Healthy Land, Healthy Water

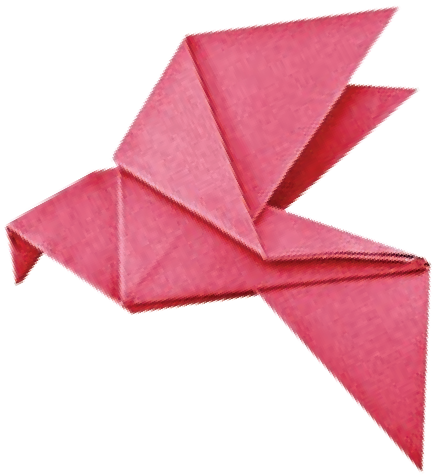
SEQ Catchments Limited
ABN 91 115 662 989

audited financial statements

for the year ended
30 june 2013

Preserving our economic and environmental prosperity

contents



DIRECTORS' REPORT

The Directors of SEQ Catchments Limited (SEQC) present this report on the company for the financial year ended 30 June 2013.

Directors

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

Robert Smith

James Dale

Victor Attwood

Bardhold Blecken

Margaret Milgate

John Brent

Peter Matic

Simon Warner

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

Company Secretary

The company secretary at the end of financial year is Anne Conlan. The qualifications and experience of the company secretary have been dealt with elsewhere in this report.

Operating Result

SEQC's activities resulted in a surplus of $135,664 for the year (2012: ($1,378)).

Review of Operations

The majority of the Group's income is derived from State and Federal grant agreements. During the year SEQC's total income was $11,901,701 (2012: $11,589,631) of which $7,086,155 was from grant income for SEQC projects (2012: $8,534,725). A more comprehensive review of the company's operations is outlined elsewhere in the Annual Report.

Balance Sheet

The net assets of the group have increased by $135,656 during the past year, mainly reflecting the result for the year.

A copy of the audited accounts is attached.

Principal Activities

- Lead and manage the strategic direction of natural resource management planning and activity in South East Queensland in accordance with the wishes of the Community as expressed via the Members;

DIRECTORS' REPORT (Continued)

- Develop, maintain and implement an integrated natural resource management regional plan and investment strategy for South East Queensland;
- Increase Community engagement in and understanding of sustainable natural resource management;
- Undertake, sponsor or coordinate on-ground activities in accordance with the natural resource management regional plan for South East Queensland as amended from time to time;
- Undertake, sponsor or coordinate research and studies into relevant natural resource management matters for the region;
- Secure funding for the activities of the Company and the objectives of the natural resource management regional plan, including attracting investment from new sources and creating innovative partnerships;
- Develop and expand the Business in accordance with the Business Plan; and
- Protect and enhance the biodiversity, catchments and waterways of South East Queensland and to provide information and education about the biodiversity, catchments and waterways of South East Queensland.

The means of achieving the organisation's objectives continues to be a challenge as a result of changes to State and Federal funding mechanisms. The objectives of State and Federal funding have moved away from the community driven regional model toward funding of national and state priorities. This has meant a change to how the organisation fulfils its principal activities with funding available.

After Balance Date Events

In prior years the SEQC Group hosted the software solution for NRM Regional organisations, substantially on behalf of the State and Federal Governments. As a result of changes in funding and in order to reduce SEQC's consequential exposure to non core activities, the management of the software platform was moved to a separate company, Tactiv Pty Ltd (Tactiv) and a 30% interest in Tactiv was sold in July 2012. On 8 August 2013, the SEQC Group reduced its holding in Tactiv Pty Ltd from 70% to 61.2% as result of acquiring 59,816 shares of the additional 98,000 shares Tactiv Pty Ltd issued at that time. SEQC effected this to broaden participation by regional NRM organisations in the governance of Tactiv Pty Ltd and reduce SEQC exposure to non-core activities undertaken by Tactiv Pty Ltd which manages the software solution.

Future Developments

Future developments in the operations of the Group have been dealt with elsewhere in the Annual Report.

Dividends

Under the terms of SEQC's constitution and in accordance with the Corporations Act, the company does not have the ability to pay dividends.

Consequently, no dividends were declared for SEQ Catchments Ltd.

Options

Under the terms of SEQC's constitution the company does not have the ability to issue options.

DIRECTORS' REPORT (Continued)

Indemnifying Officers or Auditor

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company, except for premiums paid to insure the officers and directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

Proceedings on behalf of the Company

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

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

Directors' Particulars

The following relates to the directors and executives of the parent entity.

The qualifications, experience and special responsibilities of directors have been dealt with elsewhere in this report.

Meetings of Directors of SEQ Catchments Ltd

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS	
Directors of SEQ Catchments Ltd	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**
Robert Smith	7	7	5	2
Bardhold Blecken	7	7	11	11
Victor Attwood	7	7	5	4
James Dale	7	6	11	10
Margaret Milgate	7	7	9	8
John Brent	7	7	-	-
Peter Matic	7	4	-	-
Simon Warner	7	7	-	9

The above does not include other meetings or events attended by directors.

Note: Simon Warner attended in his capacity as CEO.

DIRECTORS' REPORT (Continued)

Remuneration Report

The Board's policy for determining remuneration of directors, and senior executives, which is set by the Board, is as follows:

The Board has made reference to external publications, government schedules and considered the market when determining remuneration of directors and executive officers. The remuneration rates were reviewed during the year and were not amended.

Executive officers are paid according to current market rates based on skills and experience.

Remuneration Details for the Year Ended 30 June 2013

At 30 June 2013 there were 3 executive officers, 2 senior managers, 7 non executive directors and one executive director. The total remuneration paid to the directors, executive officers and managers is as follows:

	SALARY	COMMITTEE FEES	SUPER-ANNUATION CONTRIBUTIONS	NON-CASH BENEFITS	TOTAL
	$	$	$	$	$
Directors	73,321	34,917	9,193	-	117,431
Executive Officers and Managers	800,121	-	86,659	60,231	947,011
	873,442	**34,917**	**95,852**	**60,231**	**1,064,442**

Auditor's Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Corporate Governance

The directors of the company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. As such the Directors ensure appropriate governance via the following:

- Meeting regularly to review company performance;
- Adherence to the SEQC Code of Conduct as endorsed by the Australian Institute of Company Directors;
- Review of SEQC board performance, evaluating the effectiveness of board processes and identifying areas of improvement;
- Continuance of the Planning & Investment and Audit & Finance committees, each with its own charter;

DIRECTORS' REPORT (Continued)

- Undertaking reviews including: organisational review conducted by independent parties, audit of established on ground works as requested by the Joint Steering and Investment Panel; and SEQ Catchment's own internal audit processes; and
- Directors undertaking appropriate governance training.

Environmental Regulations

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

Signed in accordance with a resolution of the Board of Directors

………………………..………..

Robert Smith

Chairman

Signed at Brisbane this 25th day of September 2013.

AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION OF 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF SEQ CATCHMENTS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there have been:

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

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

Whitehouse Audit

……………………..………..

Allen Whitehouse FCA

Signed at Brisbane this 1st day of October 2013.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	Note	CONSOLIDATED GROUP		PARENT ENTITY	
		2013	2012	2013	2012
		$	$	$	$
Revenue	2	11,901,701	11,589,631	10,190,584	11,245,134
Employee expenses		(4,457,481)	(4,217,039)	(4,630,184)	(4,182,380)
Operating costs		(1,905,962)	(1,122,766)	(1,128,262)	(1,052,915)
Administration costs		(212,719)	(281,387)	(267,142)	(215,509)
Depreciation expense	3	(140,529)	(138,414)	(47,393)	(57,211)
Project expenses		(5,004,845)	(5,833,309)	(4,070,867)	(5,734,048)
Surplus/(deficit) before income tax		180,165	(3,284)	46,736	3,071
Income tax expense/benefit	23	(44,501)	1,906	–	–
Surplus/(deficit) attributable to members of the Company		135,664	(1,378)	46,736	3,071

The accompanying notes form part of this financial report.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	CONSOLIDATED GROUP		PARENT ENTITY	
		2013	2012	2013	2012
		$	$	$	$
Surplus / (Deficit) for the Year		135,664	(1,378)	46,736	3,071
Other comprehensive income:					
Net gain on revaluation of non-current assets	9	-	-	-	-
Net (loss)/gain on revaluation of financial assets		-	-	-	-
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		**135,664**	**(1,378)**	**46,736**	**3,071**
Total comprehensive income attributable to members of the entity		**135,664**	**(1,378)**	**46,736**	**3,071**

The accompanying notes form part of this financial report.

BALANCE SHEET AS AT 30 JUNE 2013

	Note	CONSOLIDATED GROUP		PARENT ENTITY	
		2013	2012	2013	2012
		$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	6	5,067,298	5,352,072	5,038,538	5,298,161
Trade and other receivables	7	3,153,824	1,399,142	3,042,600	1,204,811
Other current assets	8	136,560	139,721	115,542	122,581
TOTAL CURRENT ASSETS		8,357,682	6,890,935	8,196,680	6,625,553
NON-CURRENT ASSETS					
Trade and other receivables	7	20,220	14,670	468,831	318,610
Other non-current assets	8	16,500	18,406	16,500	16,500
Investments		-	-	2	2
Plant and equipment	9	438,732	375,747	79,140	93,076
TOTAL NON-CURRENT ASSETS		475,452	408,823	564,473	428,188
TOTAL ASSETS		8,833,134	7,299,758	8,761,153	7,053,741
CURRENT LIABILITIES					
Trade and other payables	10	1,342,475	1,547,623	2,619,798	2,231,591
Revenue received in advance		4,425,634	2,823,413	3,160,749	1,888,927
TOTAL CURRENT LIABILITIES		5,768,109	4,371,036	5,780,547	4,120,518
NON CURRENT LIABILITIES					
Provisions	11	282,673	282,026	282,673	282,026
TOTAL NON CURRENT LIABILITIES		282,673	282,026	282,673	282,026
TOTAL LIABILITIES		6,050,782	4,653,062	6,063,220	4,402,544
NET ASSETS		**2,782,352**	**2,646,696**	**2,697,933**	**2,651,197**
EQUITY					
Retained surplus/(Accumulated deficit)		2,646,688	2,648,074	2,651,197	2,648,126
Surplus/(Deficit) Attributable to Members		135,664	(1,378)	46,736	3,071
TOTAL EQUITY		**2,782,352**	**2,646,696**	**2,697,933**	**2,651,197**

The accompanying notes form part of this financial report.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Note	CONSOLIDATED GROUP		PARENT ENTITY	
		Retained Earnings	Total	Retained Earnings	Total
		$	$	$	$
Balance at 30 June 2009		2,873,045	2,873,045	2,873,047	2,873,047
Surplus Attributable to members 2009/10		(74,202)	(74,202)	(74,202)	(74,202)
Balance at 30 June 2010		2,798,843	2,798,843	2,798,845	2,798,845
Surplus Attributable to members 2010/11		(150,769)	(150,769)	(150,719)	(150,719)
Balance at 30 June 2011		2,648,074	2,648,074	2,648,126	2,648,126
Surplus Attributable to members 2011/12		(1,378)	(1,378)	3,071	3,071
Balance at 30 June 2012		2,646,696	2,646,696	2,651,197	2,651,197
Disposal of Subsidiary Shares		(8)	(8)	-	-
Surplus Attributable to members 2012/13		135,664	135,664	46,736	46,736
Balance at 30 June 2013		**2,782,352**	**2,782,352**	**2,697,933**	**2,697,933**

The accompanying notes form part of this financial report.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	Note	CONSOLIDATED GROUP		PARENT ENTITY	
		2013	2012	2013	2012
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES Receipts from customers		11,787,761	11,070,389	9,669,421	9,990,241
Payments to suppliers and employees		(12,123,770)	(11,229,177)	(9,894,616)	(9,954,026)
Payment of Income Tax		(741)	-	-	-
Interest received		301,521	350,884	295,237	348,307
Net cash provided by (used in) operating activities	**13a**	(35,229)	192,096	70,042	384,522
CASH FLOWS FROM INVESTING ACTIVITIES Proceeds from the sale of plant and equipment		-	-	-	-
Purchase of plant and equipment		(249,545)	(61,637)	(247,379)	(31,519)
Loan advanced to subsidiary		-	-	(257,552)	(349,262)
Loan repaid by subsidiary		-	-	175,266	84,240
Net cash provided by (used in) investing activities		(249,545)	(61,637)	(329,665)	(296,541)
Net increase in cash held		(284,774)	130,459	(259,623)	87,981
Cash at the beginning of the financial year		5,352,072	5,221,613	5,298,161	5,210,180
Cash at the end of the financial year	**6**	**5,067,298**	**5,352,072**	**5,038,538**	**5,298,161**

The accompanying notes form part of this financial report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of SEQ Catchments Ltd and its controlled entities (Consolidated Group) as contained in Note 18 of the financial statements and the separate financial statements and notes of SEQ Catchments Ltd as an individual parent entity (Parent Entity).

Basis of Preparation

SEQ Catchments Limited has elected to early adopt the Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. The company has also adopted AASB 2011-2: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements and AASB 2012-7: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

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

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

The financial report, except for the cash flow information has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Principles of Consolidation

A Controlled entity is any entity over which SEQ Catchments Ltd has power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 18 of the Financial Statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year ended 30 June 2013. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

b. Income Tax

The Australian Taxation Office has issued an endorsement notice to SEQ Catchments Limited for charity tax concessions. Under Subdivision 50-B of the Income Tax Assessment Act 1997 SEQ Catchments Limited is exempt from Income Tax. SEQ Catchments Limited's controlled entities are subject to income tax under the Income Tax Assessment Act 1997.

Current income tax expense comprises of current income tax expenses and deferred tax expense.

Current income tax expense charged to the profit and loss is the tax payable on the taxable income calculated using applicable income tax rates enacted or substantially enacted, as at reporting date.

Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Each entity in the group recognises its own current and deferred tax assets and liabilities.

c. Plant and Equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all plant and equipment is depreciated using the straight line basis over their estimated useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	**Depreciation Rate**
Office Fitout	10% – 23%
Office Furniture & Equipment	10% – 25%
IT Equipment	19% – 33%
Motor Vehicles	25%
Other Equipment	17% – 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

d. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expensed for the period.

Leased assets are depreciated over their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

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

e. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at balance date.

f. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments. SEQ Catchments Ltd has three bank guarantees on deposit invested with a maturity date of less than two months and one which matures on March 2015, at which time the guarantees will be reinvested. These funds used as bank guarantees have not been included as cash for the purpose of the financial statements as it is not available for use in the operation of the company.

g. Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Grant revenue is recognised in the income statement on a proportional basis determined by the expenses incurred in relation to the activities undertaken to fulfil the grant requirements.

For reciprocal grants, grant revenue is recognised in the balance sheet as a liability until the service has been delivered. For non reciprocal grants, grant revenue is recognised as income on receipt.

Donations are recognised as revenue when received.

Interest revenue is recognised based on interest earned and credited to the bank account and accrued interest as at balance date.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Revenue from contracts works in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs that can be attributable on a reasonable basis.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Contributed Assets

Assets donated to the company by external parties are recognised as an asset of the company. These assets are recognised at their fair value. Income equal to the fair value of the donated assets is recognised within the Income Statement.

i. Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

Where it is not possible to estimate the recoverable cost of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

j. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by the employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later then one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to employee superannuation funds and are recognised as an expense when incurred.

k. Government Grants & Grants Received in Advance

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grant revenue is recognised in the income statement on a proportional basis determined by the expenses incurred in relation to the activities undertaken to fulfil the grant requirements. Unspent grant monies at year end are carried as a liability on the Balance Sheet. When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the balance sheet as a liability until the service has been delivered to the contributor.

l. 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

m. Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date the company commits itself to either purchase or sell the asset. Financial instruments are initially measured at fair value plus transactions costs. Financial instruments are classified and measured as set out below.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at cost.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are measured at cost.

(iii) Financial liabilities

Non-derivative financial liabilities are subsequently measured at cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

n. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

o. Comparative Figures

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

p. Date Financial Statements Available for Issue

The financial report was authorised for issue by the Board of Directors on the date as shown on the Directors' Declaration.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Profits for Work in Progress

Profits for contract work in Progress are recognised at the state of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full.

r. New Accounting Standards for Application in Future Periods

The AASB has issued new and amended standards and interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the company is as follows:

- o AASB 9: Financial Instruments (December 2010) and AASB 2010/7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

  These standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
  - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.
  - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit and loss.

  These standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6: 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures' (issued in September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of this change to the mandatory effective date, the company is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 31 December 2015.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).
- AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements.
  - Tier 1: Australian Accounting Standards; and
  - Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

  Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

  Since the Company is a not-for–profit private sector entity, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the Company will take advantage of Tier 2 reporting at a later date.

  AASB10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements [August 2011], AASB 128: Investments in Associates and Joint Ventures [August 2011] and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 10 replaces parts of AASB 127 [March 2008, as amended] and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Company has not yet been able to reasonable estimate the impact of this Standard on its financial statements.

  AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either ‘joint operations’ (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or ‘joint ventures’ (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

  AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a ‘structured entity’, replacing the ‘special purpose entity’ concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Company.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Company.

Additionally, AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments (also applicable to annual reporting periods beginning on or after 1 January 2013) was issued in December 2012. AASB 2012-10 makes a number of amendments AASB 10, 11 and 12, including:

- clarifying that the transition date is the beginning of the year in which AASB 10 is applied for the first time (rather than the beginning of the comparative period) and that no adjustments are necessary if entities that were consolidated prior to the transition date are still continued to be consolidated under AASB 10 and vice versa. If a consolidation conclusion reached under AASB 10 at the transition date is different to when applying previous standards, retrospective adjustments are required to be made to comparative periods;
- providing additional guidance on retrospective adjustments required to be made;
- providing additional transition relief in AASB10, 11 and 12, whereby the requirement to present adjusted comparative information is limited to the immediately preceding period; and
- deferring the mandatory application of AASB 10 and related standards to not-for-profit entities until 1 January 2014.

Revisions made by AASB 2012-10 are not expected to have a significant impact on the company's financial statements.

AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the Company.

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

AASB 119 [September 2011] also includes changes to:

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

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

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

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

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

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

AASB 2012-2013: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Amending Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right to set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the company's financial statements.

AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012-2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect of potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the company's financial statements.

AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

This Amending Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the company's financial statements.

NOTE 2: REVENUE

	CONSOLIDATED GROUP		PARENT ENTITY	
	2013	2012	2013	2012
	$	$	$	$
Operating activities				
– Grant income	7,086,155	8,534,725	7,140,957	8,534,725
– Interest from financial institutions	284,113	333,681	277,829	331,104
– Income from Corporates and other sources	4,531,408	2,721,225	2,771,773	2,379,305
– Donations Received	25	-	25	-
Total Revenue	**11,901,701**	**11,589,631**	**10,190,584**	**11,245,134**

NOTE 3: SURPLUS FROM ORDINARY ACTIVITIES

	CONSOLIDATED GROUP		PARENT ENTITY	
	2013	2012	2013	2012
	$	$	$	$
a. Expenses				
Depreciation of non-current assets:				
— Office fitout	290	290	290	290
— Office furniture & equipment	5,786	4,964	5,786	4,964
— IT equipment	38,683	41,215	38,430	41,215
— Motor Vehicles	92,883	88,767	-	7,564
— Other Equipment	2,887	3,178	2,887	3,178
	140,529	138,414	47,393	57,211
Disposal of Plant & Equipment $31,423 profit resulted from the disposal of assets in 2013 (2012: ($4,074) loss on disposal)	46,031	2,375	213,922	336,131
Rental expenses on operating leases:				
— Minimum operating lease payments	401,358	442,634	657,748	442,634
— Other non-contractual lease/rental expenses	61,169	127,062	22,949	127,062
	462,527	569,696	680,697	569,696
b. Significant Revenue and Expenses				
The following significant revenue and expense items are relevant in explaining the financial performance:				
Salaries and wages expense	4,235,508	3,963,675	4,198,542	3,862,677
Onground works contract payments	4,617,409	4,359,335	3,683,088	4,267,832

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

a. Personnel

The following people were employed in key management positions during the financial year :

Robert Smith	Chairman
James Dale	Director
Victor Attwood	Director
Bardhold Blecken	Director
Margaret Milgate	Director
John Brent	Director
Peter Matic	Director
Simon Warner	Director and Chief Executive Officer
Tony Costantini	Chief Operations Officer
Noel Ainsworth	Chief Performance Officer
Anne Conlan	Chief Financial Officer and Company Secretary
Andrew Davidson	Planning and Innovation Manager
Paul McDonald	Manager Offsets

b. Compensation

The following is a summary of the compensation received by key management personnel during the financial year:

	SHORT-TERM BENEFITS				
	SALARY & FEES	SUPERANNUATION CONTRIBUTION	INCENTIVES*	NON-CASH BENEFITS	TOTAL
	$	$	$	$	$
2013 Total compensation	861,044	95,852	47,315	60,231	1,064,422
2012 Total compensation	733,205	82,179	35,851	66,276	917,511

*excluding related Superannuation contributions

NOTE 5: AUDITOR'S REMUNERATION

	CONSOLIDATED GROUP		PARENT ENTITY	
	2013	2012	2013	2012
	$	$	$	$
Remuneration of the auditor				
— Auditing or reviewing the financial report	13,750	15,200	8,200	9,200
— Other accounting and audit services	7,890	7,300	6,665	6,900
	21,640	22,500	14,865	16,100

NOTE 6: CASH AND CASH EQUIVALENTS

	CONSOLIDATED GROUP		PARENT ENTITY	
	2013	2012	2013	2012
	$	$	$	$
Cash at bank	315,298	350,072	286,538	296,161
Short-term bank deposits	4,751,700	5,001,700	4,751,700	5,001,700
Petty cash	300	300	300	300
	5,067,298	5,352,072	5,038,538	5,298,161

The weighted average annual interest rate on short-term bank deposits due post 30 June 2013 is 4.15%; these deposits had an average maturity of 43 days.

NOTE 7: TRADE AND OTHER RECEIVABLES

	CONSOLIDATED GROUP		PARENT ENTITY	
	2013	2012	2013	2012
	$	$	$	$
Current Trade receivables	2,762,403	1,330,355	2,651,179	1,136,023
Other receivables	391,421	68,787	391,421	68,788
	3,153,824	1,399,142	3,042,600	1,204,811
Non-Current Funds by members and subsidiaries	15,550	10,000	68,500	25,000
Security Bonds	4,670	4,670	4,670	4,670
Loan receivable (SEQC Operations)	-	-	395,661	288,940
	20,220	14,670	468,831	318,610
Total Trade and Other Receivables	**3,174,044**	**1,413,812**	**3,511,431**	**1,523,421**

NOTE 7: TRADE AND OTHER RECEIVABLES (Continued)

	GROSS AMOUNT	PAST DUE AND IMPAIRED	PAST DUE BUT NOT IMPAIRED (DAYS OVERDUE)				WITHIN INITIAL TRADE TERMS
			< 30	31–60	61–90	> 90	
	$	$	$	$	$	$	$
CONSOLIDATED GROUP							
2013							
Trade and term receivables	3,153,824	-	2,949,590	7,000	171,820	25,414	-
Other non current receivables	20,220	-	20,220	-	-	-	-
Total	3,174,044	-	2,969,810	7,000	171,820	25,414	-
2012							
Trade and term receivables	1,399,142	-	1,302,662	1,150	1,830	93,500	-
Other non current receivables	14,670	-	14,670	-	-	–	-
Total	1,413,812	-	1,317,332	1,150	1,830	93,500	-
PARENT ENTITY							
2013							
Trade and term receivables	3,042,600	-	2,857,878	-	171,820	12,902	-
Other non current receivables	468,831	-	468,831	-	-	-	-
Total	3,511,431	-	3,326,709	-	171,820	12,902	-
2012							
Trade and term receivables	1,204,811	-	1,091,858	1,150	18,303	93,500	-
Other non current receivables	318,610	-	318,610	-	-	-	-
Total	1,523,421	-	1,410,468	1,150	18,303	93,500	-

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

There are no balances within trade receivables that contain assets that are impaired and past due. It is expected that the balances shown above will be received.

NOTE 7: TRADE AND OTHER RECEIVABLES (Continued)

Credit Risk – Trade and Other Receivables

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

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

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

NOTE 8: Other Assets

	CONSOLIDATED GROUP		PARENT ENTITY	
	2013	2012	2013	2012
	$	$	$	$
Current Bank guarantees	83,545	83,545	83,545	83,545
Prepayments	53,015	56,176	31,997	39,037
	136,560	139,721	115,542	122,581
Non-Current Bank guarantees	16,500	16,500	16,500	16,500
Deferred tax asset	-	1,906	-	-
	16,500	18,406	16,500	16,500
Total Other Assets	**153,060**	**158,127**	**132,042**	**139,081**

NOTE 9: PLANT AND EQUIPMENT

	CONSOLIDATED GROUP		PARENT ENTITY	
	2013	2012	2013	2012
	$	$	$	$
Office fitout: — At cost	18,036	18,036	18,036	18,036
— Accumulated depreciation	(16,586)	(16,296)	(16,586)	(16,296)
	1,450	1,740	1,450	1,740
Office furniture and equipment: — At cost	43,502	37,657	43,502	37,657
— Accumulated depreciation	(21,776)	(15,989)	(21,776)	(15,989)
	21,726	21,668	21,726	21,668
IT equipment: — At cost	215,883	209,635	213,717	209,635
— Accumulated depreciation	(162,884)	(146,933)	(162,632)	(146,933)
	52,999	62,702	51,085	62,702
Motor vehicles: — At cost	500,328	363,874	-	-
— Accumulated depreciation	(142,650)	(81,203)	-	-
	357,678	282,671	-	-
Other equipment: — At cost	13,636	16,431	13,636	16,431
— Accumulated depreciation	(8,757)	(9,465)	(8,757)	(9,465)
	4,879	6,966	4,879	6,966
Total Plant and equipment	**438,732**	**375,747**	**79,140**	**93,076**

NOTE 9: PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	OFFICE FITOUT	OFFICE FURNITURE AND EQUIPMENT	IT EQUIPMENT	MOTOR VEHICLES	OTHER EQUIPMENT	TOTAL
	$	$	$	$	$	$
PARENT ENTITY						
Balance at 30 June 2011	**2,030**	**18,076**	**84,948**	**341,320**	**8,525**	**454,899**
Additions	-	9,646	20,254	-	1,619	31,519
Disposals	-	(1,090)	(1,285)	(333,756)	-	(336,131)
Depreciation expense	(290)	(4,964)	(41,215)	(7,564)	(3,178)	(57,211)
Balance at 30 June 2012	**1,740**	**21,668**	**62,702**	**-**	**6,966**	**93,076**
Additions	-	5,844	29,539	210,796	1,200	247,379
Disposals	-	-	(2,726)	(210,796)	(400)	(213,922)
Depreciation expense	(290)	(5,786)	(38,430)	-	(2,887)	(47,393)
Balance at 30 June 2013	**1,450**	**21,726**	**51,085**	**-**	**4,879**	**79,140**
CONSOLIDATED GROUP						
Balance at 30 June 2011	**2,030**	**18,076**	**84,948**	**341,320**	**8,525**	**454,899**
Additions	-	9,646	20,254	30,118	1,619	61,637
Disposals	-	(1,090)	(1,285)	-	-	(2,375)
Depreciation expense	(290)	(4,964)	(41,215)	(88,767)	(3,178)	(138,414)
Balance at 30 June 2012	**1,740**	**21,668**	**62,702**	**282,671**	**6,966**	**375,747**
Additions	-	5,844	31,705	210,796	1,200	249,545
Disposals	-	-	(2,726)	(42,906)	(400)	(46,031)
Depreciation expense	(290)	(5,786)	(38,683)	(92,883)	(2,887)	(140,529)
Balance at 30 June 2013	**1,450**	**21,726**	**52,999**	**357,678**	**4,879**	**438,732**

NOTE 10: TRADE AND OTHER PAYABLES

	CONSOLIDATED GROUP		PARENT ENTITY	
	2013	2012	2013	2012
	$	$	$	$
CURRENT *Unsecured liabilities* Trade payables	515,439	180,846	650,394	950,106
Contract commitments	-	715,803	-	715,803
Treasury Cash	-	-	1,117,000	-
Income Tax Payable	41,857	-	-	-
GST payable	24,150	82,142	96,925	1,350
Superannuation Payable	60,760	62,194	60,760	62,194
Employee benefits	406,994	335,052	406,994	335,052
Sundry payables and accrued expenses	293,275	171,586	287,725	167,086
	1,342,475	**1,547,623**	**2,619,798**	**2,231,591**

NOTE 11: EMPLOYEE BENEFITS

	CONSOLIDATED GROUP		PARENT ENTITY	
	2013	2012	2013	2012
	$	$	$	$
NON CURRENT Long Term Employee benefits	282,673	282,026	282,673	282,026
Reconciliation of the movement in Employee Benefits: Opening balance at 1 July	282,026	245,838	282,026	245,838
Additional provision raised during the year	18,337	36,188	18,337	36,188
Amounts used	(17,690)	-	(17,690)	-
Closing balance at 30 June	**282,673**	**282,026**	**282,673**	**282,026**

The employee benefits have been recognised in relation to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1.

NOTE 12: CAPITAL AND LEASING COMMITMENTS

a. Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements	CONSOLIDATED GROUP		PARENT ENTITY	
	2013	2012	2013	2012
	$	$	$	$
Payable minimum lease payments				
— not later than 12 months	326,369	435,723	323,849	435,723
— between 1 year and 5 years	116,359	384,713	111,739	384,713
	442,728	**820,436**	**435,588**	**820,436**

Operating lease commitments consist of property and equipment and they are disclosed exclusive of GST.

The property leases are non-cancellable leases with terms of between 24 to 31 months, with rent payable monthly in advance. Most lease agreements require a CPI increase annually and an option to renew the leases at the end of the current term.

The equipment leases are for non-cancellable leases with terms of between 4 and 37 months.

b. Finance Lease Commitments

The company has not entered into any finance leases.

NOTE 13: CASH FLOW INFORMATION

a. Reconciliation of Cash Flow from Operations with Surplus/(Deficit) after Income Tax

	CONSOLIDATED GROUP		PARENT ENTITY	
	2013	2012	2013	2012
	$	$	$	$
Operating surplus/(deficit) after income tax	135,664	(1,378)	46,736	3,071
Non-cash flows in surplus Depreciation	140,529	138,415	47,393	57,212
Proceeds from disposal of plant and equipment	46,031	2,375	213,922	336,131
Disposal of subsidiary shares	(8)	-	-	-
Capitalised interest	-	-	(24,436)	(23,919)
Changes in assets and liabilities (Increase)/decrease in trade and other receivables	(1,760,233)	(532,908)	(1,881,289)	(381,288)
(Increase)/decrease in other assets	5,067	(3,074)	7,039	(2,434)
Increase/(decrease) in trade and other payables	(205,148)	(93,725)	388,207	594,750
Increase/(decrease) in grants received in advance	1,602,222	646,202	1,271,823	(235,189)
Increase/(decrease) in provisions	647	36,189	647	36,188
	(35,229)	**192,096**	**70,042**	**384,522**

NOTE 13: CASH FLOW INFORMATION (Continued)

b. Non-cash Financing and Investing Activities

The company does not have any non-cash Financing or Investing Activities.

c. Credit Standby Arrangements

The company does not have any credit standby arrangements.

NOTE 14: CONTRACT COMMITMENTS

	CONSOLIDATED GROUP		PARENT ENTITY	
	2013	2012	2013	2012
	$	$	$	$
Contract Commitments	1,054,794	-	296,835	-

Contract commitments represent commitments under contracts which had been executed at 30 June 2013 to third parties in order to deliver future projects. However as at 30 June future milestones on these contracts had not been delivered & consequently nil financial liability was recognised in the Balance Sheet.

NOTE 15: INCORPORATION AS A COMPANY LIMITED BY GUARANTEE

The company is incorporated under the Corporations Act 2001 as a company limited by guarantee and does not have share capital. Under Clause 40 of the Constitution of the company, every member who is a member or a member who has ceased to be a member in the proceeding year is liable to contribute to the assets of the company in the event of a winding up, to an amount not exceeding $10. The number of members as at 30 June 2013 was 2 (2012: 2).

NOTE 16: SEGMENT REPORTING

The company operates in one business and geographical segment being the management of natural resources in South East Queensland, Australia.

NOTE 17: ECONOMIC DEPENDENCY

The operations of the company are significantly dependent upon receipts of State and Federal grant funding.

	CONSOLIDATED GROUP		PARENT ENTITY	
	2013	2012	2013	2012
	$	$	$	$
State Funding	2,684,710	3,019,654	2,826,932	3,019,654
Federal Funding	4,401,445	5,515,071	4,314,025	5,515,071
	7,086,155	**8,534,725**	**7,140,957**	**8,534,725**

NOTE 18: CONTROLLED ENTITIES

		PERCENTAGE OWNED*	
	Country of Incorporation	2013	2012
Controlled Entities		%	%
Parent Entity:			
SEQ Catchments Limited	Australia	-	-
Subsidiaries of SEQ Catchments Limited:			
SEQC Operations Pty Ltd	Australia	100%	100%
Subsidiaries of SEQC Operations Pty Ltd:			
SEQC Services Pty Ltd	Australia	100%	100%
SEQC Offsets Pty Ltd	Australia	100%	100%
Tactiv Pty Ltd	Australia	70%	100%

*Percentage of voting power in proportion to ownership

NOTE 19: RELATED PARTY

Amounts paid to related parties during the year:	2013	2012
	$	$
Council of Mayors	-	-
SEQ Catchments Members' Association Inc.	62,769	51,205
	62,769	**51,205**

NOTE 20: FINANCIAL RISK MANAGEMENT

The company's financial instruments consists mainly of deposits with banks, short-term investments, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

	Note	CONSOLIDATED GROUP		PARENT ENTITY	
		2013	2012	2013	2012
		$	$	$	$
Financial Assets					
Cash and cash equivalents	6	5,067,298	5,352,072	5,038,538	5,298,161
Loans and receivables	7	3,174,044	1,413,812	3,511,431	1,523,421
		8,241,342	**6,765,884**	**8,549,969**	**6,821,582**
Financial Liabilities					
Financial liabilities at amortised cost					
Trade and other payables (excluding current leave entitlements)	10	935,481	1,212,571	2,212,804	1,896,539
		935,481	**1,212,571**	**2,212,804**	**1,896,539**

Financial Risk Management

SEQ Catchments Ltd overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Audit and Finance Committee and the Board of SEQ Catchments Ltd on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and accounts payable.

The main risks the group is exposed to through its financial instruments are interest rate risk on cash deposits and credit risk on the group's accounts receivable. This exposure is minimal as the group's dependence on interest income to fund operational activities is minimal and the majority of the group's accounts receivable represents monies owing under government contracts.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The company does not have any derivative instruments at 30 June 2013.

NOTE 20: FINANCIAL RISK MANAGEMENT (Continued)

a. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rate will affect future cash flows.

Interest rate risk is managed with a mixture of fixed and floating rate investments. For further details on interest rate risk refer to Note 20b.

b. Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through:

- monitoring forecast cash flows and ensuring that adequate cash funds are available to meet the needs of the company;
- maintaining a reputable credit profile;
- managing credit risk to financial assets;
- investing surplus cash in capital secure financial instruments.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

NOTE 20: FINANCIAL RISK MANAGEMENT (Continued)

Financial liability and financial assets maturity analysis:

	NOTE	LESS THAN 6 MONTHS		6 MONTHS TO 1 YEAR		1 TO 5 YEARS		TOTAL CONTRACTUAL CASH FLOW	
CONSOLIDATED GROUP		2013	2012	2013	2012	2013	2012	2013	2012
		$	$	$	$	$	$	$	$
Financial liabilities due for payment									
Trade and other payables (excluding estimated annual leave and deferred income)	10	935, 481	994,821	-	217,750	-	-	935,481	1,212,571
Total expected outflows		**935,481**	**994,821**	**-**	**217,750**	**-**	**-**	**935,481**	**1,212,571**
Financial assets – cash flows realisable									
Cash and cash equivalents	6	5,067,298	5,335,572	-	16,500	-	-	5,067,298	5,352,072
Trade, term and loans receivables	7	3,153,824	1,413,812	-	-	20,220	-	3,174,044	1,413,812
Total anticipated inflows		**8,221,122**	**6,749,384**	**-**	**16,500**	**20,220**	**-**	**8,241,342**	**6,765,884**
Net (outflow)/inflow on financial instruments		**7,285,641**	**5,754,563**	**-**	**(201,250)**	**20,220**	**-**	**7,305,861**	**5,553,313**

NOTE 20: FINANCIAL RISK MANAGEMENT (Continued)

Financial liability and financial asset maturity analysis:

PARENT	NOTE	LESS THAN 6 MONTHS		6 MONTHS TO 1 YEAR		1 TO 5 YEARS		TOTAL CONTRACTUAL CASH FLOW	
		2013	2012	2013	2012	2013	2012	2013	2012
		$	$	$	$	$	$	$	$
Financial liabilities due for payment									
Trade and other payables (excluding estimated annual leave and deferred income)	10	2,212,804	1,896,539	-	-	-	-	2,212,804	1,896,539
Total expected outflows		**2,212,804**	**1,896,539**	**-**	**-**	**-**	**-**	**2,212,804**	**1,896,539**
Financial assets — cash flows realisable									
Cash and cash equivalents	6	5,038,538	5,281,661	-	16,500	-	-	5,038,538	5,298,161
Trade, term and loans receivables	7	3,042,600	1,523,421	-	-	468,831	-	3,511,431	1,523,421
Total anticipated inflows		**8,081,138**	**6,805,082**	**-**	**16,500**	**468,831**	**-**	**8,549,969**	**6,821,582**
Net (outflow)/inflow on financial instruments		**5,868,334**	**4,908,543**	**-**	**16,500**	**468,831**	**-**	**6,337,165**	**4,925,043**

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the company.

NOTE 20: FINANCIAL RISK MANAGEMENT (Continued)

The company does not have any material credit risk exposure to any single receivable. The majority of receivables are monies owing from governments and the directors consider these receivables are collectable as at 30 June 2013. To reduce the credit risk associated with the investment of surplus cash funds, the Finance and Audit Committee in accordance with approved Board policy considers the investment strategy on a regular basis and only invests in recognised financial institutions.

The maximum exposure to credit risk, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Trade and other receivables are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 7.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the group.

Net Fair Values

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

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. No estimates or judgements have been made in respect to financial assets as shown in the table below. Rather amounts are shown at carrying values.

NOTE 20: FINANCIAL RISK MANAGEMENT (Continued)

		CONSOLIDATED GROUP				PARENT ENTITY			
		2013		2012		2013		2012	
	Footnote	Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		$	$	$	$	$	$	$	$
Financial assets									
Cash and cash equivalents	(i)	5,067,298	5,067,298	5,352,072	5,352,072	5,038,538	5,038,538	5,298,161	5,298,161
Trade and other receivables	(i)	3,174,044	3,174,044	1,413,812	1,413,812	3,511,431	3,511,431	1,523,421	1,523,421
Total financial assets		**8,241,342**	**8,241,342**	**6,765,884**	**6,765,884**	**8,549,969**	**8,549,969**	**6,821,582**	**6,821,582**
Financial liabilities									
Trade and other payables (excluding leave entitlements)	(i)	935,481	935,481	1,212,571	1,212,571	2,212,804	2,212,804	1,896,539	1,896,539
Total financial liabilities		**935,481**	**935,481**	**1,212,571**	**1,212,571**	**2,212,804**	**2,212,804**	**1,896,539**	**1,896,539**

The fair values disclosed in the above table have been determined based on the following methodologies.

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for relating to annual leave and deferred income which is not considered a financial instrument.

NOTE 20: FINANCIAL RISK MANAGEMENT (Continued)

Interest Rate Sensitivity Analysis:

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in particular variable is independent of other variables.

	CONSOLIDATED GROUP		PARENT ENTITY	
	2013	2012	2013	2012
	$	$	$	$
Change in profit				
— Increase in interest rate by 2%	97,534	95,034	97,534	95,034
— Decrease in interest rate by 2%	(97,534)	(95,034)	(97,534)	(95,034)
Change in Equity				
— Increase in interest rate by 2%	97,534	95,034	97,534	95,034
— Decrease in interest rate by 2%	(97,534)	(95,034)	(97,534)	(95,034)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The company has no exposure to fluctuations in foreign currency.

The Group does not have any interest rate risk at balance date.

NOTE 21: CAPITAL MANAGEMENT

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its objectives and that returns from investments are maximised. The Audit and Finance Committee ensures that the overall risk management strategy is in line with this objective.

The Audit and Finance Committee operates under polices approved by the Board of SEQ Catchments Limited. Risk management polices are approved and reviewed by the Board on a regular basis. These include credit risk polices and future cash flow requirements.

The entity's capital consists of financial liabilities supported by financial assets.

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market.

NOTE 22: ENTITY DETAILS

The registered office of the group is Level 2, 183 North Quay, Brisbane 4000

NOTE 23: CONTINGENT ASSETS & CONTINGENT LIABILITIES

	CONSOLIDATED GROUP		PARENT ENTITY	
	2013	2012	2013	2012
	$	$	$	$
Contingent Assets	-	-	-	-
Contingent Liabilities	-	-	-	-

NOTE 24: INCOME TAX AND DEFERRED TAX

	CONSOLIDATED GROUP		PARENT ENTITY	
	2013	2012	2013	2012
	$	$	$	$
Income taxation expense comprises: Current tax expense	(44,501)	(7)	-	-
Deferred tax expense	-	1,913	-	-
	(44,501)	1,906	-	-
Factors affecting income tax expense for the period: Income tax does not differ from the standard rate of corporation tax.				
Profit/(loss) before taxation	180,165	(3,284)	46,736	3,071
Tax on profit/(loss) excluding non-taxable Parent Entity, at standard rate of 30%	(44,501)	1,906	-	-
Factors affecting income tax expense for the period	-	-	-	-
Income tax (expense)/benefit	(44,501)	1,906	-	-
Total taxation expense/benefit comprises:				
Current tax expense	(44,501)	(7)	-	-
Deferred tax expense	-	1,913	-	-
Income tax (expense)/benefit	(44,501)	1,906	-	-

NOTE 24: INCOME TAX AND DEFERRED TAX (Continued)

	CONSOLIDATED GROUP		PARENT ENTITY	
	2013	2012	2013	2012
	$	$	$	$
The movement for the year in the Group's net deferred tax position is as follows:				
Balance at the beginning of the year	1,913	-	-	-
Income tax credit/(charge) recorded in the income statement	(1,913)	1,913	-	-
Balance at the end of the year	-	1,913	-	-

NOTE 25: EVENTS OCCURRING AFTER BALANCE DATE

In prior years the SEQC Group hosted the software solution for NRM Regional organisations, substantially on behalf of the State and Federal Governments. As a result of changes in funding and in order to reduce SEQC's consequential exposure to non core activities, the management of the software platform was moved to a separate company, Tactiv Pty Ltd (Tactiv) and a 30% interest in Tactiv was sold in July 2012. On 8 August 2013, the SEQC Group reduced its holding in Tactiv Pty Ltd from 70% to 61.2% as result of acquiring 59,816 shares of the additional 98,000 shares Tactiv Pty Ltd issued at that time. SEQC effected this to broaden participation by regional NRM organisations in the governance of Tactiv Pty Ltd and reduce SEQC exposure to non-core activities undertaken by Tactiv Pty Ltd which manages software solution.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 1 to 40 are in accordance with the Corporations Act 2001 and:
    a. comply with Accounting Standards and the Corporations Regulations 2001;
    b. complies with International Financial Reporting Standards as disclosed in Note 1; and
    c. give a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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Robert Smith

Signed at Brisbane this 25th day of September, 2013.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF SEQ CATCHMENTS LTD

Report on the financial report

We have audited the accompanying financial report of SEQ Catchments Limited, which comprises the balance sheet as at 30 June 2013 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of the significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the auditor's independence declaration set out on page 8 of the annual report has not changed as at the date of providing our audit opinion.

Auditor's Opinion

In our opinion:

a. the financial report of SEQ Catchments Limited is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the company's financial position as at 30 June 2013 and of it's performance for the year ended on that date; and

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

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Whitehouse Audit

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Allen Whitehouse FCA

Signed at Brisbane this 1st day of October, 2013.