

**IPSWICH CITY ENTERPRISES  
INVESTMENTS PTY LTD**

ABN 42 127 862 515

**DIRECTOR'S REPORT  
AND  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2019**

Ipswich City Enterprises Investments Pty Ltd  
Financial Report for the year ended 30 June 2019

**TABLE OF CONTENTS**

	<b>Page No.</b>
<b>Director's Report</b>	2
<b>Auditor's Independence Declaration</b>	4
<b>Financial Report</b>	5
<b>Statement of Comprehensive Income</b>	5
<b>Statement of Financial Position</b>	6
<b>Statement of Changes in Equity</b>	7
<b>Statement of Cash Flows</b>	8
<b>Notes to the Financial Statements</b>	9
<b>Director's Declaration</b>	17
<b>Independent Auditor's Report</b>	18

## **Ipswich City Enterprises Investments Pty Ltd Director's Report 2018-2019**

The Director presents the report on Ipswich City Enterprises Investments Pty Ltd (the Company) for the financial year ended 30 June 2019.

### **Directors**

The names of the Directors in office at any time during or since the end of the financial year were:

Mr G Chemello (appointed as sole Director on 27 November 2018)

Mr D Morrison (resigned on 26 November 2018)

Mr P Tully (resigned on 30 October 2018)

Mr D Best (ceased on 27 November 2018)

During the 2019 financial year, the constitution of the Company was amended to allow the Company to operate with a sole Director. The Member of the Company, Ipswich City Enterprises Pty Ltd, appointed Mr. Gregory Chemello as the sole Director and Company Secretary.

### **Net Results**

The net result of the Company for the financial year ended 30 June 2019 was a surplus of \$141,760.

### **Review of Operations**

The Company is a wholly owned subsidiary of Ipswich City Enterprises Pty Ltd (ICE).

The Company was established to provide sound governance of the Services Queensland Partnership as a commercial enterprise.

The Services Queensland Partnership ceased trading on 6 November 2017 and the Partnership Agreement expired on 7 November 2017.

The Company has not actively traded during the financial year and has incurred only minor operating costs and audit fees. Its major revenues comprise bank account interest and licence fees from QPGJV (unincorporated joint venture between Partnerships Australia Pty Ltd and Prevwood Pty Ltd).

### **Matters relating to former Directors**

Attention is drawn to Note 14 of the Company's Financial Report for the year ending 30 June 2019 regarding matters relating to former Directors.

### **Dividends**

The Company declared dividends totalling \$4,885,000 to ICE during the 2019 financial year. All dividends have been paid in full by the Company.

### **Indemnification of Directors and Officers**

During the financial year, there was an insurance policy in place for the benefit of Directors, secretaries and executive officers of the Company. The insurance policy grants indemnification in respect of certain liabilities for which the Corporations Act 2001 allows indemnification. The insurance policy does not permit the disclosure of the nature of the liabilities insured nor the amount of the premium. No insurance cover has been provided for the benefit of the auditors of the Company.

### **Director's Strategic Intent**

On 23 April 2018 Council resolved to endorse the winding up of the Company's parent entity, ICE.

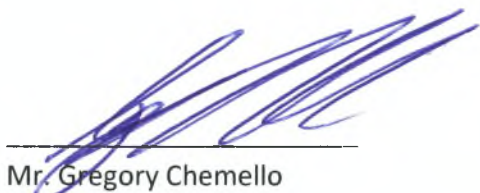
The principal activities of the Company have now ceased. Subject to the finalisation of arrangements related to the Licence Agreement with QPGJV, it is the Board's expectation that the Company will be placed into Member Voluntary Liquidation prior to December 2019 and that the resultant deregistration will occur prior to 30 June 2019.

The costs associated with the intended Member Voluntary Liquidation and subsequent deregistration are expected to be less than \$20,000. Apart from these costs, the winding-up of the Company does not impose any additional costs or liabilities on Council.

### **Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 30 June 2019 forms part of this report and a copy of this declaration is attached.

This report is made in accordance with a resolution of the Board of the Company and is signed by:



Mr. Gregory Chemello  
Director and Company Secretary

Dated 10/10/19

## AUDITOR'S INDEPENDENCE DECLARATION

To the Director of Ipswich City Enterprises Investments 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 Ipswich City Enterprises Investments Pty Ltd for the financial year ended 30 June 2019, 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.



Patrick Flemming  
as delegate of the Auditor-General

10 October 2019  
Queensland Audit Office  
Brisbane

Ipswich City Enterprises Investments Pty Ltd  
Financial Report for the year ended 30 June 2019

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019**

	Note	Company	
		2019	2018
		\$	\$
<b>Income</b>			
Distributions		-	761,286
Interest		18,218	96,447
Other Revenue	2	130,000	289,144
<b>Total Income</b>		<u>148,218</u>	<u>1,146,876</u>
<b>Expense</b>			
Audit Fees		4,500	200
General Costs	3	1,957	7,448
<b>Total Expense</b>		<u>6,457</u>	<u>7,648</u>
<b>Operating Surplus (Deficit) for the Year</b>		<u>141,760</u>	<u>1,139,228</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>141,760</u></u>	<u><u>1,139,228</u></u>

The accompanying notes form part of these financial statements

Ipswich City Enterprises Investments Pty Ltd  
Financial Report for the year ended 30 June 2019

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

	Notes	Company	
		2019	2018
Assets		\$	\$
<b>Current Assets</b>			
Cash and Cash Equivalents	4	241,666	4,800,388
Trade and Other Receivables	5	-	186,905
<b>Total Current Assets</b>		<u>241,666</u>	<u>4,987,293</u>
<b>TOTAL ASSETS</b>		<u>241,666</u>	<u>4,987,293</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	6	13,000	13,839
Accrued Expenses	7	-	1,549
<b>Total Current Liabilities</b>		<u>13,000</u>	<u>15,388</u>
<b>TOTAL LIABILITIES</b>		<u>13,000</u>	<u>15,388</u>
<b>NET ASSETS (LIABILITIES)</b>		<u>228,666</u>	<u>4,971,905</u>
<b>Equity</b>			
Contributed Equity	8	1	1
Retained Earnings		228,665	4,971,904
<b>TOTAL EQUITY</b>		<u>228,666</u>	<u>4,971,905</u>

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019**

Company	Note	Contributed Equity \$	Retained Earnings \$	Total \$
Balance as at 30 June 2017		1	4,217,659	4,217,660
Operating Surplus (Deficit) for the Year		-	1,139,228	1,139,228
Dividends Declared	9	-	(384,982)	(384,982)
Balance as at 30 June 2018		<u>1</u>	<u>4,971,904</u>	<u>4,971,905</u>
Operating Surplus (Deficit) for the Year		-	141,760	141,760
Dividends Declared	9	-	(4,885,000)	(4,885,000)
Balance as at 30 June 2019		<u>1</u>	<u>228,665</u>	<u>228,666</u>

The accompanying notes form part of these financial statements



**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019**

	Note	Company	
		2019 \$	2018 \$
<b>Cash Flows from Operating Activities</b>			
Distributions Received		-	761,286
Dividends Paid	9	(4,885,000)	(384,982)
Receipts for Services Provided		336,001	183,815
Payments to Suppliers		(27,941)	(42,459)
Interest Received		18,218	96,447
<b>Net Cash Provided (Used) by Operating Activities</b>		<b>(4,558,722)</b>	<b>614,107</b>
Net Increase (Decrease) in Cash and Cash Equivalents Held		<b>(4,558,722)</b>	<b>614,107</b>
Cash and Cash Equivalents at the Beginning of the Financial Year		4,800,388	4,186,281
Cash and Cash Equivalents at the End of the Financial Year	4	<b>241,666</b>	<b>4,800,388</b>

The accompanying notes form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### Objectives and Principal Activities of the Company

The objective of Ipswich City Enterprises Investments Pty Ltd (the Company) was to provide sound governance of the former Services Queensland Partnership as a commercial enterprise.

The principal activities of the Company included all necessary activities related to the objectives including:

- regular review of the Services Queensland Partnership performance;
- investigate opportunities to expand the Services Queensland Partnership business.

The Company was incorporated on 5 October 2007 and Ipswich City Enterprises Pty Ltd acquired 100% ownership via purchase of the Company's one share for a consideration of \$1. Ipswich City Council is the ultimate parent entity and has control over Ipswich City Enterprises Pty Ltd.

Ipswich City Council resolved on 23 April 2018 to endorse the winding up of the Company's parent, Ipswich City Enterprises Pty Ltd. Additional information is presented in Note 13.

### Note 1 Statement of Significant Accounting Policies

#### (a) Basis of Preparation

##### *Reporting Basis and Conventions*

These financial statements are general purpose financial statements prepared under the accrual basis of accounting in accordance with the requirements of the *Corporations Act 2001* and the Australian Accounting Standards – Reduced Disclosure Requirements and Australian Accounting Interpretations.

With respect to compliance with Australian Accounting Standards and Interpretations, the Company has applied those requirements applicable to for-profit entities, as the Company is a for-profit public sector entity. Except where otherwise stated the financial statements have been prepared in accordance with the historical cost basis. All amounts throughout the financial statements are in Australian dollars.

It is the intention of the Director to wind up the Company once all its contractual arrangements are settled or transferred. Consequently the Company is not a going concern. These financial statements, however, have been prepared on a basis consistent with a going concern basis of accounting. Refer Note 13 for further details.

#### (b) Interest in Other Entities

During 2007-2008 Ipswich City Council (Council) entered into an agreement whereby its customer services would be delivered via a shared services arrangement. Council manages its investment in this initiative via wholly owned subsidiaries, Ipswich City Enterprises Pty Ltd (ICE) and Ipswich City Enterprises Investments Pty Ltd (ICEI). ICEI is a wholly owned subsidiary of ICE. Services Queensland Partnership partners, Ipswich City Enterprises Investments Pty Ltd (50%), Partnerships Australia Pty Ltd (16.67%) and Prevwood Pty Ltd (33.33%), entered into an agreement to establish a partnership and appoint Local Partnership Services Pty Ltd as the manager of the partnership.

Services Queensland Partnership principal place of business was 25 Evelyn Street, Newstead, Brisbane Qld 4006.

The financial results of the Services Queensland Partnership are not consolidated into these Financial Statements. Separate financial statements for Services Queensland Partnership have been prepared and audited.

The Services Queensland Partnership ceased trading on 6 November 2017 and the Partnership Agreement expired on 7 November 2017.

All profits of Services Queensland were distributed to all partners during previous Financial Years. Distributions from the Services Queensland Partnership to Ipswich City Enterprises Investments Pty Ltd during 2017-2018 the final year of trading amounted to \$761,286.

**Note 1 Statement of Significant Accounting Policies (continued)**

**(c) Comparative Figures**

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

**(d) Financial Instruments**

Recognition

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

Classification

Financial instruments are classified and measured as follows:

- Receivables – held at amortised cost
- Payables – 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 Company does not enter into, or trade with, instruments for speculative purposes, nor for hedging.

**(e) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and deposits held at call with banks.

**(f) Trade and Other Receivables**

Debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase / contract price, with settlement on debtors being generally required within 30 days from the invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June. Increases in the allowance for impairment are based on loss events that have occurred.

**(g) 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.

**(h) Taxation**

(i) GST

Revenues, expenses and assets are recognised net of the amount of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis.

(ii) Income Tax

Ipswich City Enterprises Investments Pty Ltd is exempt from income tax under Section 24AK as it is an STB under 24AO of the *Income Tax Assessment Act 1936*.

(iii) Income Tax - Partnership

The partners in the Services Queensland partnership were entitled to the whole of any income, if any, of the partnership and therefore no tax is payable by the partnership.

**Note 1 Statement of Significant Accounting Policies (continued)**

**(i) Adoption of Tier 2 Format for Financial Statement**

AASB 1053 Application of Tiers of Australian Accounting Standards applies in this financial report. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements - Australian Accounting Standards (commonly referred to as "tier 1"), and Australian Accounting Standards - Reduced Disclosure Requirements (commonly referred to as "tier 2"). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the tier 1 and tier 2 requirements is that tier 2 requires fewer disclosures than tier 1.

**(j) Adoption of New and Revised Accounting Standards**

The Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet effective and have not been adopted by the Company for the period ended 30 June, are outlined below. These amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report and have future commencement dates will not have a material impact on the financial statements as the Company is being wound up.

**Effective for annual reporting periods beginning on or after 1 January 2019**

**AASB 16 Leases**

AASB 16 replaces AASB 117 Leases. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. There will not be any material impact by applying this standard.

**(k) First Year Application of New Accounting Standards or Change in Accounting Policy**

**AASB 9 Financial Instruments**

The Company applied AASB 9 Financial Instruments for the first time in 2019 financial year. Comparative information for 2018 financial year has not been restated and continue to be reported under AASB 139 Financial Instruments: Recognition and Measurement. The nature and effect of the changes as a result of adoption of this new accounting standard are described as below.

**(i) Classification and measurement**

- there was no change to either the classification or valuation of the cash and cash equivalent item.
- trade receivables are classified and measured at amortised cost, similar to the previous classification of receivables.
- all financial liabilities continue to be measured at amortised cost. There is no material impact on the reported value of financial liabilities.

**(ii) Impairment**

AASB 9 requires the loss allowance to be measured using a forward-looking expected credit loss approach, replacing AASB 139's incurred loss approach. AASB 9 also requires a loss allowance to be recognised for all debt instruments other than those held at fair value through profit or loss. On adoption of AASB 9's new impairment model, the Company has concluded that there is no impact.

**AASB 15 Revenue from Contracts with Customers**

AASB 15 establishes a comprehensive framework for determining the timing and value of revenue recognised from contracts with customers which supersedes AASB 111 Construction Contracts and AASB 118 Revenue and related interpretations. Only contractual counterparties that are customers are assessed under AASB 15, which requires careful analysis of the circumstances to confirm whether a customer relationship exists. The new standard replaces and enhances existing revenue recognition guidance as the new standard is based on the principle that revenue is recognised when an entity completes its performance obligations under a contract e.g. transfers goods to or performs services for the customer.

The Company applied judgement in reviewing the relevant facts and circumstances of its only remaining contract against the five-step process set out in the standard. There was no change to the recognition processes thus no substantial change to the timing of revenue recognition.

**Note 1 Statement of Significant Accounting Policies (continued)**

**(k) First Year Application of New Accounting Standards or Change in Accounting Policy (continued)**

**Transition**

The standard permits either a full retrospective or a modified retrospective (simplified transition method) approach for the adoption. The Company adopted the new standard on 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2018 and comparatives are not restated. The Company has applied the modified retrospective approach to its one contract at the date of initial application. There was no change to the recognition processes thus no substantial change to the timing of revenue recognition. Refer Note 2 for additional information.

**(l) Revenue**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

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

Revenue from the rendering of services is recognised upon the delivery of the service to the customer.

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

**(m) Issuance of Financial Statements**

The financial statements are authorised for issue by the Director at the date of signing the Director's Declaration.

**(n) Accounting Estimates and Judgements**

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

No significant accounting estimates or judgements have been made during this reporting period.

Ipswich City Enterprises Investments Pty Ltd  
Financial Report for the year ended 30 June 2019

		2019	2018
		\$	\$
<b>Note 2</b>	<b>Other Revenue</b>		
	Licence Fees	130,000	120,000
	Service Revenue	-	169,144
		<u>130,000</u>	<u>289,144</u>
<p>Partnerships Australia Pty Ltd and Prevwood Pty Ltd formed an unincorporated joint venture known as QPGJV. The Company, Ipswich City Council and Services Queensland licence their intellectual property to QPGJV under a licence agreement. The total licence fee is \$1,200,000 in consideration of the grant licence. This revenue is not recognised until the Company invoices QPGJV according to the 9 year schedule in the agreement. The performance obligation is transferred at the time the Company issues the invoices according to the schedule since the licence IP is provided on an "as is" basis and the Company will not provide warranty and will not be liable for any loss or damage that may arise. In 2019 financial year, the opening balance of the licence fee receivable is \$132,000 including GST. The receivable is nil at the end of 2019 financial year.</p>			
<b>Note 3</b>	<b>General Costs</b>		
	Other Costs	1,957	7,448
		<u>1,957</u>	<u>7,448</u>
<b>Note 4</b>	<b>Cash and Cash Equivalents</b>		
	Cash at Bank	241,666	4,795,430
	Cash at Bank - Debit Card	-	4,958
		<u>241,666</u>	<u>4,800,388</u>
<b>Note 5</b>	<b>Trade and Other Receivables</b>		
	Trade Receivables	-	186,905
		<u>-</u>	<u>186,905</u>
<b>Note 6</b>	<b>Trade and Other Payables</b>		
	Trade Payables	-	2,204
	GST Payable	13,000	11,635
		<u>13,000</u>	<u>13,839</u>
<b>Note 7</b>	<b>Accrued Expenses</b>		
	Audit Fees Payable	-	1,549
		<u>-</u>	<u>1,549</u>
<p>Audit fees by Queensland Audit Office relating to the 2017-2018 financial statements were \$7,500. The estimated 2018-2019 audit fees of \$2,500 will be paid by Ipswich City Council.</p>			
<b>Note 8</b>	<b>Contributed Equity</b>		
	Issued and Paid Up Capital	1	1
	(1 Ordinary Share at \$1 each)	<u>1</u>	<u>1</u>



Ipswich City Enterprises Investments Pty Ltd  
Financial Report for the year ended 30 June 2019

**Note 9 Dividends**

During the 2017-2018 financial year, dividends of \$384,982 were declared and paid by Ipswich City Enterprises Investments Pty Ltd (ICEI) to Ipswich City Enterprises Pty Ltd (ICE).

During the 2018-2019 financial year, dividends of \$4,885,000 were declared and paid by Ipswich City Enterprises Investments Pty Ltd (ICEI) to Ipswich City Enterprises Pty Ltd (ICE).

	<b>Dividends Payable by ICEI to ICE \$</b>
<b>Balance as at 30 June 2017</b>	-
Dividends declared by ICEI to ICE	384,982
Dividends paid by ICEI to ICE	<u>(384,982)</u>
<b>Balance as at 30 June 2018</b>	-
Dividends declared by ICEI to ICE	4,885,000
Dividends paid by ICEI to ICE	<u>(4,885,000)</u>
<b>Balance as at 30 June 2019</b>	<u><u>-</u></u>

**Note 10 Company Details**

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

C/- Ipswich City Council  
45 Roderick Street  
IPSWICH QLD 4305  
ACN: 127 862 515  
ABN: 42 127 862 515

**Note 11 Related Parties**

(a) The following persons were appointed by Ipswich City Council. They held office as Directors of Ipswich City Enterprises Investments Pty Ltd (ICEI) during the current and the previous financial years and up to the balance date unless ceased before balance date as stated below:

	<b>Note</b>	<b>Appointment Date</b>	<b>Cease Date</b>
Mr P Tully		05/10/2007	30/10/2018
Mr D Morrison		26/06/2018	26/11/2018
Mr J Lindsay		05/10/2007	01/06/2018
Mr A Roach		19/12/2014	26/06/2018
Mr D Best		18/02/2014	27/11/2018
Mr G Chemello		27/11/2018	

On 27 November 2018, the Member of the Company resolved to modify the constitution of the Company to allow the Company to operate with a sole Director, and appointed Mr Gregory Chemello as sole Director and Company Secretary.

(b) No fees were paid to the Directors of the Company.

Ipswich City Enterprises Investments Pty Ltd  
Financial Report for the year ended 30 June 2019

**Note 11 Related Parties (continued)**

(c) Transactions between the Company and related parties were on arm's length basis in a normal commercial term except as indicated in Note 11 (f).

(d) The following amounts (ex GST) were paid, or are payable by the Services Queensland Partnership to entities related to the Company for services or resources provided to or performed on behalf of the partnership:

	2019	2018
	\$	\$
Ipswich City Council		
Administration services	-	2,553,037

(e) The following amounts (ex GST) were paid, or are payable by the Services Queensland Partnership to the Company:

Distribution of partnership profit	-	761,286
------------------------------------	---	---------

(f) The following amounts (ex GST) were paid, or are payable by Ipswich City Enterprises Investments Pty Ltd to related entities for services or resources received:

Ipswich City Properties Pty Ltd (ICP)		
* Office support expenses recovery	1,000	-
Ipswich City Developments Pty Ltd (ICD)		
* Office support expenses recovery	-	6,360
General expenses	-	19
Ipswich City Enterprises Pty Ltd		
General expenses	-	552
Total	<u>1,000</u>	<u>6,932</u>

\* The Company paid ICD and ICP for the provision of serviced office accommodation which encompassed the provision of office space, use of furniture assets and office consumables, and supporting services. The service charges were based on their projected costs and were charged to the Company based on the proportionate use of the services.

(g) Dividends payment refer to Note 9.

**Note 12 Contingent Liabilities**

There are no past events that have given rise to a potential measurable or non-measurable obligation; therefore, no contingent liabilities have been recognised.



**Note 13      Going Concern and Events Subsequent to Balance Date**

The Director of the Company intends to transfer the Company's operations to the parent entity and to deregister the Company. As part of this process, as far as is practical, the Company will dispose of its assets to the parent and settle outstanding liabilities prior to commencing a Members Voluntary Liquidation. Accordingly, this financial report has been prepared on a basis consistent with the going concern basis.

Following a resolution of the Board of the Company, dated 20 August 2018, the Company has recommended to undertake a Members Voluntary Liquidation and deregistration to finalise the remaining assets and liabilities of the Company. However as at the date of this report, the subsequent Members Resolution has not yet been prepared.

Ipswich City Council resolved on 23 April 2018 to endorse the winding up of the Company's parent, Ipswich City Enterprises Pty Ltd.

**Note 14      Matters Relating to Former Directors**


On 14 August 2018 the Crime and Corruption Commission (CCC) tabled in State Parliament its report titled *Culture and corruption risks in Local Government: Lessons learned from an investigation into Ipswich City Council (Operation Windage)*. As a result of the investigation serious charges were laid against former Directors in relation to their roles with Ipswich City Council. No former Director has acted on behalf of the Company, subsequent to being charged. To the best of the Company's knowledge at the date of this report, there is no material impact on this financial report.

## DIRECTOR'S DECLARATION

**The Director of the Company declares that:**

- 1 The attached financial statements and notes thereto, including the matters disclosed in Note 13 Going Concern and Events Subsequent to Balance Date, are in accordance with the Corporations Act 2001, including compliance with Australian accounting standards - reduced disclosure requirements and giving a true and fair view of the financial position as at 30 June 2019 and of the performance of the Company for the financial year ended on that date; and
- 2 In the Director's opinion 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 the Company.

---

**Mr. Gregory Chemello**  
**Director and Company Secretary**

**Dated** 10/10/19

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Ipswich City Enterprises Investments Pty Ltd

### **Report on the audit of the financial report**

#### **Opinion**

I have audited the accompanying financial report of Ipswich City Enterprises Investments Pty Ltd.

In my opinion, the financial report:

- a) gives a true and fair view of the company's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended
- b) complies with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards – Reduced Disclosure Requirements.

The financial report comprises the statement of financial position as at 30 June 2019, 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 director's declaration.

#### **Basis for opinion**

I conducted my audit in accordance with the *Auditor-General of Queensland 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 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 of Queensland Auditing Standards*. I am also independent of the entity in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the director of the company, would be in the same terms if given to the director as at the time of this auditor's report.

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

#### **Emphasis of matter – Directors intend to transfer operations to parent entity and deregister company**

I draw attention to Note 13 of the financial report, which describes that the Board resolved on 20 August 2018 to recommend to the members that the company undertake a Members Voluntary Liquidation and deregistration to finalise the remaining assets and liabilities. The note also describes that the Director intends to transfer the company's operations to the parent entity, including disposing of its assets to the parent entity and settling outstanding liabilities prior to commencing a Members Voluntary Liquidation. As a result, the financial report has been prepared on a basis consistent with the going concern basis. My opinion is not modified in respect of this matter.

## **Other information**

Other information comprises the information included in the company's director's report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## **Responsibilities of the company for the financial report**

The company's director is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards – Reduced Disclosure Requirements, and for such internal control as the company's director determines 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 director is 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.
- 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 director 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.



Patrick Flemming  
as delegate of the Auditor-General

18 October 2019

Queensland Audit Office  
Brisbane