Visit Sunshine Coast Queensland Naturally refreshing

Annual Financial Report

for the year ended 30 June 2020

Annual Financial Report
Contents

The Directors present their report together with the financial report of Visit Sunshine Coast Limited (VSC) for the financial year ended 30 June 2020 and the Auditor's report thereon.

The Directors of the company at any time during or since the end of the financial year are:

Directors in office at the reporting date:

Name and qualifications	**Experience and special responsibilities**
Mr David Ryan *AO, FAICD, FCPA, BBus*	Chairman
Experience	Appointed Director in 2015.
Special Responsibilities	Member of Audit and Risk Committee
Mr Mark Skinner *MBA, GAICD*	Director and Deputy Chairman
Experience	Appointed Director in 2012. Reappointed in 2018.
Special Responsibilities	Member of Audit & Risk Committee Member of Nomination and Remuneration Committee Member of Marketing Committee
Mr John Hall *BCom, BEcon, MBA, AAUQ, FAICD*	Director and Company Secretary
Experience	Appointed Director in 2010. Reappointed in 2017.
Special Responsibilities	Chairman of the Audit and Risk Committee Member of Digital Committee
Mr Ashley Howden	Director
Experience	Appointed Director in 2016.
Special Responsibilities	Chairman of Digital Committee Member of Nomination and Remuneration Committee
Mr Rodger Powell *FAICD, FAIM*	Director
Experience	Appointed Director in 2010. Reappointed in 2018.
Special Responsibilities	Chairman of Nomination and Remuneration Committee Chair of Marketing Committee
Ms Zoe Sparks *MAICD*	Director
Experience	Appointed Director in 2019
Special Responsibilities	Member of Digital Committee and Marketing Committee
Mr Phillip Hart	Director
Experience	Appointed Director in 2020
Special Responsibilities	Member of Marketing Committee

Name and qualifications	**Experience and special responsibilities**
Mr Winston Hall Experience	Director Appointed Director in 2018.
Ms Jennifer Swaine Experience	Director Appointed Director in 2019.

Directors ceasing to hold office during the financial year:

Mr William Darby	Director
Ms Sarah Pye	Director
Ms Heidi Meyer	Director

Further details on the Directors' relevant experience, and business interests, can be found at:
http://www.visitsunshinecoast.com/Corporate/About-us/About-VSC-Board

Company Secretary

Mr John Hall is the Company Secretary.

Directors' Meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the company during the financial year are:

Director	No. of full meetings of directors		No. of ARC meetings		No. of Digital meetings	
	A	B	A	B	A	B
Mr David Ryan	13	13	3	5	-	-
Mr Mark Skinner	12	13	5	5	-	-
Mr John Hall	10	13	5	5	2	3
Mr Bill Darby	3	4	-	-	-	-
Ms Zoe Sparks	9	9	-	-	-	-
Ms Heidi Meyer	7	8	-	-	-	-
Mr Winston Hall	11	13				
Mr Ashley Howden	9	13	-	-	3	3
Ms Jennifer Swaine	9	9	-	-		
Mr Phillip Hart*	4	5	-	-		
Mr Rodger Powell	13	13	-	-	3	3
Ms Sarah Pye	4	4	-	-	1	2

A = Number of meetings attended
B = Number of meetings eligible to attend

Director	No. of Marketing Meetings	
	A	B

Mr David Ryan	-	-
Mr Mark Skinner	1	1
Mr John Hall	-	-
Mr Bill Darby	-	-
Ms Zoe Sparks	1	1
Ms Heidi Meyer	-	-
Mr Winston Hall	-	-
Mr Ashley Howden	-	-
Ms Jennifer Swaine	-	-
Mr Phillip Hart	1	1
Mr Rodger Powell	1	1
Ms Sarah Pye	-	-

A = Number of meetings attended
B = Number of meetings eligible to attend

Audit and Risk Management Committee Meetings

The Audit and Risk Management Committee (ARC) comprises John Hall as Chairman, David Ryan and Mark Skinner. The meetings are attended by the company's Chief Executive Officer (CEO) and Financial Controller. The purpose of the Committee is to assist the Board with its responsibilities as they relate to:

- The financial reporting process;
- Risk management;
- The maintenance of internal controls and accounting systems; and Corporate governance.

Digital Committee Meetings

The Digital Committee comprises Ashley Howden as Chairman, John Hall and Rodger Powell. The meetings are attended by the company's Head of Marketing and digital team. The committee's purpose is to assist the Board with its responsibilities as they relate to:

- VSC digital strategy; and
- Digital supplier management plan.

Nomination and Remuneration Committee Meetings

The Nomination and Remuneration Committee comprises Rodger Powell as Chairman, David Ryan, Mark Skinner and Ashley Howden. The committee's purpose is to assist the Board with its responsibilities as they relate to:

- Culture and Diversity;
- Performance and Remuneration;
- Succession, Nominations and Recruitment; and
- Induction and Continuing Development.

Marketing Committee Meetings

The Marketing Committee comprises Rodger Powell as Chairman, Mark Skinner, Zoe Sparks and Phillip Hart. The committee's purpose is to assist the Board and Management as they relate to the marketing direction of the company.

Directors resignation

Ms Heidi Meyer resigned as a Director in March 2020.

Mr Phillip Hart was appointed as a replacement Director in March 2020.

Principal Activity

The principal activity of the Company is to advance the promotion and development of tourism within the Sunshine Coast region, which encompasses the combined local government areas of the Sunshine Coast Council, Noosa Council and Gympie Regional Council. There were no significant changes in the nature of the activity of the company during the year.

Strategic Objectives

The company's objective is to grow the contribution of tourism to the Sunshine Coast regions economy by:

1. Promoting the region and building destination awareness within Australian and international markets to drive demand and grow visitor nights and yield;
2. Expanding digital presence through innovative online and social media strategies;
3. Being the sought-after partner of key tourism industry stakeholders;
4. Building an engaged and active membership base;
5. Strengthening existing and developing new strategic partnerships to grow funding and resources;
6. Assisting industry to improve service quality and supply, develop new product offerings and refurbish existing products;
7. Lobbying and influencing relevant parties to develop improved visitor access to the region.

Dividends

VSC is a company limited by guarantee. Accordingly, no dividends were paid or declared by the company during the financial year.

Corporate Governance Statement

Responsibilities

The Board of Directors is responsible to the members for the performance of the company in both the short and the long term and seeks to balance these sometimes-competing objectives in the best interests of the company as a whole.

The functions of the Board include:

- Review and approval of corporate strategies, the annual budget and financial plans;
- Monitoring organisational performance and the achievement of the company's strategic goals and objectives;
- Monitoring financial performance including approval of the annual financial reports and liaison with the company's Auditors;
- Appointment and assessment of the performance of the CEO;
- Establishing effective management processes and approving major corporate initiatives;
- Enhancing and protecting the reputation of the company;
- Identifying significant risks facing the company and implementing adequate controls, monitoring and reporting mechanisms; and
- Reporting to members.

Directors' Report (continued)

Board Members

Details of the members of the Board are set out in the Directors' report under the heading "Directors". The Board operates in accordance with the principles set out in the company's constitution, including:

- The Board must comprise of a majority of Skill-Based Directors and have a minimum of three Elected Directors, as such there must be a minimum of seven and a maximum of eleven Directors. The Board currently comprises nine members.
- The Chairman of the Board is appointed by the Board.

Likely Developments

The company will continue to implement strategies to increase visitation to the Sunshine Coast and achieve its goals. This includes continued engagement with its members and key stakeholders and by targeting new strategic partnerships.

Lead Auditor's Independence Declaration

The lead Auditor's Independence Declaration is set out on page 9 and forms part of the Directors' report for the financial year ended 30 June 2020.

This report is made with a resolution of the Directors.

David Ryan, Chairman

Dated at Maroochydore this 6th day of October 2020.

Auditor's Independence Declaration

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF VISIT SUNSHINE COAST LIMITED

ABN 14 144 749 717

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 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.

Poole Audit Group Pty Ltd
Level 1, 8 Innovation Parkway
BIRTINYA QLD 4575

Donald Glenn Poole
Registered Company Auditor No. 5951

Dated at Birtinya this 6th day of October 2020.

Statement of Financial Position

as at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current Assets			
Cash and cash equivalents	4	1,589,020	1,773,964
Trade and other receivables	5	44,190	182,591
Prepayments	6	71,815	294,975
Total Current Assets		1,705,025	2,251,529
Non-current assets			
Property, plant and equipment	7	171,609	97,659
Right of use asset	8	451,296	-
Intangible assets	9	-	10,135
Total Non-current Assets		622,905	107,794
Total Assets		2,327,930	2,359,323
Liabilities			
Current Liabilities			
Trade and other payables	10	405,968	932,848
Lease liability	12(c)	91,353	-
Provisions	11	70,405	99,917
Total Current Liabilities		567,726	1,032,765
Non-Current Liabilities			
Lease liability	12(c)	354,431	-
Provisions	11	59,694	25,129
Total Non-current Liabilities		414,125	25,129
Total Liabilities		981,851	1,057,894
Net Assets		1,346,079	1,301,429
Equity			
Retained surplus		1,346,079	1,301,429
Total Equity		1,346,079	1,301,429

Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2020

	Note	2020	2019
		$	$
Income			
Revenue	14	5,527,533	5,445,973
Expenses			
Administration		824,993	788,550
Depreciation and amortisation expenses	7,8,9	201,553	114,215
Impairment on Office Equipment & Furniture		-23,000	23,000
Interest expense		-	209
Interest expense on right of use asset		37,137	-
Industry representation		137,334	196,053
Marketing and promotion		4,301,161	4,164,295
Research		18,634	78,141
Total Expenses		5,497,811	5,341,463
Finance income	17	14,928	13,922
Net Finance income		14,928	13,922
Net surplus/(deficit) before income tax		44,650	118,432
Income tax expense		-	-
Net surplus/(deficit) for the year		44,650	118,432
Other comprehensive income		-	-
Total comprehensive income for the year		44,650	118,432

Statement of Cash Flows

for the year ended 30 June 2020

	Note	2020 $	2019 $
Cash Flows from Operating Activities			
Cash receipts from customers		5,251,442	5,646,375
Cash paid to suppliers and employees		(5,188,377)	(5,377,939)
Cash generated from operations		63,065	268,436
Interest received		14,928	13,922
Finance/Borrowing costs		(40,535)	(3,674)
Net cash generated from operating activities	18	37,457	278,684
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		12,048	12,609
Acquisition of property, plant and equipment		(154,837)	(79,115)
Acquisition of intangible assets			-
Net cash used in investing activities		(142,789)	(66,506)
Cash Flows from Financing Activities			
Payment of principal portion of lease liabilities		(79,612)	-
Repayment of borrowings		-	(26,828)
Net cash used in financing activities		(79,612)	(26,828)
Net increase/(decrease) in cash and cash equivalents		(184,944)	185,350
Cash and cash equivalents at 1 July 2019		1,773,964	1,588,614
Cash and cash equivalents as at 30 June	4	1,589,020	1,773,964

Statement of Changes in Equity

for the year ended 30 June 2020

	Retained Surplus	Revaluation Surplus	Total
	$	$	$
Balance at 1 July 2018	1,182,997	-	1,182,997
Comprehensive Income			
Profit attributable to the entity	118,432	-	118,432
Other comprehensive income for the year	-	-	-
Revaluation increment/(decrement)	-	-	-
Total Comprehensive Income	118,432	-	118,432
Balance as at 30 June 2019	1,301,429	-	1,301,429
Comprehensive Income			
Profit attributable to the entity	44,650	-	44,650
Other comprehensive income for the year	-	-	-
Revaluation increment/(decrement)	-	-	-
Total Comprehensive Income	44,650	-	44,650
Balance as at 30 June 2020	1,346,079	-	1,346,079

Notes to Financial Statements

for the year ended 30 June 2020

1. Reporting Entity Concept

Visit Sunshine Coast Limited (VSC) or "the company" is a not-for-profit company domiciled in Australia. The address of the company's registered office is Level 3, Suite 301, 8 Maroochydore Road, Maroochydore, Queensland 4558. The company primarily is involved in the promotion and development of tourism in the Sunshine Coast region in Queensland.

2. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, with the exception of AASB 16.

New Standards adopted as at 1 July 2019 – AASB 15, AASB 1058 & AASB 16

The company has adopted AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 16 Leases, with a date of initial application of 1 July 2019.

The adoption of AASB 15 and AASB 1058 has not resulted in any changes to the accounting policy treatment of the company's revenue streams.

The adoption of AASB 16 has resulted in changes to the accounting policy of the company's leases. The company adopted AASB 16 retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16 the comparatives for the 2019 reporting period have not been restated.

The company has recognised a lease liability and right of use asset for all leases (with the exception of short term and low value leases) recognised as operating leases under AASB 117: Leases, where the company is the lessee.

The lease liabilities are measured at the present value of the remaining lease payments. The company's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

3. Basis of Preparation

a) Statement of compliance

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Because the company is a not-for-profit-entity and AASBs include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), the financial report of the company does not comply with all IFRSs and interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on the date shown on the Directors' Declaration.

b) Basis of measurement

The financial report has been prepared on the historical cost basis, modified, where applicable, by the measurement at fair value of selected non-current assets.

c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the company's functional currency.

d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

e) Foreign currency

Transactions in foreign currencies are translated to Australian dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Australian dollars at the foreign exchange rate on that date. Foreign currency differences arising on translation are recognised in income or expense.

f) Financial instruments

i) Non-derivative financial assets

The company initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the company becomes a party to the contractual provisions of the instrument.

3. Basis of Preparation (continued)

f) Financial instruments (continued)

i) Non-derivative financial assets (continued)

The company ceases to recognise a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets:

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any expected credit losses. Loans and receivables comprise trade and other receivables.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

ii) Non-derivative financial liabilities

The company initially recognises debt securities issued and subordinated liabilities on the date that they are originated.

All other financial liabilities are recognised initially on the trade date at which the company becomes a party to the contractual provisions of the instrument. The company ceases to recognise a financial liability when its contractual obligations are discharged, cancelled or expired. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The company has the following non-derivative financial liabilities: trade and other payables. Such financial liabilities are recognised initially at fair value through profit or loss. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost or fair value through profit or loss. A financial liability is measured at fair value if the financial liability is initially designated at fair value through profit or loss. All other financial liabilities (if any) are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense to profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. It is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

iii) Compound financial instruments

The company has not issued any compound financial instruments.

iv) Derivative financial instruments, including hedge accounting

The company holds no derivative financial instruments.

g) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at historic cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and capitalised borrowing costs (see below). Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3. Basis of Preparation (continued)

g) Property, plant and equipment (continued)

i) Recognition and measurement (continued)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised as “other income” in the statement of comprehensive income.

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 July 2010, the company capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

Plant and equipment that have been contributed at no cost or for nominal cost are recognised at the fair value of the asset at the date it is acquired.

ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to- day servicing of property, plant and equipment are recognised in expenses as incurred.

iii) Depreciation

Depreciation is recognised in expenses on a prime cost basis over the estimated useful lives of each motor vehicle and on a diminishing basis for office equipment. Depreciation is recognised on a prime cost basis over the term of lease for leasehold improvements. Diminishing value method is recognised for computer equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Classification of fixed asset	Depreciation rate
• Office furniture	3-5 years
• Computer equipment	5 years
• Motor vehicles	5 years
• Leasehold improvements	4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

h) Intangible assets

Depreciation is recognised in expenses on a prime cost basis over the estimated useful lives of intangible assets. The estimated useful lives for the current and comparative periods are as follows:

Classification of fixed asset	Depreciation rate
• Intangible Assets - Website	3 years

i) Impairment

i) Financial assets

The company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income; contract assets (amount due from customers under contracts).

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The company uses the simplified approach as applicable under AASB 9: Financial Instruments. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to trade receivables. In measuring the expected credit loss, a

provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (i.e. diversity of the customer base, appropriate groupings of the company’s historical loss experience, the credit history of major customers).

3. Basis of Preparation (continued)

i) Impairment (continued)

ii) Financial assets (continued)

If a financial asset is determined to have low credit risk at the initial reporting date, the company assumes that the credit risk has not increased significantly since initial recognition and, accordingly, it can continue to recognise a loss allowance of 12 month expected credit loss, if any.

In order to make such a determination that the financial asset has low credit risk, the company applies its internal credit risk rating using a globally comparable definition of low credit risk.

iii) Non-financial assets

The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. As the entity is a not-for-profit entity, value in use is the depreciated replacement cost of an asset as the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and as the entity would, if deprived of the asset, replace its remaining future economic benefits.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in expenses. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee 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. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits. Contributions are made by the entity to each employees designated superannuation fund and are charged as expenses when incurred.

k) Provisions

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

l) Revenue

The adoption of AASB 15 has not resulted in any changes to the accounting treatment of any revenue received by the company.

i) Services

Revenue from services rendered is recognised as income in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

ii) Grant Revenue

In determining whether AASB 15 applies to the company's revenue, the company considers whether there is an "enforceable" contract with a customer with "sufficiently specific" performance obligations.

In the instance where the company has satisfied itself that the contract with the customer has specific targets and obligations that are deliverable, the revenue is recognised in accordance with the satisfaction of the specific targets and obligations.

In the instance where the company has not satisfied the sufficiently specific targets and obligations at balance date, a contract liability for its future obligations under the agreement. The terms of the agreement may include the requirement to return unspent funds or they may include the ability to seek an extension of the program under which the funds were expended.

In the event the company receives funding that does not meet the requirements of AASB 15, revenue is accounted for under the specific provisions of AASB 1058. The default position is ASB 1058 is that income is recognised immediately if it does not fall within the scope of other Australian Accounting Standards.

3. Basis of Preparation (continued)

m) Leases

Determining whether an arrangement contains a lease

At inception of a contract the Company assesses whether the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows: fixed lease payments less any lease incentives:

- variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Concessionary Leases

For leases that have significantly below-market terms and conditions principally to enable the Company to further its objectives (commonly known as peppercorn/concessionary leases), the Company has adopted the temporary relief under AASB 2018-81' and measures the right of use assets at cost on initial recognition.

n) Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues using the effective interest method.

o) Income tax

The company is exempt from income tax under Division 50-40 (Primary and secondary resources, and tourism) of the Income Tax Assessment Act 1997.

p) Good and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a net basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

q) Presentation of financial statements

The company applies revised AASB 101 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

4. Cash and cash equivalents

	Note	2020	2019
		$	$
Cash at bank - unrestricted		111,919	177,612
Call Deposits		1,477,101	1,596,352
Cash and cash equivalents		1,589,020	1,773,964
Bank overdrafts repayable on demand		-	-
Cash and cash equivalents in the statement of cash flows		1,589,020	1,773,964

The company's bankers, the National Australia Bank, holds a bank guarantee of $28,242 in respect to the lease for the company's office at 3 Maroochydore Road Maroochydore QLD 4558.

The company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 12.

5. Trade and other receivables

	Note	2020	2019
Current		$	$
Trade receivables		1,320	104,940
Provision for doubtful debts		-	-
GST receivable		42,870	55,647
Sundry debtors		-	22,004
		44,190	182,591

The company's exposure to credit and currency risk and impairment losses related to trade and other receivables are disclosed in note 12.

6. Prepayments

	2020	2019
Current	$	$
Prepaid expenses	71,815	294,975
	71,815	294,975

7. Property, plant and equipment

	Office furniture	Motor vehicles	Office equipment	Leasehold improvement	Total
	$	$	$	$	$
Cost					
Balance as at 1 July 2018	109,357	259,023	334,368	44,865	747,613
Additions	25,718	26,012	27,385	-	79,115
Disposals	8,075	140,769	11,717	-	160,561
Balance as at 30 June 2019	127,000	144,266	350,036	44,865	666,167
Balance as at 1 July 2019	127,000	144,266	350,036	44,865	666,167
Additions	128,416	-	10,713	15,709	154,838
Disposals	105,101	37,189	92,020	19,546	253,856
Balance as at 30 June 2020	150,315	107,077	268,729	41,028	567,149
Depreciation and Impairment					
Balance as at 1 July 2018	107,742	244,119	257,062	43,991	652,914
Depreciation	3,844	14,691	32,135	751	51,421
Disposals	8,075	140,768	9,983	-	158,826
Impairment	12,405	-	10,484	112	23,001
Balance as at 30 June 2019	115,916	118,042	289,698	44,854	568,510
Balance as at 1 July 2019	115,916	118,042	289,698	44,854	568,510
Depreciation	43,543	6,591	24,434	2,750	77,319
Disposals	92,118	36,339	79,402	19,429	227,288
Impairment	(12,405)	-	(10,484)	(112)	(23,001)
Balance as at 30 June 2020	54,936	88,294	224,246	28,064	395,440
Net book value					
At 30 June 2019	11,084	26,224	60,340	11	97,659
At 30 June 2020	95,379	18,783	44,483	12,964	171,609

8. Right of Use Asset

The company's lease portfolio includes office equipment and office accommodation.

An option to extend or terminate is contained within the office accommodation lease. There are no extension options for the office equipment. This clause provides the company opportunities to manage leases to align with its strategies. All of the extension or termination options are only exercisable by the company. The extension option or termination option which were probable to be exercised have been included in the calculation of the right of use asset. 'The company has determined with reasonable certainty that the accommodation lease option will not be exercised. As a result, the option term is not included within the Right of Use Asset balance on the Statement of Financial Position.

AASB 16 related amounts recognised on the Statement of Financial Position:

Leased Building	556,260
Accumulated Depreciation	(109,380)
Balance as at 30 June 2020	446,880

Leased Equipment	9,134
Accumulated Depreciation	(4,718)
Balance as at 30 June 2020	4,416

Total Right of Use Asset as 30 June 2020 $451,296.

Movements in carrying amounts:

Leased Building

Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)

	119,700
Lease addition	556,250
Lease termination	(119,689)
Depreciation expense	(109,381)
Net carrying value	446,880

Leased Equipment

Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)

	9,134
Accumulated Depreciation	(4,718)
Balance as at 30 June 2020	4,416

AASB 16 related amounts recognised in the statement of profit or loss

	2020 **$**
Depreciation charge related to right of use assets	114,099
Interest expenses on lease liabilities	37,137

9. Intangibles

	2020	2019
	$	$
Website at Cost	188,400	188,400
Accumulated amortisation	188,400	178,265
Accumulated impairment	-	-
Net carrying amount	-	10,135

Website		
Balance at the beginning of the year	10,135	72,929
Additions	-	-
Disposals	-	-
Amortisation expense	10,135	62,794
Balance at the end of the year	-	10,135

10. Trade and other payables

	2020	2019
	$	$
Trade creditors	143,528	268,988
Sundry creditor accruals	45,896	77,446
Other payables owing	-	36
GST liability	4,942	-
Payroll liabilities	37,101	53,094
Deferred income	174,501	533,284
	405,968	932,848

The company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 12.

11. Provisions

Employee Provisions	2020 $	2019 $
Opening balance at the beginning of the year	125,406	122,103
Additional provisions raised during year	147,265	134,400
Amounts used	(182,572)	(131,457)
Balance at the end of the year	90,099	125,046

Provision for makegood on office lease	2020 $	2019 $
Opening balance at the beginning of the year	-	-
Additional provisions raised during year	40,000	-
Amounts used	-	-
Balance at the end of the year	40,000	-

Analysis of Provisions	**2020** **$**	**2019** **$**
Current:		
Annual leave entitlements	52,991	99,917
Long service leave entitlements	17,414	-
	70,405	99,917
Non-Current:		
Long service leave entitlements	19,694	25,129
Provision for makegood on office lease	40,000	-
	59,694	25,129

Provisions represent the amounts accrued for employee annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlement that have been vested due to employees having completed the required period of service.

Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities as the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Provision for makegood on office premises is a management judgement on the likely make good costs if the Company was to vacate their current office premises at the end of the current lease.

12. Financial Instruments

a) Financial risk management

Overview

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk.

Risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

i) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customers.

Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the company's customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk.

At the reporting date, there were no significant concentrations of credit risk.

The company has established a credit policy under which each new customer is analysed individually for credit worthiness. The company reviews external ratings, when available, and in some cases bank references.

The company does not require collateral in respect of trade and other receivables.

ii) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient readily available funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Typically, the company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

iii) Market risk

Market risk is the risk of changes in market prices, such as interest rates, affecting the company's assets and income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

b) Credit risk

Exposure to credit risk

The carrying amount of the company's financial assets represents the maximum credit exposure.

	2020	**2019**
	$	**$**
Cash and cash equivalents	1,589,020	1,773,964
Trade and other receivables	44,190	182,591
	1,633,210	1,956,555

12. Financial Instruments (continued)

b) Credit risk (continued)

The company's maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2020	2019
	$	$
Australia	44,190	182,591
Other regions	-	-
	44,190	182,591

The company's maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2020	2019
	$	$
Government entities	42,870	55,647
Non-Government entities	1,320	126,944
	44,190	182,591

The ageing of the company's trade receivables at the reporting date was:

	2020		2019	
	Gross	Impairment	Gross	Impairment
	$	$	$	$
Current	1,320	-	163,272	-
31 to 60 days	42,870	-	19,019	-
61 to 90 days	-	-	300	-
91 days and over	-	-	-	-
	44,190	-	182,591	

c) Liquidity risk

Payable minimum lease payments

	2020	2019
	$	$
- less than 12 months	91,353	-
- more than 12 months but not later than five years	354,431	-
- greater than five years	-	-
	445,784	-

The property lease commitment is a non-cancellable lease contracted for and recognised in the financial statements in accordance with AASB16. Increase in lease commitments will be a fixed 3% per annum after year 2. Year 1 and year 2 lease commitments are fixed with nil increase.

The photocopier lease commitment is a cancellable rental lease agreement recognised in the financial statements in accordance with AASB16. The lease cost is fixed and there are no price increases during the term of the agreement

12. Financial Instruments (continued)

c) Liquidity risk (continued)

Trade and other payables

	2020 $	2019 $
- less than 12 months	405,968	932,848
- more than 12 months but not later than five years	-	-
- greater than five years	-	-
	405,968	932,848

Capital Commitments

	2020 $	2019 $
- less than 12 months	-	-
- more than 12 months but not later than five years	-	-
- greater than five years	-	-
	-	-

d) Currency risk

The company has minor exposure to foreign currency risk on some sales and purchases.

e) Fair values

The fair values of financial assets and liabilities approximate the carrying amounts shown in the statement of financial position.

13. Capital and Reserves

Company limited by guarantee

The company is a company limited by guarantee. Accordingly, each member of the company undertakes to contribute to the assets of the company in the event of it being wound up while that person is a member or within one year after that person ceased to be a member for payment of the debts and liabilities of the company contracted before that person ceased to be a member and of the costs, charges and expenses of winding up and for adjustment of the rights of the contributors amongst themselves, such amount as may be required, not exceeding $20.

14. Revenue

Revenue	2020 $	2019 $
Sunshine Coast Council	4,255,211	4,182,702
Other Government	850,490	761,542
Member Receipts	200,147	168,717
Other	221,685	333,012
Total Revenue	5,527,533	5,445,973

15. Personnel expenses

Included in expenses for the year are the following personnel expenses:

	2020	2019
	$	$
Salaries and Wages	2,068,110	1,976,286
Superannuation contributions	184,386	180,210
Increase/(Decrease) in liability for annual leave	(46,929)	(1,956)
Increase/(Decrease) in liability for long services leave	11,980	4,900
	2,217,550	2,159,439

16. Director fees and related company payments

	2020	2019
	$	$
Directors Fees	87,124	82,210
Related company payments	42,734	54,519

Related company payments include entities that are controlled, or jointly controlled by those Directors individually or collectively.

17. Finance Income

	2020	2019
	$	$
Interest income on bank deposits	14,928	13,922
Net finance income	14,928	13,922

18. Reconciliation of cash flows from operating activities

	2020	2019
Cash flows from operating activities	$	$
Net surplus (deficit) for the year	44,650	118,432
Adjustment for depreciation and amortisation	201,553	114,215
Adjustment for Impairment	(23,000)	23,000
(Profit)/Loss on sale of asset	14,520	(10,875)
Operating surplus before changes in working capital and provisions	237,723	244,772
Change in trade and other receivables	60,688	(124,065)
Change in prepayments	223,160	(216,995)
Change in trade and other payables	(449,166)	372,029
Change in provisions and employee benefits	(34,948)	2,944
Net cash from operating activities	37,457	278,684

19. Expenses

	2020	2019
	$	$
Auditors Remuneration	14,480	14,480
Rental Expenses on operating leases	-	99,863

20. Capital and leasing commitments

Payable - minimum lease payments:

	2020	2019
	$	$
Not later than 12 months	-	89,657
Later than 12 months but not later than five years	-	370,072
Later than five years	-	8,011
	-	467,650

Commitments

As at 30 June 2020, the company had commitments of $150,000 to Fairfax Media Events Pty Ltd relating to the sponsorship agreement ending 3 months after the staging of the 2021 Curated Plate event.

As at 30 June 2020, the company had commitments of $130,000 to Sunshine Coast Lightning netball team relating to the sponsorship agreement ending 31 August 2021.

21. Fair Value Measurement

The company has measured and recognised certain plant and equipment items at fair value on a non-recurring basis (2012) under Level 2 of the fair value hierarchy.

Fair value hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1: measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;

Level 2: measurements based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: measurements based on unobservable inputs for the asset or liability.

The fair value measurement of the plant and equipment took place as a result of the company's acquisition of the Visitor Information Centres from the Sunshine Coast Regional Council in July 2012. These assets are currently being depreciated in accordance with their useful life to the company.

22. Economic dependency and going concern

The financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The ability of the company to continue its operations at current levels is dependent upon future ongoing funding being provided by the funding bodies. The company renewed its funding arrangement with the company's major funding body for a further 4 years (effective 1st July 2018, ending 30th June 2022) with no significant changes to the terms. The agreement includes the provision for the funding to be extended each year by a further year unless otherwise notified by the provider, on or about the commencement of each financial year following the anniversary. In essence, creating the potential for a rolling funding deed.

Directors' Declaration

Directors' Declaration

In the opinion of the directors of Visit Sunshine Coast Limited (the company):

a) the financial statements and notes, set out on pages 9 to 27 are in accordance with the Corporations Act 2001, including:

   i) compliance with Australian Accounting Standards; and

   ii) giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

David Ryan, Chairman

Dated at Maroochydore this 6th day of October 2020.

Independent Auditors' Report

TO THE MEMBERS OF VISIT SUNSHINE COAST LIMITED

ABN 14 144 749 717

Report on the Financial Report

Opinion

We have audited the financial report of Visit Sunshine Coast Limited ('the Company'), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Visit Sunshine Coast 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 2020 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

Our 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 our 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Independent Auditors' Report

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We 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 our 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 the purpose of expressing an audit opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Poole Audit Group Pty Ltd
Level 1, 8 Innovation Parkway
BIRTINYA QLD 4575

Donald Glenn Poole
Registered Company Auditor No. 5951
6 October 2020