

**IPSWICH CITY DEVELOPMENTS PTY LTD**

ABN 39 167 100 441

**UNAUDITED FINAL FINANCIAL REPORT  
FOR THE PERIOD ENDED 20 JUNE 2019**

Unaudited

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**STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 20 JUNE 2019**

	Note	2019 \$	2018 \$
<b>Income from Sales</b>			
Sales Revenue	2	-	2,750,000
Less: Cost of Goods Sold	3	-	1,384,251
<b>Net Sales</b>		<u>-</u>	<u>1,365,749</u>
<b>Other Income</b>			
Interest		6,888	25,061
Rental Income	4	13,015	106,253
Service Revenue	5	214	107,725
Other Income	6	26,147	3,643
<b>Total Other Income</b>		<u>46,263</u>	<u>242,681</u>
<b>Gain on Sale of Assets</b>		11,704	-
<b>Total Income</b>		<u>57,968</u>	<u>1,608,431</u>
<b>Expense</b>			
Materials and Services	7	18,426	71,550
Finance Costs		-	90,627
Depreciation Expense	12	571	6,894
Rental Expenses		-	73,935
Other Expenses	8	33,625	79,515
<b>Total Expense</b>		<u>52,622</u>	<u>322,521</u>
<b>Operating Surplus (Deficit) for the Period</b>		<u>5,346</u>	<u>1,285,910</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>5,346</u></u>	<u><u>1,285,910</u></u>

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION AS AT 20 JUNE 2019

	Note	2019 \$	2018 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	9	-	937,267
Trade and Other Receivables	10	-	9,967
<b>Total Current Assets</b>		-	947,234
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Investment Property	11	-	2,000,000
Furniture and Fittings	12	-	22,633
<b>Total Fixed Assets</b>		-	2,022,633
<b>TOTAL ASSETS</b>		-	<b>2,969,867</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	13	-	15,243
Unearned Revenue		-	8,966
<b>Total Current Liabilities</b>		-	24,210
<b>TOTAL LIABILITIES</b>		-	<b>24,210</b>
<b>NET ASSETS (LIABILITIES)</b>		-	<b>2,945,657</b>
<b>Equity</b>			
Contributed Equity	14	-	410,257
Retained Earnings		-	2,535,400
<b>TOTAL EQUITY</b>		-	<b>2,945,657</b>

### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 20 JUNE 2019

	Note	Contributed Equity \$	Retained Earnings \$	Total \$
Balance as at 30 June 2017		410,257	1,249,490	1,659,747
Operating Surplus (Deficit) for the Period		-	1,285,910	1,285,910
Balance as at 30 June 2018		410,257	2,535,400	2,945,657
Operating Surplus (Deficit) for the Period		-	5,346	5,346
Dividends Declared	15	-	(2,500,000)	(2,500,000)
Distribution	16	(410,257)	(40,746)	(451,003)
Balance as at 20 June 2019		-	-	-

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 20 JUNE 2019

	Note	2019 \$	2018 \$
<b>Cash Flows from Operating Activities</b>			
Dividends Paid	15	(2,500,000)	-
Distribution Paid	16	(449,133)	-
Receipts of Fees and Contributions		166,441	3,296,321
Payments to Suppliers		(185,582)	(1,028,014)
Interest Received		6,888	25,061
<b>Net Cash Provided (Used) by Operating Activities</b>		<u>(2,961,387)</u>	<u>2,293,368</u>
<b>Cash Flows from Investing Activities</b>			
Proceeds from Sale of Investment Property		2,000,000	-
Proceeds from Sale of Property Plant & Equipment		24,120	-
<b>Net Cash Provided (Used) by Investing Activities</b>		<u>2,024,120</u>	<u>-</u>
<b>Cash Flows from Financing Activities</b>			
Movement in Borrowings		-	(2,425,688)
<b>Net Cash Provided (Used) by Financing Activities</b>		<u>-</u>	<u>(2,425,688)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents Held</b>		<u>(937,267)</u>	<u>(132,320)</u>
Cash and Cash Equivalents at the Beginning of the Financial Period		937,267	1,069,587
<b>Cash and Cash Equivalents at the End of the Financial Period</b>	9	<u>-</u>	<u>937,267</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 20 JUNE 2019

### Objectives and Principal Activities of the Company

The objectives of Ipswich City Developments Pty Ltd, hence forth referred to as the Company, were to undertake property development in the Ipswich City Council Local Government Area.

The principal activities of the Company include all necessary activities related to the objectives of the Company and may include:

- entering into joint venture arrangements to deliver property development projects;
- tendering and appointing a developer or developers;
- identifying and obtaining all necessary approvals;
- give guarantees, mortgages over the assets of the Company, or any other form of security to help facilitate property development projects;
- negotiate any commercial arrangements relevant to property development projects;
- take any other steps which are consistent with the undertaking of property development projects.

The Company was deregistered on 20 June 2019. Refer note 19.

### Note 1: Statement of Significant Accounting Policies

#### (a) Basis of Preparation

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.

#### (b) The Reporting Entity

The Company does not control other entities. The financial statements include the value of all revenue, expenses, assets, liabilities and equity for the Company as an individual entity.

#### (c) Comparative Figures

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

#### (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

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

**Note 1 (d) Financial Instruments (continued)**

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, 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 debt being generally required within 30 days from the invoice date.

The collectability of receivables is assessed periodically for impairment. All known bad debts were written-off at 20 June. If an amount is recovered in a subsequent period it is recognised as revenue.

**(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, assets and liabilities are recognised net of the amount of GST.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing activities which are disclosed as operating activities.

**(ii) Income Tax**

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

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

AASB 1053 Application of Tiers of Australian Accounting Standards applies from reporting periods beginning on or after 1 July 2013. 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.



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

**(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 are outlined below. These changes will have no material impact on the financial statements. The Company was deregistered on 20 June 2019.

**Effective for annual reporting periods beginning on or after 1 January 2018**

**AASB 9 Financial Instruments**

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement, and will change the classification, measurement and disclosures of financial assets. The balance of the financial assets and financial liabilities are nil at the end of 2019 financial period. There is no adjustment for the comparative financial year.

**AASB 15 Revenue from Contracts with Customers**

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 15 contains a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers. There is no material impact by applying this standard.

**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.

**(k) Revenue**

Rental 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.

Sales revenue received in relation to the option agreement is recorded at fair value as specified in the option contract.

All revenue is stated net of the amount of GST.

**(l) Finance Costs**

Finance costs incurred in the construction of an asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Finance costs for the investment property have been accrued during the reporting period and are presented in the statement of comprehensive income as expenses.

**(m) Investment Property**

The Company has applied AASB 140 Investment Property. The property is in 101 Limestone Street, Ipswich.

The fair value model is applied for the investment property. The investment property was independently valued by Taylor Byrne Valuers and Property Consultants on 14 March 2018. The process involved a desktop valuation based on the highest and best use of the property with comparisons to recent market transactions. The investment property has been sold in August 2018. Please refer note 11 for additional information.

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

**(n) Property, Plant and Equipment**

The Company acquired furniture and fittings in the 2017 financial period. Plant and equipment is measured at cost and is carried at its cost less any accumulated depreciation. The carrying amount is reviewed annually by the Directors to ensure the carrying amount is not materially different to the fair value. All the plant and equipment has been disposed of during the 2019 financial period.

**(o) Lease**

The Company leased out 101 Limestone Street, Ipswich to Ipswich City Enterprises Pty Ltd (ICE) from February 2016 to August 2018. Additional information is presented in note 11. There is no minimum future rental income under non-cancellable operating lease.

The Company leased level 4, 143 Brisbane Street, Ipswich from Ipswich City Council from 10 June 2017 to 30 June 2018.

The Company also leased level 1, 143 Brisbane Street, Ipswich from Ipswich City Council from 1 March 2017 to 31 August 2017. Both of the leases are cancellable by one month notice in advance. There is no non-cancellable rental payment.

**(p) Continuation**

Please refer note 19 for additional information.

**(q) 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.

Significant accounting estimates and judgements have been applied to the revaluation of Investment Property. Additional information is presented in note 1 (m) and note 11.

**(r) Period**

The financial period of 2018-2019 is from 1 July 2018 to 20 June 2019. The comparative financial period is from 1 July 2017 to 30 June 2018.

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		2019 \$	2018 \$
<b>Note 2</b>	<b>Sales Revenue</b>		
	Sales Redbank Plains Residential	-	2,750,000
		<u>-</u>	<u>2,750,000</u>
<b>Note 3</b>	<b>Cost of Goods Sold</b>		
	COGS Bellbird Park	-	33,228
	COGS Goodna	-	4,194
	COGS Leichhardt	-	25,448
	COGS Redbank Plains-Residential	-	1,302,355
	COGS Springfield Lakes	-	5,962
	COGS Yamanto	-	13,063
		<u>-</u>	<u>1,384,251</u>
<b>Note 4</b>	<b>Rental Income</b>		
	Rental Income	13,015	106,253
		<u>13,015</u>	<u>106,253</u>
<b>Note 5</b>	<b>Service Revenue</b>		
	Furniture and Fit Out Costs	-	8,018
	IT Costs	-	19,824
	Office Support	-	16,216
	Rental Expenses	-	60,015
	General Expenses	214	3,652
		<u>214</u>	<u>107,725</u>
<b>Note 6</b>	<b>Other Income</b>		
	Cost Recovery	26,147	3,643
		<u>26,147</u>	<u>3,643</u>
<b>Note 7</b>	<b>Materials and Services</b>		
	Maintenance	420	741
	Other Utility Charges	-	4,446
	Consultancy Fees	-	27,677
	Rates	3,991	13,565
	Insurance	8,347	4,971
	Security Costs	-	811
	Rental Property Expenses	2,689	18,324
	Service Charges	1,600	-
	Legal Costs	1,379	1,014
		<u>18,426</u>	<u>71,550</u>
<b>Note 8</b>	<b>Other Expenses</b>		
	Auditor's Fees	-	9,700
	Appointee Expenses	18,764	-
	Land Tax	8,066	10,857
	IT Cost	1,204	24,294
	Loss on Disposal	123	569
	Other Expenses	5,467	34,096
		<u>33,625</u>	<u>79,515</u>

The 2018-2019 audit fees for the Company will be paid by Ipswich City Council.

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		2019 \$	2018 \$
<b>Note 9</b>	<b>Cash and Cash Equivalents</b>		
	CBA Operating Account	-	933,602
	CBA Debit Card Account	-	3,664
		<u>-</u>	<u>937,267</u>
<b>Note 10</b>	<b>Trade and Other Receivables</b>		
	Trade Debtors	-	9,967
		<u>-</u>	<u>9,967</u>
<b>Note 11</b>	<b>Investment Property</b>		
	<b>Carrying Amount at 1 July</b>	2,000,000	2,000,000
	less Disposal	<u>(2,000,000)</u>	<u>-</u>
	<b>Carrying Amount at period end</b>	<u>-</u>	<u>2,000,000</u>
The Company sold 101 Limestone Street, Ipswich to Ipswich City Council for \$2,000,000 (GST exclusive). Settlement date occurred on 14 August 2018.			
<b>Note 12</b>	<b>Furniture and Fittings</b>		
	<b>Carrying Amount at 1 July</b>	22,633	30,096
	less Disposal	(22,062)	(569)
	less Depreciation	<u>(571)</u>	<u>(6,894)</u>
	<b>Carrying Amount at period end</b>	<u>-</u>	<u>22,633</u>
	Residual Value	-	-
	Range of estimated useful lives in years		3 - 10 years
<b>Note 13</b>	<b>Trade and Other Payables</b>		
	Accrued Charges	-	7,878
	Trade Creditors	-	6,293
	GST Payable	<u>-</u>	<u>1,072</u>
		<u>-</u>	<u>15,243</u>
<b>Note 14</b>	<b>Contributed Equity</b>		
	Contributed Equity from Ipswich City Council	-	410,256
	Ordinary Share held by Ipswich City Council	<u>-</u>	<u>1</u>
		<u>-</u>	<u>410,257</u>

**Note 15 Dividends Declared**

The Company declared dividends totalling \$2,500,000 to Ipswich City Council on 20 August 2018. All dividends were paid in full by the Company on 20 August 2018.

**Note 16 Distribution**

The Liquidators resolved on 15 March 2019 that a distribution of the available assets be made to the company's shareholder Ipswich City Council. The total available assets \$451,002.86 comprise of cash \$449,132.83 and tax refund of \$1,870.03 were distributed in March 2019.

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**Note 17 Company Details**

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

C/- Ipswich City Council

45 Roderick Street

IPSWICH QLD 4305

ACN: 167 100 441

ABN: 39 167 100 441

Following a resolution of Ipswich City Council, Ipswich City Developments Enterprises Pty Ltd was incorporated on 5 December 2013. The name of the company was changed to Ipswich City Developments Pty Ltd on 19 November 2015. Ipswich City Council was the parent entity and had control over the Company.

**Note 18 Related Parties**

(a) The following persons held office as Directors of the Company during the current and the previous financial periods and up to the balance date unless ceased before balance date as stated below:

		<b>Appointment Date</b>	<b>Cease Date</b>
Mr P Tully	Appointed by Ipswich City Council	05/12/2013	20/06/2019
Mr D Morrison	Appointed by Ipswich City Council	24/04/2018	20/06/2019
Mr D Pahlke	Appointed by Ipswich City Council	05/12/2013	06/09/2017
Mr J Lindsay	Appointed by Ipswich City Council	05/12/2013	29/01/2018
Mr A Roach	Appointed by Ipswich City Council	14/10/2014	16/04/2018
Mr D Best	Appointed by Ipswich City Council	31/01/2014	20/06/2019

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

(c) Transactions between the Company and related parties were on arm's length basis in a normal commercial term except as indicated in note 18 (d) and (e).

(d) The following amounts (ex GST) were received, or are receivable, from entities related to the Company for services or resources provided by the Company:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Ipswich City Council		
Sale of Investment Property	2,000,000	-
Sale of Assets	10,164	-
Reimbursement of expenses	9,518	26
Ipswich City Enterprises Pty Ltd		
* Office support expenses recovery	-	21,600
Rental income	13,015	106,253
Reimbursement of expenses	248	6,681
Ipswich City Enterprises Investments Pty Ltd		
* Office support expenses recovery	-	6,360
Reimbursement of expenses	-	19
Ipswich City Properties Pty Ltd		
Sale of Assets	23,479	-
* Office support expenses recovery	-	50,520
Reimbursement of expenses	214	8,163
Ipswich Motorsport Park Pty Ltd		
* Office support expenses recovery	-	19,800
Reimbursement of expenses	-	887
<b>Total</b>	<b>2,056,639</b>	<b>220,308</b>

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**Note 18      Related Parties (continued)**

\* The Company provided serviced office accommodation which encompassed the provision of office space, use of furniture assets and office consumables, and supporting services. The service charge was set by the Company annually based on the projected costs. The Company charged the related parties based on the proportionate use of the services.

(e) The following amounts (ex GST) were paid, or are payable, to entities related to the Company for services or resources provided to the Company:

	2019 \$	2018 \$
Ipswich City Council		
Council rates	3,991	36,971
*Administration support	-	157,864
**Rental expenses	-	17,007
General expenses including IT support, fit-out cost, rubbish removal and catering	1,030	32,065
Ipswich City Enterprises Pty Ltd		
Software expenses recovery	-	1,816
Ipswich City Properties Pty Ltd (ICP)		
**Rental expenses for Council paid via ICP	-	56,928
General expenses	1,600	-
<b>Total</b>	<b>6,621</b>	<b>302,651</b>

\* The administration support \$157,864 was paid by the Company in 2018 financial year but related to support of \$156,000 received in 2017 financial year and \$1,864 received in prior financial years. This is a reimbursement from the Company for employee costs incurred by Ipswich City Council related to the activities of the Company.

\*\* Prior to September 2017, the Company paid rent for 143 Brisbane Street, Ipswich to Ipswich City Council. From September 2017, ICP collected the rent of 143 Brisbane Street, Ipswich on behalf of Ipswich City Council based on a service agreement between ICP and Ipswich City Council.

(f) Dividends paid refer to note 15.

(g) Distribution refer to note 16.

**Note 19      Deregistration**

Following a resolution of the Board, dated 20 August 2018, a Declaration of Solvency, dated 20 August 2018 and a resolution of the Members dated 30 August 2018, the Company commenced a Members Voluntary Liquidation for the purpose of wind up and deregistration. The Liquidators were appointed effective 30 August 2018 and finalised the remaining assets and liabilities of the Company. The Company was deregistered on 20 June 2019. Accordingly, this financial report has not been prepared on a going concern basis. This is the final financial report prepared for the Company. On the basis of the Company being deregistered, this financial statement remain unaudited and unsigned.

**Note 20      Matters Relating to Former Directors**

During the 2018 and 2019 financial periods, the Crime and Corruption Commission charged a former Director with serious offences, in relation to their role with Ipswich City Council, and was immediately suspended by the Council. Court proceedings for those charges remain ongoing. A second former Director was also charged with serious offences by the Crime and Corruption Commission, in relation to their previous role with Ipswich City Council, and has been convicted on those charges. The Crime and Corruption Commission has also charged a third former Director with serious offences. They have been convicted on some of those charges and court proceedings for other charges remain ongoing. 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.

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## STATEMENT FOLLOWING DEREGISTRATION

This statement is provided by the **Interim Administrator of Ipswich City Council** on behalf of Ipswich City Council as the former shareholder of the Company.

The Company was created in 2013 to undertake property development in the Ipswich City Council (Council) local government area. These activities were undertaken on surplus Council land as well as and other lands identified as being of importance to Council.

The Company sold its remaining property asset, located at 101 Limestone Street, Ipswich, to Council which settled on 14 August 2018.

The Company provided a final dividend of \$2.5 million to Council and its principal activities ceased during August 2018.

Following a resolution of its Board on 20 August 2018 and a resolution by the Members on 30 August 2018, the Company commenced a Members Voluntary Liquidation for the purpose of wind up and deregistration.

The Liquidators were appointed effective 30 August 2018 and finalised the remaining assets and liabilities of the Company and provided a final distribution of \$449,000 to Council. The Company was deregistered on 20 June 2019.