



DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

The Directors of Brisbane Powerhouse Pty Ltd (the Company) and its subsidiary Brisbane Powerhouse Foundation (the Foundation) together referred to as the Group present their report for the year ended 30 June 2020 and the auditor's report therein.

Directors

The names of each person who has been a Director of Brisbane Powerhouse Pty Ltd during the year and to the date of this report are:

Libby Anstis BBusComm

Libby Anstis is an experienced Chief Executive and Non-Executive Director with high-level skills in leadership, strategy, advocacy and operations in Queensland's iconic arts and cultural organisations. She has had more than twenty years experience in the performing arts industry with a variety of executive roles at Queensland Theatre Company, Queensland Symphony Orchestra, Brisbane Festival and Centenary of Federation Queensland. Current and former board positions include Business South Bank, SunPAC, the Conservatorium Advisory Board (current), Fraser Coast Tourism and Events (current), Camerata – Queensland's Chamber Orchestra (current) and various funding assessment panels for state and federal governments. She provides strategic and management consultancy services to the arts and cultural sectors, as well as coaching and mentoring to various arts organisations.

Jason Bird FDIA MIES BAppSc (BltEnv) GradDiplnDes (Dist)

With experience gained as a designer working internationally, in 2007 Jason Bird launched Luxxbox, which has become one of the most innovative lighting manufacturers in Australia and North America. Jason has won many national and international awards and his work has been selected to show at several international exhibitions including the International Contemporary Furniture Fair in New York (2010, 2015); London Design Festival (2010, 2011); and Tokyo Design Tide (2010), Neocon Chicago (2019) where Luxxbox came away with multiple industry Awards. In 2013 Jason authored Hightide: Queensland Design Now, a comprehensive showcase of Queensland design. Jason has been a Board Member of the Brisbane Powerhouse since 2013. He is a Fellow of the Design Institute of Australia and a Member of the Illuminating Engineering Society of North America. In 2017, Jason launched Luxxbox USA Inc and now heads up the North America team in San Francisco.

David Conry AM, Chair – resigned 2 May 2020

David Conry is Managing Director of Damarcon, a privately owned advisory and investment business. He has over a decade of experience on private-, government- and community-sector boards including roles as Chair. David personally has a strong community focus and was awarded the honour of Queensland's Australian of the Year 2007 and EY Social Entrepreneur of the Year and in 2019 an Order of Australia for his community and arts sector contribution.

John Cotter

John Cotter is the CEO of Initiative Capital, a private investment firm in alternative infrastructure assets with over \$200m of assets under development. As the founder and CEO of the Flinders Group, now part of the global firm Arcadis, John has led project teams across Australia through concept, business case and delivery phases of complex infrastructure projects. Prior to joining the Board of Brisbane Powerhouse, John chaired the Fortitude Valley Economic Board which oversaw the \$4m revitalisation of the Valley Mall leading to over \$2b of investments into the Valley. John serves on the boards of Phosphate International, Translational Research Institute (Strategy & Commercialisation Committee), Gladstone Agricultural Terminal and Queensland Urban Utilities, and is councillor of the Royal National Agricultural and Industrial Association of Queensland.

Emma Fredericks

Emma Fredericks has a 25 year career in accounting and legal professional services firms such as EY and CGW Lawyers. Her areas of expertise and where she currently consults advisory and board roles include audit, corporate finance specifically acquisitions, due diligence, financial modelling, capital raisings, property transactions etc. She has expertise and skills in corporate governance, risk management, strategic direction, business plans, partnering, business development/revenue growth, and technology challenges. Emma has experience in identifying, understanding, navigating and resolving complex business issues and growing pains in the best commercial interests of the company.



Kevin Griffiths AICD ACA BA (Hons)

Kevin Griffiths is a Partner of EY and has over 20 years' experience as a qualified Chartered Accountant. Kevin now leads EY's Tax Division in Queensland, specialising in corporate and international tax. Kevin has led the successful management and resolution of significant transfer pricing disputes and Advance Pricing Agreement negotiations throughout Asia Pacific, Europe, North America, South America and Africa. His strong performance and dedication to nurturing committed partnerships have earned him many satisfied long-term clients and a reputation as a trusted adviser. Kevin is a Fellow of the Institute of Chartered Accountants in Australia and is a member of the Australian Institute of Company Directors.

Valmay Hill

Valmay Hill has executive management experience both internationally and in Australia across a variety of sectors in publicly listed and not for profit companies, and government agencies. Valmay's expertise in the cultural sector includes positions as Chief Executive Officer of Brisbane Festival from 2010 to 2018 and as Project Director of large-scale international events for Sydney Opera House including APEC, World Youth Day, and FIFA World Wide Congress. Prior commercial experience includes as Treasurer for TNT Worldwide, consultant on acquisitions and strategic management for Health Services Australia, and an extended period with Esso Australia, including five years as an expatriate with Exxon in the United States, culminating as Treasurer in Australia. Valmay resides in Brisbane and is currently a Board Director of the Queensland Museum Network and of the Queensland Symphony Orchestra, and a member of the Lord Mayor's Creative Brisbane Advisory Board and Queensland Conservatorium Griffith University Advisory Board. She has also served as a director in the finance and superannuation sectors, has a Bachelor of Economics from Sydney University, and a diploma from the Australian Institute of Company Directors. Valmay's move from the commercial to the cultural sector was underpinned by her lifelong involvement with the performing arts and her belief that cultural engagement is a cornerstone of community life.

Hayley Johnson LTCL MAICD BAMus BAMusTheatre AMusA

Hayley Johnson has enjoyed a varied career as a musical theatre/cabaret performer, teacher and musical director throughout Brisbane, Sydney, Melbourne, Osaka, Atlantic City and New York City. Combining her family background in business with her career contacts, Hayley initiated the involvement of The BMD Group and Power Arts as major sponsors, investors and co-producers for theatrical pursuits. Since 2007, Power Arts has evolved into an investment and production company that focuses on new and exciting performing arts projects. They have been proudly associated with several award-winning organisations including The Gordon Frost Organisation, Opera Australia, The Hayes Theatre, Sydney Theatre Company, State Theatre Company of South Australia, The Queensland Ballet, Expressions, La Boîte, The Brisbane Festival, QPAC and Zen Zen Zo.

David Lyons BA BBus LLB (Hons)

David Lyons is a partner of DLA Piper and has over 20 years' experience as a lawyer. David specialises in the financial services sector and has extensive experience in advising clients in relation to transactional, advisory/regulatory and corporate matters. David has acted on behalf of many Australian and international banks, financiers, corporate entities and government-owned entities, and has a long-standing interest in business and trade in Asia. He has extensive experience in infrastructure, resource and project finance, regulatory issues, capital markets and all aspects of corporate, property, acquisition finance, leasing, agricultural and trade finance. Board positions include Diving Australia, Australia China Business Council, Lord Mayor's Brisbane-Shenzhen Sister City and Asia Pacific Sister Cities Summit Committee. He is a Fellow of the Queensland Institute of Medical Research, past Vice Chairman of the Financial Services and Products Committee, International Section of the American Bar Association and Past President of the Hong Kong Australia Business Association in Queensland.

Catherine Michael

Catherine Michael created CM Ink, a strategic communications and marketing consultancy, after a 20-year career helping iconic international and national brands grow with her practical, creative but commercial approach. She provides frank advice, based on experience and insight, on all areas of marketing to boards, shareholders and senior management in both small to large, public and private companies. CM Ink is 'boutique' in size but not in nous, as Catherine has held senior and director level in-house roles with the Foster's Group, Golden Casket Lotteries, Nintendo, Kmart Australia, Mincom, Triumph International and The Body Shop. Consulting clients have included 7-Eleven, Paradise Foods, EY, Technology One, Energex, Merlo Coffee, Lady Gowrie, Telstra, Dominos and Kingfisher Bay Resort on Fraser Island for the Royals visit in 2018.



Cameron Noble – resigned 30 June 2020

Cameron Noble has been involved in the banking industry for over 25 years, with key experience in commercial and corporate property finance. Cameron has been involved in construction and investment transactions across a wide range of asset classes, from simple to complex financial structures. He is a founding director of Vertica Capital and has held senior management positions with Capital Finance Australia Limited (Lloyds Banking Group plc), ANZ Corporate & Institutional Banking and Suncorp-Metway.

Company Secretary

Amanda Boland GAICD FCIA FCIS is the proprietor and Managing Director of Business Governance Solutions Pty Ltd, a leading independent consultancy providing corporate governance and strategic business advisory services to clients all over Australia. She has degrees in business and corporate governance, and was appointed Company Secretary on 9 May 2019.

Chair

Mr David Conry was appointed as Chair on 30 March 2015 and resigned on 2 May 2020.
Ms Valmay Hill took office as Chair on 3 August 2020.

Board meetings

Name	Date Appointed	Board Meetings	
		A (Attended)	B (Eligible to Attend)
L Anstis	25/11/2013	11	13
J Bird	22/11/2013	10	13
D Conry	30/03/2015	9	9
J Cotter	30/05/2017	11	13
K Griffiths	20/06/2011	10	13
H Johnson	25/11/2013	10	13
D Lyons	10/10/2012	10	13
C Michael	30/05/2017	12	13
E Fredericks	30/05/2019	12	13
C Noble	30/05/2019	11	13



Board Committees

Finance and Audit Committee: The objective of the Finance and Audit Committee is to assist the Board to exercise due care, diligence and skill in relation to the Group's financial management and to improve the effectiveness of the internal and external audit functions.

Name	Finance and Audit Committee Meetings	
	A (Attended)	B (Eligible to Attend)
L Anstis	9	10
K Griffiths	7	10
H Johnson	6	10
D Lyons	8	10
C Michael	9	10
E Fredericks	9	10
C Noble	8	10
D Conry	2	2
J Bird	2	2
J Cotter	1	1

Principal activities

The objects of the Group are outlined as follows:

- (a) To lead arts practice and innovation in arts practice in Brisbane and Australia;
- (b) To promote, encourage, produce and present artistic programs, including performing and visual arts, with a repertoire that is local, national and international;
- (c) To provide an environment that:
 - (i) invites people to gather, to experience the performing arts and to engage with each other;
 - (ii) is an integral part of the fabric of public life and the experience of growing up in Brisbane;
 - (iii) symbolises Brisbane's cultural achievements and reputation;
 - (iv) is the hub of an expanding community, cultural, recreational and educational precinct;
 - (v) is a state of the art technical production facility; and
 - (vi) maximises public enjoyment of the arts by complementing the experience of the performing arts with visual arts, learning, socialising and dining.
- (d) To achieve the objects in a financially and environmentally sustainable manner.

There were no changes in the nature of these activities during the course of the financial year until 17 March. After this time, government COVID-19 restrictions required the closure of Brisbane Powerhouse to the public, and all shows, events and activities were postponed or cancelled.

Operating results

The operating result of the Group for the financial year 30 June 2020 was a deficit of \$153,298 (2019: surplus of \$134,560)

Review of operations

The 2019–20 year was the fourth year of delivery of the new organisational strategy *Brisbane Powerhouse 2020+20* with the following strategic goals:

- To be Brisbane's back deck, Brisbane's go to destination for locals and the unique place tourists rave about;



- To be Brisbane's home for living art and ideas; to be artists' and promoters' venue of choice for our facilities, services and culture;
- To be Brisbane's home for experiences;
- To have a strong income and investment base; and
- To support the best people to do their job well – we all work for artists and audiences – without them we wouldn't be here.

Key achievements in the strategic plan were:

- Highly successful artistic program including 3 festivals: MELT, Wonderland, and the Brisbane Comedy Festival
- Stakeholder engagement and progression of a master planning process;
- Fourth year of delivery of the Visitor Experience Strategy;
- Third year of e-commerce partnership with Ticketek.

Due to the stage 4 restrictions implemented by the Queensland State Government at the beginning of the COVID-19 pandemic, the Brisbane Powerhouse was unable to be open to the general public between March 17 and June 30.

The Group faced significant impacts as a result of the worldwide COVID-19 pandemic, and a 106 day closure of the Powerhouse Theatre proved to have a significant negative influence on the Group's financial results. The Brisbane Powerhouse was not eligible for Job Keeper under the federal guidelines due to being a wholly owned subsidiary of Brisbane City Council. Brisbane City Council provided support through rent relief April to June 2020. Details of the impact are listed in the notes to the accounts.

Despite 106 days of closure, statistical achievements for the year included:

- Number of tickets sold for the year was 96,713;
- The value of tickets sold was \$4,291,246 with over 602 performances;
- Number of Visual Arts exhibits was 11 with over 65,718 visitors;
- Over 17,600 guests attended 353 events;
- Number of free performances was 178 to 68 shows;
- Successful grant application secured from Arts Queensland to support re-opening after the period of closure due to COVID-19. The *Lights On* program re-opened the Powerhouse Theatre to patrons from 23 July 2020;
- Over 550,000 visitors to the precinct.

We would like to thank the team at Brisbane Powerhouse for their continued support, commitment and hard work during the year.

Masterplan Committee

The objective of the Masterplan Committee is to plan for and action the development of the Brisbane Powerhouse precinct and to develop a one-to-three year implementation strategy and a five-to-ten year planning strategy. Planning for the next Masterplan phase – New Farm Park works – is now being undertaken by Brisbane City Council. Hence no formal committee meetings have taken place. This work will spread over multiple financial years with expected completion in 2021/2022.

The Stores Building Revitalisation project focus for this year was market sounding with support from Alinea Group. This too is anticipated to be a multi-year project, currently in its early stages and suspended due to COVID-19 disruption.

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in this report. See review of operations above.



After balance date events

There has not arisen in the interval between the end of the financial year and the date of the report any item, transaction or event of a material and unusual nature that in the opinion of the Directors is likely to substantially affect the operations of the Group, the results of those operations, or the Group's state of affairs in future financial years.

Future developments

The Group will continue to carry on the principal activities noted above. However due to COVID-19, the Group's operations have been impacted by the ongoing social distancing and capacity restrictions and as a result is unlikely to be back to full operating capacity until government restrictions are lifted.

Environment regulations

The Group's operations are subject to environment regulations under both Commonwealth and State legislation. The Group aims to achieve a high standard in environmental matters. The Directors have not received notification nor are they aware of any breaches of environmental laws by the Group.

Auditor's independence declaration

The auditor's declaration of independence is set out on page 7 and forms part of the Directors' Report.

Indemnification and insurance of officers and auditors

Brisbane City Council has agreed to indemnify Directors and Officers in respect of Directors' and Officers' liability and legal expenses. Insurance contracts are in place for current and former Directors and Officers, including senior executives of the Group.

The insurance relates to costs and expenses incurred by the relevant Officers in defending proceedings whether civil or criminal and whatever the outcome. It also relates to other liabilities that may arise from their position, with the exception of conduct involving wilful breach of duty or improper use of information or position to gain a personal advantage.

The Group has not otherwise indemnified or agreed to indemnify an Officer or auditor of the Group against a liability incurred as such an Officer or auditor.

Signed in accordance with a resolution of the Directors.

On behalf of the Board.

Valmay Hill
Chair
6 October 2020
Brisbane

Kevin Griffiths
Director
6 October 2020
Brisbane

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Brisbane Powerhouse 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 Brisbane Powerhouse Pty Ltd for the financial year ended 30 June 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.



John Welsh
as delegate of the Auditor-General

2 October 2020

Queensland Audit Office
Brisbane



FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

STATEMENTS OF COMPREHENSIVE INCOME

	Note	Consolidated		Company	
		2020 \$	2019 \$	2020 \$	2019 \$
REVENUE					
Grants and contributions		3,582,075	3,513,018	3,556,850	3,503,818
Interest revenue		34,951	69,395	32,997	66,359
Program revenue		1,956,641	2,588,712	1,290,019	1,648,821
Rendering of services		3,222,832	4,125,086	3,320,350	4,252,546
Sponsorship and donations		1,371,113	2,002,473	1,337,747	1,983,283
Operating revenue	3(a)	10,167,612	12,298,684	9,537,963	11,454,827
COVID-19 Concessions	1(a)	340,690	-	340,690	-
Other		161,814	-	161,814	-
Total revenue		10,670,116	12,298,684	10,040,467	11,454,827
EXPENSES					
Advertising and promotion		821,463	944,629	821,463	944,629
Administration and information		2,333,327	2,221,911	2,327,847	2,216,014
Artists fees and show costs		2,972,712	3,780,194	2,219,370	2,884,697
Building repairs and maintenance		1,432,948	1,528,178	1,432,948	1,528,178
Cost of rendering services		2,082,679	2,208,915	2,082,679	2,208,915
Donations		-	-	140,000	80,000
Sponsorship/grant/donation costs		407,405	414,194	407,405	414,194
Theatre operations		772,880	1,066,103	772,880	1,066,103
Operating expenses	3(b)(c)	10,823,414	12,164,124	10,204,592	11,342,730
Total expenses		10,823,414	12,164,124	10,204,592	11,342,730
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(153,298)	134,560	(164,125)	112,097

The above statements should be read in conjunction with the notes and summary of significant accounting policies.



STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	Consolidated		Company	
		2020 \$	2019 \$	2020 \$	2019 \$
CURRENT ASSETS					
Cash	4	1,748,141	2,164,879	1,366,216	2,022,645
Receivables	5	1,984,668	392,636	1,985,985	401,702
Other assets	6	129,546	228,996	107,752	140,629
Total current assets		3,862,355	2,786,511	3,459,953	2,564,976
NON-CURRENT ASSETS					
Plant and equipment	7	1,113,180	1,124,797	1,113,180	1,124,797
Intangibles	8	109,868	151,279	109,868	151,279
Right of use asset	15	11,129,037	-	11,129,037	-
Total non-current assets		12,352,085	1,276,076	12,352,085	1,276,076
Total assets		16,214,440	4,062,587	15,812,038	3,841,052
CURRENT LIABILITIES					
Employee benefits	11	238,836	290,636	238,836	290,636
Payables	9	602,153	539,449	580,170	613,266
Deferred income		2,391,809	908,836	2,317,570	908,836
Interest bearing loans	10	-	54,316	-	54,316
Lease liability	15	349,231	-	349,231	-
Total current liabilities		3,582,029	1,793,237	3,485,807	1,867,054
NON-CURRENT LIABILITIES					
Employee benefits	11	53,192	37,944	53,192	37,944
Interest bearing loans	10	-	122,677	-	122,677
Lease liability	15	10,779,806	-	10,779,806	-
Total non-current liabilities		10,832,998	160,621	10,832,998	160,621
Total liabilities		14,415,028	1,953,858	14,318,805	2,027,675
NET ASSETS		1,799,412	2,108,729	1,493,233	1,813,377
EQUITY					
Share capital		300,001	300,001	300,001	300,001
Unitholder Interest	10	10	10	-	-
Accumulated surplus		1,499,401	1,808,718	1,193,232	1,513,376
Total equity		1,799,412	2,108,729	1,493,233	1,813,377

The above statements should be read in conjunction with the notes and summary of significant accounting policies.



STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated		Company	
		2020 \$	2019 \$	2020 \$	2019 \$
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES					
Receipts from					
Grants		3,753,659	3,513,018	3,654,194	3,503,818
Program revenue		1,270,583	2,346,414	674,558	1,502,160
Rendering of services		3,381,434	4,333,504	3,381,434	4,312,627
Sponsorship and donations		404,036	532,599	290,670	593,409
Interest revenue		38,188	69,592	36,018	66,598
Payments to suppliers and employees		(8,246,629)	(10,007,256)	(7,675,294)	(9,045,324)
Net cash flows (used in)/from operating activities	13	601,271	787,871	361,580	933,288
NET CASH FLOWS (USED IN) /FROM INVESTING ACTIVITIES					
Payments for plant and equipment	7	(260,350)	(511,584)	(260,350)	(511,584)
Payments for intangible assets	8	(4,500)	(32,453)	(4,500)	(32,453)
Net cash flows used in investing activities		(264,850)	(544,037)	(264,850)	(544,037)
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES					
Lease payments		(573,156)	-	(573,156)	-
Repayments of amounts borrowed	10	(180,003)	(109,009)	(180,003)	(109,009)
Net cash flows (used in)/from financing activities		(753,159)	(109,009)	(753,159)	(109,009)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at the beginning of the year	4	2,164,879	2,030,054	2,022,645	1,742,403
Cash and cash equivalents at the end of the year	4	1,748,141	2,164,879	1,366,216	2,022,645

The above statements should be read in conjunction with the notes and summary of significant accounting policies.



STATEMENTS OF CHANGES IN EQUITY

Consolidated

For the year ended 30 June 2020	Share capital \$	Unit holder \$	Accumulated surplus \$	Total \$
Opening balance	300,001	10	1,808,718	2,108,729
Comprehensive income for year	-	-	(153,298)	(153,298)
Lease Adjustment	-	-	(156,019)	(156,019)
Closing balance	300,001	10	1,499,401	1,799,412

For the year ended 30 June 2019	Share capital \$	Unit holder \$	Accumulated surplus \$	Total \$
Opening balance	300,001	10	1,674,159	1,974,169
Comprehensive income for year	-	-	134,560	134,560
Closing balance	300,001	10	1,808,718	2,108,729

Company

For the year ended 30 June 2020	Share capital \$	Accumulated surplus \$	Total \$
Opening balance	300,001	1,513,376	1,363,377
Comprehensive income for year	-	(164,125)	(164,125)
Lease Adjustment	-	(156,019)	(156,019)
Closing balance	300,001	1,193,232	1,493,233

For the year ended 30 June 2019	Share capital \$	Accumulated surplus \$	Total \$
Opening balance	300,001	1,401,279	1,701,280
Comprehensive income for year	-	112,097	112,097
Closing balance	300,001	1,513,376	1,813,377

The reserves have been combined with accumulated surplus in line with the accounting standards.

The above statements should be read in conjunction with the notes and summary of significant accounting policies.



Notes to and forming part of the financial statements

1. Corporate information

Brisbane Powerhouse Pty Ltd (the Company) is an Australian proprietary company, incorporated and domiciled in Australia and a wholly owned subsidiary of Brisbane City Council. Brisbane Powerhouse Pty Ltd is a not-for-profit entity under the terms of its Constitution. Brisbane Powerhouse Foundation (the Trust) is a charitable trust and therefore a not-for-profit entity as well as a subsidiary of Brisbane Powerhouse Pty Ltd.

The consolidated financial statements of the Group comprising the Company and its subsidiary the Foundation (together referred to as the Group) for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Directors of Brisbane Powerhouse Pty Ltd on 8th October 2020.

a) Impacts from the COVID-19 pandemic

Brisbane Powerhouse Group's operations have been impacted by the COVID-19 pandemic. The Group assessed the impacts on its financial statements for the current year, and further impacts are expected to continue into 2021, as detailed in the Brisbane Powerhouse Annual Plan and Budget 2020-21.

The Brisbane Powerhouse was unable to be open to the general public between March 17 and June 30 therefore the ability to earn revenue from ticket sales, events and sponsorships was impacted severely. The period of closure and broader pandemic-related changes to operations also resulted in significant costs associated with the cancellation of shows, events and exhibitions; refunds of ticket sales and hiring fees; additional cleaning costs and consumables; and employee redundancy payments.

During the COVID-19 pandemic, Brisbane Powerhouse received financial support from the Commonwealth Government through deferral of BAS and PAYG payments and receipt of the ATO Cash Boost, from the State Government through payroll tax relief including deferral of payments, and from Brisbane City Council in the form of rent relief. The Brisbane Powerhouse was ineligible for the Commonwealth JobKeeper subsidy.

Brisbane Powerhouse provided COVID-19 concessions such as rent relief where relevant, and offered discounts in theatre hire.



2. Summary of accounting policies

a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

The financial statements have been prepared on an accruals basis and, except as stated, in accordance with the principles of historical cost. The financial statements are presented in Australian dollars rounded to the nearest dollar, consequently rounded balances in the notes may not agree exactly to the primary statements. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

The consolidated financial statements include the value of all assets, liabilities, equity, revenues and expenses of the Company and its subsidiaries. In the process of reporting on the Group as a single economic entity, all transactions and balances internal to the economic entity have been eliminated and accounting policies have been applied consistently.

b) Statement of compliance

The financial report complies with Australian Accounting Standards. An assessment of revised and new accounting standards has been made. The Group has chosen not to early adopt Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

New and revised Accounting Standards adopted during the year

AASB 15 Revenue is effective from 1 January 2019 for not-for-profit entities and will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers.

AASB 1058 will replace AASB 1004 Contributions. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers. The Brisbane Powerhouse Group assessed all of its revenue streams and made the assessment that at 30 June, the movement in revenue recognition was not material. Income from Grants falls within AASB 15 where a contract is enforceable and contains specific obligations, if not then AASB 1058 is the applicable standard.

A new accounting standard AASB 16 Leases came into effect in 2019-20, resulting in significant changes to the Group's accounting for leases for which it is lessee. The transitional impacts of the new standard are disclosed in Note 15.

Standards issues by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020 but have future commencement dates. These are not likely to have material impacts on the financial statements. These include:

AASB 17 Insurance Contracts;
AASB 1059 Service Concession Arrangements: Grantors;
AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material;
AASB 2019-3 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform;
AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5);



2. Summary of accounting policies (continued)

c) Estimates and judgements

The preparation of the financial statements requires the determination and use of certain critical accounting estimates and management assumptions that have potential to cause a material adjustment to the carrying amount of assets and liabilities within the financial year. Such estimates, judgements and 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.

Estimates and assumptions that have a potential significant effect are outlined in the following accounting policies and subsequent notes.

d) Revenue

Grants, donations and contributions

Non-reciprocal grants are brought to account in the statement of comprehensive income when received. Reciprocal grants are initially recognised as deferred income and subsequently in the statement of comprehensive income at the time the obligation is fulfilled. Where the grant agreement is enforceable and contains sufficiently specific performance obligations, the transaction is accounted for under AASB 15 Revenue from Contracts with Customers. In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied. Otherwise, the grant is accounted for under AASB 1058 Income of Not-for-Profit Entities, whereby revenue is recognised upon receipt of the grant funding.

Rendering of services

Revenue from sales of goods and services comprise revenue earned from functions, ticketing services and tenants. Functions and ticketing services are arranged in advance. Revenue is not recognised until completion of the event as revenue cannot be accurately determined in advance.

Sponsorship revenue

Sponsorship revenue is brought to account as income over the period that the Group fulfils the obligations of the sponsorship agreement. Sponsorship which is in kind in nature represents benefits derived by the Group for marketing, show costs and administration. In kind benefits are recognised in the financial report at their estimated fair market value at the time of consumption.

Interest

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Program revenue

Program revenue is recognised upon the final performance of the show for which the tickets have been sold.

e) Expenses

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with use of the resources.

Sponsorship and donation costs are those incurred in seeking voluntary contributions by sponsorship or donation and do not include costs of disseminating information relating to the activities carried on by the Group. Administration and information costs are those incurred in connection with administration of the Group and compliance with constitutional and statutory requirements.

f) Cash and cash equivalents

Cash and cash equivalents in the statements of financial position and cash flow statements comprise cash at bank and in hand and short term deposits with a maturity of six months or less.



2. Summary of accounting policies (continued)

g) Receivables

Receivables, which comprise amounts due from the rendering of services, are recognised and carried at original invoice amount less an allowance for impairment. Normal terms of settlement are 30 days. In the case of venue hire and functions the service may not be provided for several months and payment will not be due until closer to the event. At 30 June, amounts categorised as deferred income were split between amounts received and those yet to be received. Amounts not received as at balance date were reversed at 30 June for reporting purposes only. The collectability of debts is assessed on an ongoing basis, including at period end, with allowance being made for impairment. All known bad debts are written off at year end. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs. If an amount is recovered in a subsequent period it is recognised as revenue.

h) Other assets

Prepayments represent payments for items with a life of twelve months or less. Prepayments are expensed monthly over the life of the asset. Show development costs are payments made for the development of shows which will be presented in the next twelve months. Once the show has been presented the costs are expensed.

i) Plant and equipment and intangible assets

Acquisitions of plant and equipment and intangible assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Plant and equipment and intangible assets are stated at cost less accumulated depreciation/amortisation and impairment. Any plant and equipment donated to the Group is recognised at fair value at the date the Group obtains control over the asset. The non-current asset capitalisation threshold is \$2,000. Non-current assets already capitalised are maintained and depreciated at the appropriate rate until the end of their useful lives.

Depreciation and amortisation

Items of plant and equipment are depreciated over their useful lives to the Group. Depreciation is calculated on a straight-line basis over the expected useful economic lives of the assets as follows:

Plant and equipment	2 to 20 years
Information technology	2 to 10 years

Intangible assets are amortised over their useful lives to the Group. Amortisation is calculated on a straight-line basis over the expected useful economic lives of the assets as follows:

Software	3 to 5 years
Website & graphic development	5 years

The recoverable amounts of the Group's plant and equipment and intangible assets are calculated as the depreciated replacement cost of the asset.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j) Payables

Payables are recognised as a liability at the time the amount owed can be measured reliably and when it is probable the amount will have to be paid, when the goods are received or the service is performed. Liabilities are usually settled in 30 days. The amount of payables is deemed to reflect fair value.



2. Summary of accounting policies (continued)

k) Deferred income

Deferred income is the unutilised amounts of theatre hire, ticket sales and functions revenue received for services on the condition that specified services are delivered. Deferred income is recognised when the event or services which the advance payments relate to have been completed. This usually occurs within 12 months of receipt of the monies. At 30 June, amounts categorised as deferred income were split between amounts received and those yet to be received. Amounts not received as at balance date were reversed at 30 June for reporting purposes only.

l) Financial assets and financial liabilities

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. The Group has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets

Cash and cash equivalents (Note 4)

Receivables – measured at amortised cost (Note 5)

Financial liabilities

Payables – measured at amortised cost (Note 9)

Borrowings – measured at amortised cost (Note 10)

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied.

The fair value of cash and cash equivalents and financial liabilities approximate their carrying amount and are not disclosed separately. The fair value of trade receivables approximates the amortised cost less any impairment. The value of payables approximates their amortised cost. The Group does not recognise financial assets or financial liabilities at fair value in the statement of comprehensive income. All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 12.

m) Employee benefits

Annual leave

Liabilities for annual leave represent the amount which the Group has a present obligation to pay resulting from employees' services provided up to the balance date. The liability has been calculated at undiscounted amounts based on future wage and salary rates which are expected to be paid when the liability is settled and includes related on-costs.

Long service leave

The liability for long service leave is measured as the discounted expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. The rate used to discount post employment benefit obligations is determined by reference to market yields at the reporting date on high quality bonds. Employee benefit on-costs, including payroll tax and superannuation, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

Superannuation

The Company pays contributions to certain defined contribution superannuation plans. Contributions are recognised in the statement of comprehensive income when they are due.



2. Summary of accounting policies (continued)

n) Leases

Right-of-use asset

The right-to-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

Lease liabilities

Lease liabilities are initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statements of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

The Group has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases and leases of low value assets.

o) Taxation

Income tax

The Company is a wholly owned subsidiary of the Brisbane City Council, incorporated for art and cultural purposes in the city of Brisbane. Local government subsidiaries are exempt from income tax due to the provisions of the *Income Tax Assessment Act 1997*.

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 in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are recognised inclusive of GST. The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables. Cash flows are included in the Cash Flows Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

The Foundation provided GST Free Ticket Sales for every season of performances that meets the requirements under paragraph 38-250(2)(b)(ii) of the GST Act. The calculation for each season of performances is made in accordance with the Australian Taxation Office methodology provided in the 'Summary of GST Treatment of Supplies by organisations in the cultural and performing arts sector'.



3. Revenue and expenses

The net result for the year has been determined after including the following items of revenue and expenses.

	Consolidated		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
a) Operating revenue				
Grants				
BCC operational funding	3,305,124	3,267,200	3,305,124	3,267,200
Other grants and contributions	276,951	245,818	251,726	236,618
Total grants	3,582,075	3,513,018	3,556,850	3,503,818
Interest	34,951	69,395	32,997	66,356
Program revenue				
BPH Presents ticket sales	666,622	939,890	-	-
Box office percentage	206,174	304,886	206,174	304,886
Marketing	57,421	63,396	57,421	63,396
Production	315,516	430,029	315,516	430,029
Sponsored theatre hire	338,212	416,849	338,212	413,849
Theatre hire	372,696	436,662	372,696	436,661
Total program revenue	1,956,641	2,588,712	1,290,019	1,648,821
Sponsorship and donations				
Individual donors	33,366	19,190	-	-
In-kind sponsorships	1,047,077	1,389,875	1,047,077	1,389,875
Sponsorships	290,670	593,408	290,670	593,408
Total sponsorship and donations	1,371,113	2,002,473	1,337,747	1,983,283
Rendering of services	3,222,832	4,125,086	3,320,350	4,252,546
Total operating revenue	10,167,612	12,298,684	9,537,963	11,454,827
COVID-19 Concessions	340,690	-	340,690	-
Other	161,814	-	161,814	-
Total revenue	10,670,116	12,298,684	10,040,467	11,454,827
b) Expenses include				
Depreciation and amortisation	316,996	290,627	316,996	290,627
External auditor remuneration	28,300	27,600	23,600	23,000
Insurance	67,279	65,466	67,279	65,466
Loss on disposal of assets	881	245	881	245
Operating lease	573,156	584,444	573,156	584,444
Finance charges included in finance lease payments	5,050	15,698	5,050	15,698
c) Employee benefits expense				
Wages and salaries	4,112,804	4,180,618	4,112,804	4,180,618
Workers compensation insurance and payroll tax	222,463	227,638	222,463	227,638
Defined contribution superannuation plan expense	401,093	394,568	401,093	394,568
Total employee benefits expenses	4,736,360	4,802,824	4,736,360	4,802,824



	Consolidated		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
4. Cash and cash equivalents				
Cash at bank and in hand	1,498,141	1,614,879	1,116,216	1,472,645
Short-term deposits	250,000	550,000	250,000	550,000
Total cash and cash equivalents	1,748,141	2,164,879	1,366,216	2,022,645

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made for varying periods of between one day and six months, depending on the Group's cash requirements. These deposits earn interest at prevailing market rates.

	Consolidated		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
5. Receivables				
Trade debtors	2,019,955	348,922	2,021,272	357,988
Other debtors	1,107	54,128	1,107	54,128
Less: Allowance for impairment loss	(36,394)	(10,414)	(36,394)	(10,414)
Trade debtors less impairment	1,984,668	392,636	1,985,985	401,702
GST receivable	-	-	-	-
Total receivables	1,984,668	392,636	1,985,985	401,702

Trade debtors included the Grant from BCC of \$1,853,113 which was invoiced prior to 30 June 2020.

	Consolidated		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
6. Other assets				
Prepayments	49,743	22,871	49,743	22,871
Prepaid show development costs	79,803	206,125	58,009	117,758
Total other assets	129,546	228,996	107,752	140,629



7. Plant and equipment

Consolidated	Plant & Equipment	Information Technology	Total
For the year ended 30 June 2020	\$	\$	\$
Balance at beginning of period	2,729,932	167,797	2,897,729
Acquisitions	260,350	-	260,350
Less disposals	(80,745)	-	(80,745)
Closing balance at end of period	2,909,537	167,797	3,077,344
Less accumulated depreciation	(1,801,093)	(163,061)	(1,964,154)
Written down value at end of period	1,108,444	4,736	1,113,180

Consolidated	\$	\$	\$
For the year ended 30 June 2019			
Balance at beginning of period	2,405,141	157,919	2,563,060
Acquisitions	501,706	9,878	511,584
Less disposals	(176,915)	-	(176,915)
Closing balance at end of period	2,729,932	167,797	2,897,729
Less accumulated depreciation	(1,620,768)	(152,164)	(1,772,932)
Written down value at end of period	1,109,164	15,633	1,124,797

Company	\$	\$	\$
For the year ended 30 June 2020			
Balance at beginning of period	2,729,932	167,797	2,897,729
Acquisitions	260,350	-	260,350
Less disposals	(80,745)	-	(80,745)
Closing balance at end of period	2,909,537	167,797	3,077,344
Less accumulated depreciation	(1,801,093)	(163,061)	(1,964,154)
Written down value at end of period	1,108,444	4,736	1,113,180

Company	\$	\$	\$
For the year ended 30 June 2019			
Balance at beginning of period	2,405,141	157,919	2,563,060
Acquisitions	501,706	9,878	511,584
Less disposals	(176,915)	-	(176,915)
Closing balance at end of period	2,729,932	167,797	2,897,729
Less accumulated depreciation	(1,620,768)	(152,164)	(1,772,932)
Written down value at end of period	1,109,164	15,633	1,124,797



8. Intangibles

	Software	Website & Graphic Development	Total
	\$	\$	\$
Consolidated			
For the year ended 30 June 2020			
Balance at beginning of period	266,944	106,786	373,729
Acquisitions	4,500	-	4,500
Less disposals	-	-	-
Closing balance at end of period	271,445	106,785	378,229
Less accumulated depreciation	(188,004)	(80,358)	(268,361)
Written down value at end of period	83,441	26,427	109,868

Consolidated

For the year ended 30 June 2019			
Balance at beginning of period	262,801	78,476	341,277
Acquisitions	4,143	28,310	32,453
Less disposals	-	-	-
Closing balance at end of period	266,944	106,786	373,730
Less accumulated depreciation	(149,450)	(73,001)	(222,451)
Written down value at end of period	117,494	33,785	151,279

Company

For the year ended 30 June 2020	\$	\$	\$
Balance at beginning of period	266,944	106,786	373,729
Acquisitions	4,500	-	4,500
Less disposals	-	-	-
Closing balance at end of period	271,445	106,785	378,229
Less accumulated depreciation	(188,004)	(80,358)	(268,361)
Written down value at end of period	83,441	26,427	109,868

Company

For the year ended 30 June 2019			
Balance at beginning of period	262,801	78,476	341,277
Acquisitions	4,143	28,310	32,453
Less disposals	-	-	-
Closing balance at end of period	266,944	106,786	373,730
Less accumulated depreciation	(149,450)	(73,001)	(222,451)
Written down value at end of period	117,494	33,785	151,279



	Consolidated		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
9. Payables				
Trade creditors	380,682	304,623	367,750	391,371
Accrued expenses	79,116	114,122	72,916	101,191
GST payable	139,136	20,395	136,285	20,395
Other creditors	3,219	100,309	3,219	100,309
	<u>602,153</u>	<u>539,449</u>	<u>580,170</u>	<u>613,266</u>

GST of \$15,387 has been deferred until September 2020 as part of the Queensland Government COVID-19 assistance program.

	Consolidated		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
10. Interest bearing loans				
Current	-	54,316	-	54,316
Non-current	-	122,677	-	122,677
	<u>-</u>	<u>176,993</u>	<u>-</u>	<u>176,993</u>

On 30 June 2017, the company borrowed \$275,000 from the Commonwealth Bank for the purchase of a new seating bank for the Powerhouse Theatre over five years. Interest rates on borrowings is fixed at 6.95%. No interest has been capitalised during the current or comparative period. There have been no defaults or breaches of the loan agreement during the 2019 or 2018 financial years. No assets have been pledged as security for any borrowings. On 2 October 2019 the loan balance was \$165,820 and this was paid off in full. At 30 June 2020 the remaining liability was \$0.

	Consolidated		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
11. Employee benefits				
Current				
Annual leave	206,859	225,268	206,859	225,268
Long service leave	31,977	65,368	31,977	65,368
Total current	<u>238,836</u>	<u>290,636</u>	<u>238,836</u>	<u>290,636</u>
Non-current				
Long service leave	53,192	37,944	53,192	37,944
Total non-current	<u>53,192</u>	<u>37,944</u>	<u>53,192</u>	<u>37,944</u>

Brisbane Powerhouse had an average of 57 full time equivalent employees during the financial year ending 30 June 2020 (63 during 2019).

12. Financial instruments

a) Financial risk management – objectives and policies

The Group's financial instruments comprise cash and cash equivalents and various financial assets and liabilities including amounts receivable in respect of services rendered, amounts payable to trade and other creditors and finance lease liabilities.



The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The Group measures risk exposure using a variety of methods as set out below.

12. Financial instruments (continued)

a) Financial risk management – objectives and policies (continued)

The Directors through the Finance and Audit Committee are responsible for risk management, including risks associated with financial instruments. Policies are established to identify and analyse the risks associated with the Group's financial instruments, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits.

Policies are reviewed annually taking into account changes in market conditions and the Group's activities. The Group's policies for managing each of these risks are summarised below:

Interest rate risk

The Group is exposed to interest rate fluctuations on its cash and cash equivalents. The Group actively monitors interest rates for cash at bank and on deposit to maximise interest income. The Group uses sensitivity analysis to measure interest rate risk.

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid funds are maintained. The Group uses maturity analysis to measure liquidity risk.

Credit risk

Credit risk exposure refers to the situation where the Group may incur financial loss as a result of another party to a financial instrument failing to discharge their obligations. The Group assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

The Group is exposed to credit risk through its deposits held with banks or other financial institutions. Funds are deposited only with those banks and financial institutions approved by the Board. Such approval is only given in respect of Australian based banks and financial institutions and whilst not capital guaranteed, the likelihood of a credit failure is remote. The Group uses aging analysis to measure credit risk. At the reporting date, the Group does not have any material credit risk exposures to any single receivable or group of receivables or any bank or financial institution.

b) Fair values

Carrying amounts of financial assets and liabilities recorded in the financial statements represent their net fair values, as determined in accordance with the accounting policies disclosed in Note 2.

c) Interest rate risk

The following table sets out the carrying amount, by maturity, of financial instruments exposed to interest rate risk

	2020		2019	
	Effective interest rate %	6 months or less \$	Effective interest rate %	6 months or less \$
Financial instruments				
Consolidated				
Cash	.75	1,498,141	1.75	1,614,879
Short term deposits	.56	250,000	1.95	550,000
Total financial instruments		1,748,141		2,164,879
Company				
Cash	.75	1,116,216	1.75	1,472,645
Short term deposits	.56	250,000	1.95	550,000
Total financial instruments		1,366,216		2,022,645



12. Financial instruments (continued)

c) Interest rate risk (continued)

If interest rates were 100 basis points higher, then interest earned on Consolidated investments held at 30 June 2020 would be \$17,481 higher (30 June 2019: \$21,649). If interest rates were 100 basis points lower than interest earned on investments held at 30 June 2020 would be \$17,481 lower (30 June 2019: \$21,649).

If interest rates were 100 basis points higher, then interest earned on Company investments held at 30 June 2020 would be \$13,662 higher (30 June 2019: \$20,226). If interest rates were 100 basis points lower than interest earned on investments held at 30 June 2020 would be \$13,662 lower (30 June 2019: \$20,226).

d) Credit risk

The following table represents the Group's maximum exposure to credit risk

	Consolidated		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Financial assets				
Cash	1,498,141	1,614,879	1,116,216	1,472,645
Short term deposits	250,000	550,000	250,000	550,000
Receivables – trade	1,983,561	338,508	1,984,878	347,574
Receivables – other	1,107	54,128	1,107	54,128
Total financial assets	3,732,809	2,557,515	3,352,201	2,424,347

Past due or impaired

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

The following table represents an analysis of the age of the Group's financial assets that are either fully performing or past due.

Aged Receivables Consolidated

	2020			2019		
	Gross Receivables \$	Loss Rate %	Expected Credit Loss \$	Gross Receivables \$	Loss Rate %	Expected Credit Loss \$
Current	1,220	-	-	54,128	-	-
1 to 30 days overdue	1,924,636	0.42%	8,076	256,197	0.27%	700
31 to 60 days overdue	24,400	15.49%	3,781	40,825	1.92%	785
61 to 90 days overdue	1,390	20.00%	278	34,719	13.32%	4,625
> 90 days overdue	69,416	34.95%	24,259	17,181	25.05%	4,304
Total	2,021,062		36,394	403,050		10,414



12. Financial instruments (continued)

d) Credit risk (continued)

Company

	2020			2019		
	Gross Receivables	Loss Rate	Expected Credit Loss	Gross Receivables	Loss Rate	Expected Credit Loss
	\$	%	\$	\$	\$	\$
Current	1,107	-	-	54,128	-	-
1 to 30 days overdue	1,926,066	0.42%	8,076	265,263	0.26%	700
31 to 60 days overdue	24,400	15.49%	3,781	40,825	1.92%	785
61 to 90 days overdue	1,390	20.00%	278	34,719	13.32%	4,625
> 90 days overdue	69,416	34.95%	24,259	17,181	25.05%	4,304
Total	2,022,379		36,394	412,116		10,414

Allowance for impairment

	Consolidated		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Loss allowance as at 1 July	10,414	10,000	10,414	10,000
Amount Written-off during the year	10,414	10,414	10,414	10,414
Increase/ decrease in allowance	15,566	(10,000)	15,566	(10,000)
Closing balance at end of year	36,394	10,414	36,394	10,414

The loss allowance is estimated based on the probability and timing of potential defaults, and takes into account forecasts of future economic conditions as well as past events. \$11,230 worth of bad debts was written off as at 30 June.

e) Liquidity risk

All financial liabilities are due within six months of financial year end with the exception of finance lease liabilities as set out in Note 10.



13. Cash flow information

Reconciliation of surplus/(deficit) for the year to net cash flows from operations.

	Consolidated		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Surplus/(deficit) for the year	(153,298)	134,560	(164,125)	112,097
Depreciation and amortisation	316,995	290,627	316,995	290,627
Interest on borrowings	3,010	15,725	3,010	15,725
Profit/loss disposal of non-current assets	881	245	881	245
Other (Lease revaluation adjustment)	(156,019)	-	(156,019)	-
(Increase)/decrease in assets				
Receivables	(1,467,395)	251,288	(1,584,284)	243,605
Other assets	165,746	(174,282)	32,878	(74,661)
Increase/(decrease) in liabilities				
Payables	436,441	(127,324)	424,172	27,745
Employee benefits	(36,551)	22,516	(36,551)	22,516
Deferred income	1,491,461	374,516	1,524,623	295,389
Net cash flow from operations	601,271	787,871	361,580	933,288

14. Commitments

Operating Leases (2019 only).

Due to the changes in AASB 16, Operating leases for 2019-20 are disclosed in note 15.

	Consolidated		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Operating lease				
Up to one year	-	570,086	-	570,086
One to five years	-	2,396,665	-	2,396,665
Over five years	-	1,271,431	-	1,271,431
Total operating lease	-	4,238,182	-	4,238,182

On 30 June 2017 the Company borrowed \$275,000 over a five-year period for the purchase of a new seating bank for the Powerhouse Theatre. On 2 October 2019 this loan was paid off in full. At 30 June 2020 the remaining liability on this lease was \$0.

	Consolidated		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Finance leases				
Within one year	-	64,893	-	64,893
After one year but not more than five years	-	131,798	-	131,798
Total minimum lease payments	-	196,688	-	196,688
Less future finance charges within one year	-	(10,574)	-	(10,574)
Less future finance charges one to five years	-	(9,121)	-	(9,121)
Total future finance charges	-	(19,695)	-	(19,695)
Present value of minimum lease payments	-	176,993	-	176,993



15. Leases

On 7 February 2020, new lease arrangements were agreed between The Brisbane Powerhouse and Brisbane City Council, to be entered into from 1 July 2020. The term of the new lease agreement is 20+5 years and due to expire in June 2045. The lease is a non-cancellable operating lease. Use of land and buildings is restricted to a community arts centre comprising theatres, administration areas, performance facilities, function rooms, restaurant, kitchen areas, bars, and car parking facilities. At 30 June the current lease arrangement was terminated and the initial measurement posted from 1 July 2019 for the Lease Asset, Lease Liability and the Lease Revaluation Reserve was adjusted to reflect the new lease agreement. As at the date of this report, the new lease documentation had not been executed but this was expected imminently by both parties.

The following table summarises the adjustments to asset and liability balances at 30 June 2020.

	Consolidated		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Adoption of AASB 16 at July 2019	3,439,219	-	3,439,219	-
Lease Depreciation charge impairment of right to use asset 30 June 2020	(491,317)	-	(491,317)	-
Balance before the adjustments	2,947,902	-	2,947,902	-
Lease re-measurement 30 June 2020				
Adjustment to right to use asset due to re-measurement	156,019	-	156,019	-
Other (Lease re-measurement adjustment due to initial recognition adjustment)	14,244	-	14,244	-
Increase in Lease term 30 June 2020	8,010,871	-	8,010,871	-
Right to use asset at 30 June 2020	11,129,036	-	11,129,036	-

Lease Liability

Consolidated 30 June 2020	< 1 year \$	1-5 years \$	> 5 years \$	Total \$	Total per statement of financial position \$
	349,231	1,466,731	9,313,074	11,129,036	11,129,036



16. Related Party Transactions

a) Transactions with Brisbane City Council and controlled entities

Brisbane Powerhouse is a controlled entity of Brisbane City Council. During the financial year the following transactions occurred with Brisbane City Council:

Nature of Transaction	Consolidated		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Brisbane City Council				
Revenue				
Functions and events	128,326	96,828	128,326	96,828
Infrastructure funding	251,726	242,858	251,726	242,858
Operational funding	3,305,124	3,267,200	3,305,124	3,267,200
Other funding	51,200	-	31,200	-
Expenses				
Electricity	191,484	233,118	191,484	233,118
Insurance and workers compensation	78,271	79,235	78,271	79,235
Lease of business premises	378,241	559,653	378,241	559,653
Other	882	7,282	882	7,282
In-kind				
Sponsored use of Brisbane City Hall	-	97,587	-	97,587

At 30 June 2020 \$1,689,648 was receivable from Brisbane City Council (2019: \$0) and \$28,218 (2019: \$16,984) was owed to Brisbane City Council.

Nature of Transaction	Consolidated		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Brisbane Marketing				
Revenue				
Grant	19,816	-	19,816	-
Functions and events	945	-	945	-
Expenses				
Marketing	4,018	2,548	4,018	2,548
Major Brisbane Festivals Pty Ltd				
Revenue				
Functions and events	-	36,043	-	36,043
Queensland Urban Utilities				
Expenses				
Utilities	36,943	41,919	36,943	41,919
City Parklands Services Pty Ltd				
Revenue				
Functions and events	1,005	-	1,005	-
Revenue				
Functions and events	500	-	500	-



16. Related Party Transactions (continued)

b) Transactions with Brisbane Powerhouse Foundation

Brisbane Powerhouse Group comprises the consolidation of Brisbane Powerhouse Pty Ltd (the Company) and Brisbane Powerhouse Foundation (the Foundation).

- During the year Brisbane Powerhouse Pty Ltd donated \$140,000 (2019: \$80,000) to Brisbane Powerhouse Foundation to assist with the presentation of the artistic program which is conducted in the Foundation.
- Brisbane Powerhouse Pty Ltd sold tickets to the value of \$666,622 (2019: \$939,890) to BPH Presents shows on behalf of Brisbane Powerhouse Foundation.
- Brisbane Powerhouse Pty Ltd arranged production to the value of \$283,805 (2019: \$403,620) on behalf of Brisbane Powerhouse Foundation.
- Brisbane Powerhouse Foundation paid \$97,518 (2019: \$127,460) in ticket fees to the Brisbane Powerhouse Pty Ltd for this service.
- Brisbane Powerhouse Pty Ltd supplied administrative support and use of theatre space to Brisbane Powerhouse Foundation at no charge.
- At 30 June 2020 \$1,430 (2019: \$22,045) was payable to Brisbane Powerhouse Pty Ltd and \$165 (2019: \$116,838) was receivable from Brisbane Powerhouse Pty Ltd.

c) Transactions with key management personnel

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity. KMP include Directors (disclosed in the Directors' Report) and the Executive comprising the Chief Executive Officer and the Artistic Director.

The 2019 comparatives have been restated to include annual leave and long service leave movements.

	Consolidated		Company	
	2020	2019	2020	2019
Employee benefits	\$	\$	\$	\$
Short term employee benefits	316,322	321,885	316,322	321,885
Long term employee benefits	15,959	15,698	15,959	15,698
Termination payments	-	-	-	-
Post-employment benefits	28,818	30,400	28,818	30,400
Total employee benefits	361,099	367,983	361,099	367,983

The Directors act in an honorary capacity and receive no compensation for their services with the exception of the Chair fee \$21,500 (2019: \$21,000) which was paid to Damarcon Pty Ltd.



16. Related Party Transactions (continued)

d) Transactions with other related parties

Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members.

Nature of transaction	Consolidated		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Revenue				
Donations	1,500	4,500	-	-
Sponsorship	60,000	93,971	60,000	93,971
Functions and events	19,096	21,903	19,096	21,903
Expenses				
Chair fee	21,500	21,000	21,500	21,000
Furniture	-	9,155	-	9,155
Functions and events	1,645	2,481	1,645	2,481
Legal services	-	13,326	-	13,326
Professional fee and Other	-	5,993	-	5,993
Performers fee	-	-	-	-

17. Contingent assets and liabilities

There were no contingent assets or liabilities at 30 June 2020.

18. Subsequent events

There are no subsequent events requiring disclosure at 30 June 2020.

19. Economic dependency

The Group is dependent upon ongoing operational funding from Brisbane City Council to ensure the continuance of its Artistic program. The four year funding agreement commenced on 1 July 2017. The Group is also dependent on the ongoing lease of the Brisbane Powerhouse building and precinct from Brisbane City Council. As at 1 July 2020 a new lease agreement was entered into for a term of 20+5 years which is due to expire in June 2045.

20. Additional company information

The registered address and principal place of business is:

119 Lamington Street
New Farm Qld 4005



Directors' declaration for the year ended 30 June 2020

In the opinion of the Directors of Brisbane Powerhouse Pty Ltd (the Company) the financial statements and notes numbered 1 to 19 are in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company and Group's financial position as at 30 June 2020 and of their performance, for the financial year ended on that date;
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations) and the *Corporations Regulations 2001*; and
- c) there are reasonable grounds to believe that the Company and Group will be able to pay their debts as and when they become due and payable.

Signed on behalf of the Directors, Brisbane Powerhouse Pty Ltd

Valmay Hill
Chair
6 October 2020
Brisbane

Kevin Griffiths
Director
6 October 2020
Brisbane

INDEPENDENT AUDITOR'S REPORT

To the Members of Brisbane Powerhouse Pty Ltd

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Brisbane Powerhouse Pty Ltd (the parent) and its controlled entity (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the parent's and group's financial position as at 30 June 2020, and their financial performance and cash flows for the year then ended
- b) complies with Australian Accounting Standards.

The financial report comprises the statements of financial position as at 30 June 2020, the statements of comprehensive income, statements of changes in equity and statements 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 parent and group 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 Auditing Standards*. I am also independent of the parent and group 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 directors of the company, would be in the same terms if given to the directors 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.

Other information

Other information comprises the information included in the company's director's report for the year ended 30 June 2020, but does not include the financial report and my auditor's report thereon.

The company's directors 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 directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with 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 parent's and group'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 parent or group 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 parent's and group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.

- Conclude on the appropriateness of the parent's and group'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 parent's or group'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 parent or group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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.



John Welsh
as delegate of the Auditor-General

8 October 2020

Queensland Audit Office
Brisbane