company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the company 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 company 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).

d. In Kind Revenue and Expenses

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

e. Interest revenues

Interest revenues are recognised as they are received.

f. Sponsorship and Box Office

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

The Queensland Music Festival Pty Ltd

Notes to the Financial Statements for the year ended 31 December 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

g. **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.

h. **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(j) 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 are depreciated on a straight line basis over the asset's useful life to the company 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 useful life used for each class of depreciable assets are:

Class of Fixed Asset	Useful Life
Plant and equipment	2.5 – 8.0 years
Intangibles	2.5 – 3.0 years

An asset is recognised where relevant amounts exceed \$1,000 or where expenditure relates to an improvement, initial repair or cost to bring into use of existing plant and equipment. The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

i. **Leases**

A lease liability is recognised at the commencement date of the lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable for a similar borrowing arrangement. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they occur.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to statement of comprehensive income if the carrying amount of the right-of-use asset is fully written down.

The Queensland Music Festival Pty Ltd

Notes to the Financial Statements for the year ended 31 December 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

j. Impairment of Assets

At the end of each reporting period, the company reviews the carrying values of its physical 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 statement of comprehensive income.

k. Accrued 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 annual leave 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.

Provision is made for employee's long service leave not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Recognition of the provision commences upon completion of 5 years of continuous service, with the balance proportioned and recorded over a 30 month period thereafter. The result will be that once employees reach 7.5 years of service and eligible for payout on termination, the full 7.5 year balance will have been accrued.

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

l. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

m. 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.

n. 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.

o. Intangibles

Relevant amounts exceeding \$1,000 are recognised as intangibles as required. Costs incurred in developing website facilities that will contribute future financial benefits through revenue generation and/or cost reduction are capitalised. Amortisation is calculated using the straight line method to allocate costs over a useful life period of 3 years.

All intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the company determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

p. Comparative Figures

Comparative figures and information reflect the audited 2019 financial statements

The Queensland Music Festival Pty Ltd

Notes to the Financial Statements for the year ended 31 December 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

q. **Revenue**

Revenue is recognised in accordance with requirements under the prevailing Accounting Standards AASB 15: *Revenue from Contracts with Customers* and AASB 1058: *Income of Not-for-Profits*. Namely that revenue is recorded as income as and when any recognisable performance obligation under contract is satisfied. Revenue received but not recognised as income is held as *Contract Liability*.

r. **New and Revised Accounting Standards (including Early Adoption)**

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 January 2020. Information on standards which specifically impact the organisation are presented below.

AASB 2020-4: Covid-19-Related Rent Concessions (Amendment to IFRS16)

This standard amends AASB16: Leases to provide a practical expedient that permits leases not to assess whether rent concessions that occur as direct consequences of the Covid-19 pandemic and meet specified conditions are lease modifications, and instead to account for rent concessions as if they are not modifications.

The amendment adds paragraphs 46A, 46B, 60A, C1A, C20A and C20B. As a practical expedient, the lessee may elect not to assess whether a rent concession that meets the conditions is a lease modification. A lessee that makes this election shall account for any changes in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification.

If a lessee applies the practical expedient, the lessee shall disclose:

- (a) that it has applied the practical expedient to all rent concessions that meet the conditions or, if not applied to all such rent concessions, information about the nature of the contracts to which it has applied the practical; and
- (b) the amount recognised in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient.

This standard applies to annual periods beginning on or after 1 June 2020 with earlier application permitted.

Application of New Accounting Standards: Impact of Adoption

QMF experienced two change of lease arrangements during the 2020 year, namely forgiveness of lease payments from March 2020 to December 2020, followed by an increase in rent consideration beginning January 2021. These changes have a material impact on the measurement of lease liability and associated right-of-use asset. QMF have chosen to apply the practical expedient given the net impact of both a change in lease obligations directly due to Covid-19 as well as a subsequent change in arrangement.

- r. The net impact of these adjustments and re-measurement at the appropriate date have resulted in a gain recognised in other comprehensive income for the year of \$36,919 made up of the following:

Gain on re-measurement (March 2020)	\$42,203
Loss on re-measurement (December 2020)	(\$5,284)
Net gain on re-measurement of lease liability	\$36,919

No adjustment has been made to the incremental borrowing rate applied to the arrangement as there has been no substantive change to the ongoing obligations over the period of the lease.

The Queensland Music Festival Pty Ltd

Notes to the Financial Statements for the year ended 31 December 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

s. **Key Accounting Estimates and Judgements**

The most significant estimates and assumptions made in the preparation of the financial statements related to Accrued Employee Benefits; the useful life and depreciation of Property, Plant & Equipment; the fair value and amortisation of Right of Use assets and associated lease liabilities; and, the amortisation of Intangibles. The accounting policies used for are detailed in notes (k), (h) and (o) respectively.

The estimate of employee benefits; valuation of property, plant and equipment; and, recoverability of intangibles necessarily involves estimation uncertainty with the potential to material impact on the carrying amounts of such assets and liabilities in the next reporting period.

t. **Economic Dependence**

The Queensland Music Festival Pty Ltd is dependent on funding from Arts Queensland, one of the services provided by the Department of Community, Housing and Digital Economy. This funding supports the basic wage, administration and accommodation costs of the organisation. At the date of this report, the Board of Directors has no reason to believe that the Department via Arts Queensland will not continue to support The Queensland Music Festival Pty Ltd.

u. **Non-Adjusting Events: COVID-19**

The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected global economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our staff as well as steps to ensure the ongoing activities of the Festival are disrupted as minimally as is feasible.

At this stage, various steps have been taken to maintain communication with stakeholders to ensure funding obligations are met, or where appropriate are varied to ensure an equitable result. The form and structure of projects and events have similarly been reviewed to ensure any additional disruptions to economic and cultural activities are mitigated as best can be projected.

Since 2020 was a non-festival year, COVID-19 did not have any significant impact on revenue. However, the lockdown measures taken by the State and Federal governments to control the spread of COVID-19 lead to a lack of activity. This materially reduced expenditure for the year as follows.

Reduced expenditure as result of lack of activity due to COVID-19 lockdown:

Program Costs	\$7,748
Festival and core staffing	\$240,525
Travel and accommodation	\$65,610
Professional development	\$9,574
Board expenses	\$5,954
	<hr/>
	\$329,411

The Queensland Music Festival Pty Ltd

Notes to the Financial Statements for the year ended 31 December 2020

NOTE 2: FUNDING REVENUE

	2020	2019
	\$	\$
Festival Funding from Arts Queensland	1,600,000	1,600,000
Queensland Government Grants	20,127	579,483
Australia Council Grants	-	93,400
Local Government Partnerships	1,200	686,715
Other Grant Income	-	93,249
	1,621,327	3,052,847

Disclosure – Revenue from contracts with customers

Information regarding the nature, timing and satisfaction of performance obligations and revenue recognition of significant grants and contributions that are contracts with customers:

Source and type of funding	Nature and timing of performance obligations	Revenue recognition policies
Arts Queensland festival funding	<p>– QMF's obligation under the agreement is to deliver a biennial festival of music.</p> <p>The funds are to be used toward the operational and program costs associated with presenting the festival.</p>	<p>The funding is received by way of period instalment with \$1.6 million allocated as revenue over the period of each year.</p> <p>The contract liability recognised at balance date relates to the balance of payments received to be recognised as income over the next 12 months.</p>

NOTE 3: SPONSORSHIPS AND DONATIONS

	2020	2019
	\$	\$
Sponsorship	111,373	1,149,842
Donations	20,173	556,848
	131,546	1,706,690

The Queensland Music Festival Pty Ltd

Notes to the Financial Statements for the year ended 31 December 2020

NOTE 4: SPECIAL AND REGIONAL PROJECTS

	2020	2019
	\$	\$
Special Projects	-	-
Youth Touring	-	445,776
SCO & NQ Regional Funding	465,782	598,096
	465,782	1,043,872

Disclosure – Revenue from contracts with customers

Information regarding the nature, timing and satisfaction of performance obligations and revenue recognition of significant grants and contributions that are contracts with customers:

Source and type of funding	Nature and timing of performance obligations	Revenue recognition policies
Arts Queensland – SCO & NQ regional funding	QMF's obligation is to deliver a suite of services across regional service delivery area by delivering a variety of initiatives focusing on empowering regions in determining arts and cultural priorities, as well as facilitating programs that enhance local and visitor engagement with arts and cultural offerings. Key performance indicators and baseline level of services and periodically assessed as a requirement for funding continuation under the agreement.	Revenue is recognised in line with expenditure incurred toward the performance obligations of the agreement with the balance of any funding instalments received recognised as a contract liability to be recognised as income over the next 12 months.

NOTE 5: OTHER REVENUE

	2020	2019
	\$	\$
Interest Income	7,911	27,559
Sundry Income	97,212	75,795
Government Incentive – Cash Flow Boost	100,000	-
	205,123	103,354

The Queensland Music Festival Pty Ltd

Notes to the Financial Statements for the year ended 31 December 2020

NOTE 6: 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:

		2020	2019
		\$	\$
Expenses			
Festival Expenditure			
2019 Festival Expenditure – Presentation Year		-	6,385,941
2020 Festival Expenditure – Development Year		2,004,342	-
		<u>2,004,342</u>	<u>6,385,941</u>
Expenditure on –			
Programming	(a)	154,310	3,218,248
Festival Team	(b)	1,096,860	1,624,553
Other	(c)	287,390	460,064
Special Projects	(d)	465,782	1,083,076
Total Festival Expenditure		<u>2,004,342</u>	<u>6,385,941</u>
(a) Programming			
Artistic Production		74,920	2,543,973
Marketing and Business Development		79,390	674,275
Total Programming Expenditure		<u>154,310</u>	<u>3,218,248</u>

The Queensland Music Festival Pty Ltd

Notes to the Financial Statements for the year ended 31 December 2020

NOTE 6: PROFIT FOR THE YEAR CONT.

	2020	2019
	\$	\$
(b) Festival Team		
Festival Team Wages	856,613	1,359,916
Festival Team Super	81,075	136,187
Contractors	55,000	92,235
Financial Services	15,587	31,851
Others	88,585	4,364
Total Festival Team Expenditure	1,096,860	1,624,553
(c) Other		
Travel & Accommodation	6,790	58,838
Corporate & Administration	48,439	88,277
Premises & office facilities	73,571	100,956
Depreciation / Amortisation	158,910	165,355
Festival Operations	(386)	41,009
Board Expenses	66	5,629
Total Other Expenses	287,390	460,064
Auditor Remuneration		
– audit services	7,250	7,250
Total Audit Remuneration	7,250	7,250

Total audit fees quoted by the Queensland Audit Office relating to the 2020 financial statements are \$7,250 (2019: \$7,250)

(d) Special Projects		
Special Projects	-	-
Youth Touring	-	443,975
SCO & NQ Regional Funding	465,782	639,101
Total Special Projects	465,782	1,083,076

NOTE 7: CASH AND CASH EQUIVALENTS

CURRENT ASSETS

Cash at bank	2,441,554	1,786,506
Cash on hand	2,322	15,033
Total cash and cash equivalents	2,443,876	1,801,539

The Queensland Music Festival Pty Ltd

Notes to the Financial Statements for the year ended 31 December 2020

NOTE 8: TRADE AND OTHER RECEIVABLES

	2020	2019
	\$	\$
Trade & other receivables	244,756	42,188
Accrued income	-	65,500
Total current trade and other receivables	244,756	107,688

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	2020	2019
	\$	\$
PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements – at cost	302,663	302,663
Festival equipment – at cost	293,963	254,815
Less accumulated depreciation	(449,738)	(373,695)
Total property, plant and equipment	146,888	183,783

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:

	Leasehold Improvements	Plant & Equipment	Total
	\$	\$	\$
2019			
Balance at the beginning of the year	158,707	68,931	227,638
Additions at cost	9,836	23,600	33,436
Disposals	-	(180)	(180)
Depreciation expense	(39,541)	(37,570)	(77,111)
Carrying amount at end of year	129,002	54,781	183,783

	Leasehold Improvements	Plant & Equipment	Total
	\$	\$	\$
2020			
Balance at the beginning of the year	129,002	54,781	183,783
Additions at cost	-	39,148	39,148
Depreciation expense	(40,083)	(35,960)	(76,043)
Carrying amount at end of year	88,919	57,969	146,888

The Queensland Music Festival Pty Ltd

Notes to the Financial Statements for the year ended 31 December 2020

NOTE 10: INTANGIBLES

	2020	2019
	\$	\$
Website development - at cost	111,578	87,628
Less accumulated amortisation	(87,628)	(87,628)
	23,950	-

Development expenditure for new QMF web application has been capitalised and will be amortised once the project is complete. It is not projected that any further expenditure will be capitalised for this current project.

NOTE 11: RIGHT-OF-USE ASSETS

	2020	2019
	\$	\$
NON-CURRENT		
Land & Buildings – right-of-use	748,390	809,759
Less accumulated amortisation	(361,722)	(310,408)
	386,668	499,351
Plant & Equipment – right-of-use	31,874	36,342
Less accumulated amortisation	(5,312)	(32,102)
	26,562	4,240
	413,230	503,591

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:

	Land and Buildings	Plant and Equipment
	\$	\$
2019		
Balance at the beginning of the year	-	-
Initial recognition	809,759	36,342
Depreciation expense	(310,408)	(32,102)
Carrying amount at end of year	499,351	4,240
2020		
Balance at the beginning of the year	499,351	4,240
Additions at cost	-	31,874
Loss on re-measurement (note 1(r))	(36,919)	-
Disposals	-	(44)
Depreciation expense	(75,764)	(9,508)
Carrying amount at end of year	386,668	26,562

The Queensland Music Festival Pty Ltd

Notes to the Financial Statements for the year ended 31 December 2020

NOTE 11: RIGHT-OF-USE ASSETS CONT.

The property lease commitments are non-cancellable operating leases contracted for and are recognised in the financial statements for the 2020 year following adoption of AASB16: Leases. AASB16 was adopted using a cumulative methodology with an adjustment made to accumulated surplus as noted in Note 1(r) of these financial statements to account recognition of the lease liabilities and associated right-of-use assets on 1 January 2019 (comparative year).

NOTE 12: TRADE AND OTHER PAYABLES

	2020	2019
	\$	\$
CURRENT		
Trade payables and accruals	76,875	62,243
BAS Payable	112,223	112,225
	<u>189,098</u>	<u>174,468</u>

NOTE 13: ACCRUED EMPLOYEE BENEFITS

	2020	2019
	\$	\$
CURRENT		
Annual Leave	81,546	62,615
Long Service Leave	15,113	21,087
	<u>96,659</u>	<u>83,702</u>
NON CURRENT		
Long Service Leave	6,555	-
	<u>6,555</u>	<u>-</u>
	<u>103,214</u>	<u>83,702</u>

NOTE 14: ACCUMULATED SURPLUS

	2020	2019
	\$	\$
Accumulated surplus at the beginning of the financial year	891,495	2,598,098
Adjustment for change in accounting policy	-	(1,474,999)
Accumulated surplus at the beginning of the financial year - restated	891,495	1,005,305
Profit for the year	456,355	(231,604)
	<u>1,347,850</u>	<u>891,495</u>

The Queensland Music Festival Pty Ltd

Notes to the Financial Statements for the year ended 31 December 2020

NOTE 15: LEASING LIABILITIES

	2020	2019
	\$	\$
Current Lease Liabilities	109,405	105,055
Less: future finance charges	(20,583)	(22,755)
	88,822	82,300
Non-Current Lease Liabilities	448,752	518,373
Less: future finance charges	(39,804)	(56,619)
	408,948	461,754
	497,770	544,054

The property lease commitments are non-cancellable operating leases contracted for and are recognised in the financial statements in accordance with AASB16: Leases.

AASB16 has been adopted using a cumulative methodology with an adjustment made to accumulated surplus of these financial statements to account recognition of the lease liabilities and associated right-of-use assets on 1 January 2019 (the comparative year).

NOTE 16: CONTRACT LIABILITIES

Following adoption of AASB1058 and AASB15, revenue in advance attributable to Core and other activities of the company previously recognised in accordance with AASB1004: *Contributions* have been reclassified and recognised using a cumulative method of adopting the standard in the comparative year. This income is released as revenue in accordance with the requirements of the relevant funding received and represents a closing balance of \$1,177,870 at 31 December 2020 (\$941,147 at 31 December 2019).

NOTE 17: CONTINGENT LIABILITIES AND ASSETS

The company is not aware of any contingent assets or contingent liabilities. At 31 December 2020 no losses are expected to arise which have not been provided for in the accounts.

NOTE 18: EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period.

The Queensland Music Festival Pty Ltd

Notes to the Financial Statements for the year ended 31 December 2020

NOTE 19: RELATED PARTY TRANSACTIONS

	2020	2019
	\$	\$
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	489,751	641,766
- post-employment benefits	-	-
	489,751	641,766

Details of the nature of each of the key management personal of the company are:

Chief Executive Officer

- The Chief Executive Officer's role is to oversee all operations of Queensland Music Festival within the delegated authority of the board. These aspects include the ongoing development of the organisation as well as the administration, marketing, implementation and presentation of all aspects of the festival, in keeping with the purpose, vision and artistic imperatives of Queensland Music Festival as approved by the board.

Program & Technical Director

- The Program & Technical Director's role is to deliver the vision of the Queensland Music Festival program, planning and leading the successful development and execution of all Queensland Music Festival artistic projects and activities, including projects/ events outside the 'Festival' period where appropriate.

Marketing & Communications Director

- The Marketing & Communications Director's role is to devise and manage the implementation of a cohesive marketing, communications and public relations strategy for all activities of the Queensland Music Festival, including projects/ events outside the 'Festival' period.

Business Development Director

- The Business Development Director's role is to ensure the highest possible support for the Festival through developing corporate and government partnerships, obtaining grants and fundraising. Building and maintaining effective relationships with diverse stakeholders.

Regional Engagement Director

- The Regional Engagement Director leads the operations of the State Co-ordination Office to develop and implement strategies to build capacity and strategic partnerships in the sector. They facilitate networking between Regional Arts Network providers, broader sector and potential supporters.

Details of appointment, resignation and remuneration of board members of the company are:

Board Member	Date appointed	Date resigned	Remuneration received (\$)
Dominic McGann	7 th December 2017	-	\$ -
Darren Busine	2 nd March 2017	-	\$ -
Terence Willsteed	2 nd March 2017	-	\$ -
Alison Mobbs	16 th April 2018	-	\$ -
Diat Alferink	16 th April 2018	-	\$ -
Margaret Barrett	16 th April 2018	-	\$ -
Jane Williams	16 th April 2018	-	\$ -

The Queensland Music Festival Pty Ltd

Notes to the Financial Statements for the year ended 31 December 2020

NOTE 19: RELATED PARTY TRANSACTIONS CONT.

	2020	2019
	\$	\$

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. Further, we note the following related party revenue and expense transactions during the year between Queensland Music Festival and entities associated with key management personnel and board members:

Revenue:

CS Energy	-	10,000
Frazer Family Foundation	10,000	10,000
	<u>10,000</u>	<u>20,000</u>

Expense:

Drama Queensland	-	2,000
	<u>-</u>	<u>2,000</u>

The following revenue and expenses relating to the Queensland State Government, which holds all the issued capital of the company, either directly or indirectly through departments or statutory authorities:

Revenue:

Arts Queensland – Core funding	1,600,000	1,600,000
Arts Queensland – RASN funding	420,000	603,000
Arts Queensland – Other	133,826	322,275
	<u>2,156,826</u>	<u>2,525,275</u>

Expense:

Arts Queensland - Other	16,722	100,371
	<u>16,722</u>	<u>100,371</u>

The Queensland Music Festival Pty Ltd

Notes to the Financial Statements for the year ended 31 December 2020

NOTE 20: FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

Financial Instruments

Recognition

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

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 operations. The company does not have any derivative instruments at 31 December 2020.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents
- Receivables – held at amortised cost
- Payables – held at amortised cost
- Lease Liabilities – held at amortised cost

The carrying amounts of trade receivables and payables approximate their fair value.

No financial assets and financial liabilities have been offset and presented on a net basis in the Statement of Financial Position.

The carrying amounts for each category of financial instruments:

	Note	2020 \$	2019 \$
Financial Assets			
Cash and cash equivalents	7	2,443,876	1,801,539
Receivables	8	244,756	107,688
Total Financial Assets		2,688,632	1,909,227
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	12	189,098	174,468
- Lease Liabilities	15	497,770	544,054
Total Financial Liabilities		686,868	718,522

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.

The Queensland Music Festival Pty Ltd

Notes to the Financial Statements for the year ended 31 December 2020

NOTE 20: FINANCIAL RISK MANAGEMENT CONT.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The net fair values of assets and liabilities approximate their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Queensland Music Festival Pty Ltd

ABN 67 084 526 876

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes, as set out on pages 6 to 26 are in accordance with the *Corporations Act 2001* including:
- (i) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (ii) complying with the Australian Charities and Not-for-profit Commission Act 2012 and the Australian Charities and Not-for-Profit Commission Regulations 2013; and
 - (iii) giving a true and fair view of the company's financial position as at 31 December 2020 and of its performance for the 12 months ended on that date; and
- (b) there are reasonable grounds to believe that the company 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.

DocuSigned by:

6EB6AD6EDED444

Alison Mobbs (Director)

DocuSigned by:

285F932F395C405...

Jane Williams (Director)

Dated at Brisbane this 13th day of April 2021

04/14/21 | 1:26 PM AEST

04/15/21 | 11:45 AM ACST

INDEPENDENT AUDITOR'S REPORT

To the Members of The Queensland Music Festival Pty Ltd

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of The Queensland Music Festival Pty Ltd.

In my opinion, the financial report:

- a) gives a true and fair view of the company's financial position as at 31 December 2020, and its financial performance and cash flows for the year then ended
- b) complies with the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the directors' declaration.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Responsibilities of the company for the financial report

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards, and for such internal control as the company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The company's directors are also responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the company.
- Conclude on the appropriateness of the company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Melissa Fletcher
as delegate of the Auditor-General

15 April 2021
Queensland Audit Office
Brisbane