



DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

The Directors of Brisbane Powerhouse Pty Ltd (the Company) and its subsidiary Brisbane Powerhouse Foundation (the Foundation) together referred to as the Group present their report for the year ended 30 June 2022 and the auditor's report therein.

Directors

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

Libby Anstis BBusComm

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

Jason Bird FDIA MIES BAppSc (BItEnv) GradDiplnDes (Dist) – resigned 31 January 2022

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

Emma Fredericks AICD ACA BCom Accounting, Finance & Law

Emma Fredericks has a 25-year career in accounting and legal professional services firms including EY and CGW Lawyers. She currently consults and serves on advisory boards, subcommittees and board roles. Her areas of expertise include business development, relationship management, revenue growth, partnering, sponsorship, access to funding, internal and external audit, corporate finance specifically acquisitions, due diligence, project feasibility, financial modelling, capital raisings, valuations and property due diligence transactions. Emma has recently completed the AICD course and has expertise and skills in corporate governance framework, values driven culture, understanding business risks and risk management, setting strategic direction and monitoring execution and performance. Emma has experience in identifying, understanding, navigating and resolving complex business issues, financial analysis and reporting systems, anticipating growing pains, acting in the best commercial interests of the company and adding value to organisations. Emma is regularly involved in finance, audit and risk subcommittees and business development focus groups to help drive momentum and accountability.

Valmay Hill AICD BEc

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



underpinned by her lifelong involvement with the performing arts and her belief that cultural engagement is a cornerstone of community life.

Hayley Johnson AMusA LTCL BAMus BAMusTheatre (WAAPA) MAICD

Hayley Johnson (nee Power) has recently began working for the family business, as Learning and Development Logistics Co-ordinator for the BMD Group. Prior to that, has enjoyed a varied career as a musical theatre/cabaret performer, teacher and musical director throughout Brisbane, Sydney, Melbourne, Osaka, Atlantic City and New York City. Combining her family background in business with her career contacts, Hayley initiated the involvement of The BMD Group and Power Arts as major sponsors, investors and co-producers for theatrical pursuits. Since 2007, Power Arts has evolved into an investment and production organisation that focuses on up and coming artists and performing arts projects. They have been proudly associated with several award-winning organisations including The Michael Cassel Group, the Gordon Frost Organisation, Opera Australia, The Hayes Theatre, Sydney Theatre Company, State Theatre Company of South Australia, The Queensland Ballet, Australasian Dance Collective, La Boîte, The Brisbane Festival, QPAC and Zen Zo. Currently, Hayley also proudly sits on the Management Committee for QMusic, and on the Board for Jack's Butterflies, a charity that supports the families of children with rare diseases.

David Lyons BA BBus LLB (Hons) – resigned 31 January 2022

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

Catherine Michael BA (Journalism), Grad Dip PR (Dist), MAICD

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

Penny Shield BAMus BCom FCA CIA GAICD

Penny Shield is a Partner in EY's consulting practice. She has been with EY for 20 years and in public practice for over 24 years. She has deep risk, governance, internal audit and controls experience in multinational, corporate and government environments. She has degrees in Commerce and Arts, is a Fellow of the Institute of Chartered Accountants, a Certified Internal Auditor, and a Certified Six Sigma Green Belt (process improvement). She is passionate about using her skills to contribute to the community through involvement at board level, particularly in the arts and sport.

Chair

Valmay Hill was appointed as Chair on 3 August 2020.

Company Secretary

Jacasta Herron BCom ACA GAICD, Business Services Director was appointed Company Secretary on 15 December 2021. Amanda Boland GAICD FCIA FCIS, owner and Managing Director of Business Governance Solutions Pty Ltd, was the previous Company Secretary up until 14 December 2021.

Board meetings

Name	Date Appointed	Board Meetings	
		A (Attended)	B (Eligible to Attend)
L Anstis	25/11/2013	6	9
J Bird (resigned Jan 2022)	22/11/2013	4	4
E Fredericks	30/05/2019	8	9
V Hill	03/08/2020	7	9
H Johnson	25/11/2013	6	9
D Lyons (resigned Jan 2022)	10/10/2012	3	4
C Michael	30/05/2017	9	9
P Shield	16/02/2021	9	9

Board Committees

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

Name	Finance and Audit Committee Meetings	
	A (Attended)	B (Eligible to Attend)
E Fredericks	7	9
H Johnson (resigned May 2022)	4	9
V Hill	7	9
D Lyons (resigned Jan 2022)	2	4
C Michael	8	9
P Shield	8	9

Principal activities

The objects of the Group are outlined as follows:

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

There were no changes in the nature of these activities during the course of the financial year however government COVID-19 restrictions continued to apply throughout the year with various capacity restrictions in the theatres, venue spaces, foyer and restaurants which limited our operations. External events were also subject to limitations.



Operating results

The operating result of the Group for the financial year ended 30 June 2022 was a surplus of \$58,637 (2021: surplus of \$235,634)

Review of operations

The 2021/22 year was the sixth year of delivery of the organisational strategy *Brisbane Powerhouse 2020+20* with the following strategic goals:

GOAL 1 – CREATIVITY

We will engage and inspire audiences through extraordinary, contemporary programming that reflects the identity of Brisbane, promotes local artists and connects with global ideas.

GOAL 2 – INCLUSION

We are committed to a genuine representation of modern Brisbane, and we will strive to represent and include those from diverse cultures and with diverse perspectives, and forge ever deepening relationships with communities with which we work.

GOAL 3 – EXPERIENCES

Unpretentious and generous, we will create an environment and experience for others that will delight, welcome and engage.

GOAL 4 – COLLABORATION

Delivering world class artistic experiences created through deep relationships with our cultural and corporate partners, our external stakeholders and our internal leaders.

GOAL 5: SUSTAINABILITY

We hold a responsibility to the Brisbane of 2041 as well as the Brisbane of today; we invest in ourselves, our building and our art with a legacy in mind. Through a truly sustainable business we strive to create a better world and leave it better than we found it.

Achievements

In 2021/22 Brisbane Powerhouse confronted significant challenges due to COVID-19 and floods. Despite these impacts the following key achievements were made against the Strategic Plan:

- Brisbane Powerhouse delivered a profit for the year despite a difficult period due to COVID-19 and floods in February 2022. This surplus could not have been achieved without the support of Brisbane City Council and the implementation of a new ticketed carpark which produced a positive financial return to the organisation.
- 2021/22 was the first year under the leadership of CEO/Artistic Director Kate Gould. Within the first three months of her tenure, Kate Gould presented an ambitious three year vision for the organisation. With the support of the Board and staff, the organisation has been both fundraising and building its capacity to deliver its bold ambitions in a short timeframe. In 2021/22 Brisbane Powerhouse met its first year targets in preparation for the delivery of its new projects and programs in 2022/23.
- In May 2022 Brisbane Powerhouse staged the largest Brisbane Comedy Festival (BCF) in its history. Hosting 346 performances and 100 shows, this Festival attracted 60,825 ticket sales which was higher than the previous sales record for BCF in 2018. Earlier in the financial year (July/August 2021) another Brisbane Comedy Festival was staged but closed a week earlier than anticipated due to a COVID-19 lockdown. Performances in this Festival were either cancelled or postponed.



- Despite a difficult financial period, Brisbane Powerhouse was still able to support artists in excess of over \$1M in marketing, equipment hire, production labour and sponsored theatre hire of \$570,572. Emerging artists were also supported through festivals and events such as Brisbane Comedy Festival. A further \$525,025 was spent on artist fees.
- In April 2022, in partnership with QUT (major partner), QUT and Brisbane Powerhouse launched and awarded a First Nations fellowship. The Wandima Fellowship (*wandima* is a Jagera word meaning *rising* or *going upward*) provides an outstanding First Nations Australian creative practitioner with a supported program of professional development, work experience and/or professional mentoring for up to one year. The fellowship was awarded to Nicole Reilly, a proudly queer Wiradyuri woman. Nicole Reilly is a creative producer, director, performer, teaching artist and currently Artistic Director of Zen Zen Zo.
- In early July 2021, Brisbane Powerhouse's public carpark transitioned to paid parking with proceeds supporting Brisbane Powerhouse's programs. Successful transition management and reasonable rates resulted in limited negative community responses. The new revenue of \$448,061 generated from the carpark provided the organisation critical financial support during a challenging economic period. The ticketed carpark will continue to underpin the organisation's income.
- Brisbane Powerhouse secured funding of \$400,000 from the Australian Government's RISE Fund as well as \$1.07m in 'start up' funds from the Brisbane City Council for a new series of ongoing Major Outdoor Projects; Outdoor Cinema, Vertical Restaurant, Pleasuredome (a 350-seat outdoor sailcloth venue) and a new biannual food and art festival to be known as Hap Wah Night Market to commence in March 2023.
- Total philanthropic funds secured for the year were \$182,955, one of the highest results achieved by Brisbane Powerhouse, \$100,000 of which was donated by Tim and Gina Fairfax. Tim and Gina Fairfax also donated a further \$135,000 for a project in the 2023 financial year to support the development of a First Nations Strategy across the organisation as well as the fitout of The Studio to gallery standard facilities and delivery of a visual arts program. This project will commence at the end of 2022.
- Brisbane Powerhouse welcomed new tenant Camerata – Queensland's Chamber Orchestra to the Stores Building in 2021 and existing restaurant tenant Mary Mae's Bar & Kitchen was renovated post-flood in April 2022.
- Brisbane Powerhouse used the opportunity brought about by lockdowns and closed state borders to build its capacity for expanded future operations. This included an organisational review and restructure of human resources; review and upgrade of information and communication systems; and a review and upgrade of its risk and safety management systems.

Other achievements included:

- the number of tickets sold for the year was 99,775;
- the value of tickets sold was \$4,991,535 with over 687 performances;
- the number of Visual Arts exhibits was three with over 19,221 visitors;
- over 14,433 guests attended 277 events;
- 145 free performances of 60 productions; and
- over 511,584 visitors to the precinct.

Challenges

Brisbane Powerhouse again faced significant challenges due to COVID-19 lockdowns; closed state borders; reduced audience capacity limits; staff shortages due to COVID-19; and sudden cancellations or postponements of performances due to artists testing positive to COVID-19. There were unanticipated pressures on staff and systems with new consumer advice requiring Brisbane Powerhouse to refund tickets for patrons claiming to have COVID-19. This resulted in over 3,063 refund requests during Brisbane Comedy Festival 2022 alone.

In response to the challenges of COVID-19 in early 2022, Brisbane Powerhouse received three months' rent relief from Brisbane City Council. The timing of this support greatly aided the organisation's financial position in 2021/22.



On 27 February 2022, the lower level of the Brisbane Powerhouse Turbine Building flooded; along the Riverwalk; and through Mary Mae's Bar & Kitchen. Flooding continued to occur at high tide over the subsequent five days.

As a result of the flooding, Brisbane Powerhouse closed to the public from Monday 28 February to Friday 4 March, opening to the public again on Saturday 5 March. Eight performances or seasons of performances were cancelled or postponed. Both restaurants were closed for the same period which was financially difficult for these tenants and their employees. These closures also negatively impacted Brisbane Powerhouse's forecast tenancy revenue.

To support the local community during the floods, Brisbane Powerhouse opened its carpark to the public free of charge from Sunday 27 February to Tuesday 8 March 2022.

There was damage to the Powerhouse building from the flood which will be claimed on insurance. Noteworthy, the airconditioning plenum beneath the Underground Theatre flooded with a mix of river water and building sewerage during the flood at high tide. The contaminated airconditioning ductwork was replaced. Brisbane City Council and Brisbane Powerhouse are looking at structural and engineering mitigation options to avoid similar damage to the building in future floods.

Brisbane City Council again supported Brisbane Powerhouse as a Council leased community facility, with a \$5,000 payment to assist with the flood impact.

Brisbane Powerhouse acknowledges the hard work of its team and tenants in yet another challenging year with special thanks to its sponsors and stakeholders, particularly Brisbane City Council for its ongoing support.

Significant changes in state of affairs

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

Kate Gould commenced as CEO/Artistic Director on 5 July 2021.

After balance date events

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

Future developments

The Group will continue to carry on the principal activities noted above.

Environment regulations

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

Auditor's independence declaration

The auditor's declaration of independence is set out on page 8 and forms part of the Directors' Report.

**Indemnification and insurance of officers and auditors**

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

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

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

Signed in accordance with a resolution of the Directors.

On behalf of the Board.



Valmay Hill
Chair
29 September 2022
Brisbane



Penny Shield
Director
29 September 2022
Brisbane



AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Brisbane Powerhouse Pty Ltd

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of Brisbane Powerhouse Pty Ltd for the financial year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

29 September 2022

Sri Narasimhan
as delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022
STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE

	Note	Consolidated		Company	
		2022 \$	2021 \$	2022 \$	2021 \$
REVENUE					
Grants and contributions	3(a)	3,818,601	3,654,600	3,656,051	3,543,810
Interest revenue		21,844	17,912	19,268	15,706
Program revenue	3(b)	2,469,467	1,453,748	1,812,865	905,626
Rendering of services	3(c)	3,822,981	2,725,523	3,936,242	2,820,443
Sponsorship and donations	3(d)	1,137,588	632,108	954,633	604,786
Operating revenue		11,270,481	8,483,891	10,379,059	7,890,371
COVID-19 concessions	3(e)	146,937	343,680	146,937	343,680
Total revenue		11,417,418	8,827,571	10,525,996	8,234,051
EXPENSES					
Advertising and promotion	4(a)	346,801	355,888	346,801	355,888
Administration and information	4(b)	802,529	932,517	797,449	927,663
Artists fees and production costs	4(c)	2,066,320	983,295	1,226,714	296,358
Building repairs and maintenance	4(d)	1,057,256	742,661	1,057,256	742,661
Cost of rendering services	4(e)	1,153,675	852,526	1,153,675	852,526
Donations		-	-	-	110,000
Sponsorship/grant/donation costs		30,003	42,979	30,003	42,979
Theatre operations		155,320	75,934	155,320	75,934
Employee benefits expense	4(f)	4,961,041	3,851,305	4,961,041	3,851,305
Depreciation and amortisation	4(g)	785,800	754,832	785,800	754,832
Operating expenses		11,358,745	8,591,937	10,514,059	8,010,146
Total expenses		11,358,745	8,591,937	10,514,059	8,010,146
TOTAL COMPREHENSIVE SURPLUS/(DEFICIT) FOR THE YEAR		58,673	235,634	11,937	223,905

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


STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	Consolidated		Company	
		2022	2021	2022	2021
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	5	3,469,062	2,444,870	2,400,644	2,100,148
Receivables	6	327,604	329,425	355,262	310,260
Other assets	7	1,963,047	1,008,065	1,910,142	959,776
Total current assets		5,759,713	3,782,360	4,666,048	3,370,184
NON-CURRENT ASSETS					
Plant and equipment	8	1,233,624	972,820	1,233,624	972,820
Intangibles	9	14,869	63,466	14,869	63,466
Right of use asset	14	10,609,929	10,683,875	10,609,929	10,683,875
Total non-current assets		11,858,422	11,720,161	11,858,422	11,720,161
Total Assets		17,618,135	15,502,521	16,524,470	15,090,345
CURRENT LIABILITIES					
Employee benefits	11	265,858	235,657	265,858	235,657
Payables	10	1,069,865	791,870	1,018,713	746,142
Deferred income	15	3,336,299	1,628,608	2,658,430	1,580,069
Lease liability	14	376,102	356,077	376,102	356,077
Total current liabilities		5,048,124	3,012,212	4,319,103	2,917,945
NON-CURRENT LIABILITIES					
Employee benefits	11	54,105	31,534	54,105	31,534
Lease liability	14	10,422,186	10,423,728	10,422,186	10,423,728
Total non-current liabilities		10,476,291	10,455,262	10,476,291	10,455,262
Total liabilities		15,524,415	13,467,474	14,795,394	13,373,207
NET ASSETS		2,093,720	2,035,047	1,729,076	1,717,138
EQUITY					
Share capital		300,001	300,001	300,001	300,001
Unitholder interest		10	10	-	-
Accumulated surplus		1,793,709	1,735,036	1,429,075	1,417,137
Total equity		2,093,720	2,035,047	1,729,076	1,717,138

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


STATEMENTS OF CHANGES IN EQUITY
Consolidated

For the year ended 30 June 2022	Share capital \$	Unit holder \$	Accumulated surplus \$	Total \$
Opening balance	300,001	10	1,735,036	2,035,047
Comprehensive income for year			58,673	58,673
Closing balance	300,001	10	1,793,709	2,093,720

For the year ended 30 June 2021	Share capital \$	Unit holder \$	Accumulated surplus \$	Total \$
Opening balance	300,001	10	1,499,401	1,799,412
Comprehensive income for year			235,635	235,635
Closing balance	300,001	10	1,735,036	2,035,047

Company

For the year ended 30 June 2022	Share capital \$	Accumulated surplus \$	Total \$
Opening balance	300,001	1,417,137	1,717,138
Comprehensive income for year		11,937	11,937
Closing balance	300,001	1,429,075	1,729,076

For the year ended 30 June 2021	Share capital \$	Accumulated surplus \$	Total \$
Opening balance	300,001	1,193,232	1,493,233
Comprehensive income for year		223,905	223,905
Closing balance	300,001	1,417,137	1,717,138

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

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	Consolidated		Company	
		2022	2021	2022	2021
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from					
Grants		5,709,081	3,889,873	4,915,775	3,823,773
Program revenue		1,497,064	1,745,356	1,032,502	1,302,883
Rendering of services		3,974,824	2,678,562	3,974,824	2,678,562
Sponsorship and donations		458,348	214,821	275,393	187,500
Interest revenue		16,747	17,746	14,784	15,603
Payments to suppliers and employees		(9,928,039)	(7,474,441)	(9,208,949)	(7,029,280)
Net cash inflow (outflow) for operating activities	13	<u>1,728,025</u>	<u>1,071,917</u>	<u>1,004,329</u>	<u>979,041</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for plant and equipment		(577,386)	(122,909)	(577,386)	(122,909)
Net cash inflow (outflow) for investing activities	8	<u>(577,386)</u>	<u>(122,909)</u>	<u>(577,386)</u>	<u>(122,909)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Lease Payments		(126,447)	(122,200)	(126,447)	(122,200)
Net cash inflow (outflow) for financing activities		<u>(126,447)</u>	<u>(122,200)</u>	<u>(126,447)</u>	<u>(122,200)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		1,024,192	826,808	300,496	733,932
Cash and cash equivalents at the beginning of the year		2,444,870	1,618,062	2,100,148	1,366,216
Cash and cash equivalents at the end of the year	5	<u>3,469,062</u>	<u>2,444,870</u>	<u>2,400,644</u>	<u>2,100,148</u>

The prior year numbers have been reclassified between line items to reflect the correct balances between depreciation, lease payments and the outflow of term deposits

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



Notes to and forming part of the financial statements

1. Corporate information

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

The consolidated financial statements of the Group comprising the Company and its subsidiary the Foundation (together referred to as the Group) for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors of Brisbane Powerhouse Pty Ltd on 29 September 2022.

a) Impacts from the COVID-19 pandemic

COVID-19 impacts continued into 2022. Brisbane Powerhouse faced significant challenges due to COVID-19 lockdowns; closed state borders; reduced audience capacity limits; staff shortages due to COVID-19 as well as sudden cancellations or postponements of performances due to artists testing positive to COVID-19. There were unanticipated pressures on staff and systems with new consumer advice requiring Brisbane Powerhouse to refund tickets for patrons claiming to have COVID-19. This resulted in over 3,063 refund requests during Brisbane Comedy Festival 2022 alone. In response to challenges of COVID-19, Brisbane Powerhouse received three months' rent relief from Brisbane City Council.

2. Summary of accounting policies

a) Basis of preparation

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

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

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

b) Statement of compliance

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

New and revised Accounting Standards adopted during the year

Brisbane Powerhouse adopted IFRIC guidance on accounting for SaaS (Software as a Service) or cloud computing as of 30 June 2022. SaaS costs that do not represent a lease or intangible asset will be expensed as the service is received. Brisbane Powerhouse previously capitalised SaaS and cloud computing costs so has changed its accounting policy in FY22. This change in accounting policy will not be applied retrospectively due to the net non-material impact in the 2022 financial year of \$2,292. Any intangible assets previously capitalised that no longer meet the definition of software have been written off as at 30 June 2022.

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not yet effective at 30 June 2022. These standards have not been adopted by the Group and are not expected to have a material impact on the Group's financial statements in the period of initial recognition.

c) Estimates and judgements

The preparation of the financial statements requires the determination and use of certain critical accounting estimates and management assumptions that have potential to cause a material adjustment to the carrying amount of assets and liabilities within the financial year. Such estimates, judgements and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant. Estimates and assumptions that have a potential significant effect are outlined in the following accounting policies and subsequent notes:

Employee benefits provisions (note 11)

Financial instruments (note 12)

d) Revenue

Grants, donations and contributions

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

Rendering of services

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

Sponsorship revenue

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

Interest revenue

Interest revenue is recognised as it accrues, considering the effective yield on the financial asset.

Program revenue

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

e) Expenses

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

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



f) Cash and cash equivalents

Cash and cash equivalents in the Statements of Financial Position and Cash Flow Statements comprise cash at bank and in hand and short term deposits with a maturity of six months or less.

g) Receivables

Receivables, which comprise amounts due from the rendering of services, are recognised and carried at original invoice amount less an allowance for impairment. Accounting for impairment losses is dependent upon the individual group of receivables subject to impairment. The loss allowance for grouped receivables reflects lifetime expected credit losses and incorporates reasonable and supportable forward looking information. Economic changes impacting debtors, and relevant industry data form part of the impairment assessment. Brisbane Powerhouse has identified four distinctive groupings of its receivables: Tenancy in Arrears; Past Events; Past Productions; and Future Production Deposits. In the case of venue hire and functions the service may not be provided for several months, and payment will not be due until closer to the event. On 30 June, amounts categorised as deferred income were split between amounts received and those yet to be received. Amounts not received as at balance date were reversed at 30 June for reporting purposes only. Normal terms of settlement are 30 days. The collectability of debts is assessed on an ongoing basis. All known bad debts are written off at year end. If an amount is recovered in a subsequent period, it is recognised as revenue.

h) Inventories

Inventories are valued at the lower of cost and net realisable value. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell. Costs are assigned on a weighted average basis after deducting any settlement discounts and supplier rebates, including delivery expenses incurred in bringing the inventories to their present location and condition.

i) Other assets

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

j) Plant and equipment and intangible assets

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

Plant and equipment and intangible assets are stated at cost less accumulated depreciation/amortisation and impairment. Any plant and equipment donated to the Group is recognised at fair value at the date the Group obtains control over the asset. The non-current asset capitalisation threshold is \$5,000. Non-current assets already capitalised are maintained and depreciated at the appropriate rate until the end of their useful lives.

Depreciation and amortisation

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

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

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

Software (other than SaaS)	3 to 5 years
Website and graphic development	5 years

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

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

k) Payables

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

l) Deferred income

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

m) Financial assets and financial liabilities

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

Financial assets

Cash and cash equivalents (Note 5)
Receivables – measured at amortised cost (Note 6)

Financial liabilities

Payables – measured at amortised cost (Note 10)

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

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

n) Employee benefits

Annual leave

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

Long service leave

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

Superannuation

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



o) Leases

Right-of-use asset

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

Lease liabilities

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

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

p) Taxation

Income tax

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

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are recognised inclusive of GST. The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

The Foundation provided GST Free Ticket Sales for every season of performances that meets the requirements under paragraph 38-250(2)(b)(ii) of the *A New Tax System (Goods and Services Tax) Act 1999*. The calculation for each season of performances is made in accordance with the Australian Taxation Office methodology provided in the 'Summary of GST Treatment of Supplies by organisations in the cultural and performing arts sector'.

3. Revenue

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

	Consolidated		Company	
	2022 \$	2021 \$	2022 \$	2021 \$
Operating revenue				
a) Grants				
BCC operational funding	3,472,296	3,382,296	3,472,296	3,382,296
Other grants and contributions	346,305	272,304	183,755	161,514
Total Grants	3,818,601	3,654,600	3,656,051	3,543,810
Interest	21,844	17,912	19,268	15,706
b) Program revenue				
Brisbane Powerhouse Presents shows	656,602	548,122	-	-
Box office	520,571	85,148	520,571	85,148
Marketing	62,176	25,179	62,176	25,179
Production	363,343	231,469	363,343	231,469
Sponsored theatre hire	570,751	291,459	570,751	291,459
Theatre hire	296,024	272,371	296,024	272,371
Total Program revenue	2,469,467	1,453,748	1,812,865	905,626
c) Rendering of services				
Events	1,072,351	978,599	1,072,351	978,599
Tenant rentals	1,259,328	1,053,960	1,259,328	1,053,960
Ticketing	1,009,647	678,774	1,122,908	773,694
Car Park	448,061	-	448,061	-
Other	33,594	14,190	33,594	14,190
Total Rendering of services	3,822,981	2,725,523	3,936,242	2,820,443
d) Sponsorship and donations				
Individual donors	182,955	27,322	-	-
In-kind sponsorships	679,240	417,286	679,240	417,286
Sponsorships	275,393	187,500	275,393	187,500
Total Sponsorship and donations	1,137,588	632,108	954,633	604,786
Total operating revenue	11,270,481	8,483,891	10,379,059	7,890,371
e) COVID-19 concessions				
COVID-19 concessions	146,937	343,680	146,937	343,680
Total revenue	11,417,418	8,827,571	10,525,996	8,234,051

4. Expenses

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

	Consolidated		Company	
	2022 \$	2021 \$	2022 \$	2021 \$
a) Advertising and promotion				
Marketing	142,208	142,684	142,208	142,684
Sponsorship	204,593	213,204	204,593	213,204
Total Advertising and promotion	346,801	355,888	346,801	355,888
b) Administration and information				
External auditor remuneration - QAO	29,000	28,300	24,200	23,600
Insurance	67,279	67,279	67,279	67,279
Loss on disposal of assets	7,173	-	7,173	-
Information technology and telephone	256,202	197,057	256,202	197,057
Sponsorships	29,521	118,385	29,521	118,385
HR and employee costs	23,595	89,190	23,595	89,190
Other	389,759	432,306	389,479	432,152
Total Administration and information	802,529	932,517	797,449	927,663
c) Artists fees and production costs				
Artist fees	525,025	377,852	-	6,369
Brisbane Powerhouse Presents adjustments	(152,063)	(146,106)	(152,063)	(146,106)
Production costs	677,481	374,392	362,900	58,938
Sponsored theatre hire	570,752	291,459	570,752	291,459
Sponsorship	445,125	85,698	445,125	85,698
Total Artists fees and production costs	2,066,320	983,295	1,226,714	296,358
d) Building repairs and maintenance				
Building repairs	76,499	123,528	76,499	123,528
Maintenance and managed assets	485,552	239,625	485,552	239,625
Outgoings	474,073	353,277	474,073	353,277
Workplace health & safety	21,132	26,231	21,132	26,231
Total Building repairs and maintenance	1,057,256	742,661	1,057,256	742,661
e) Cost of rendering services				
Events	575,182	491,006	575,182	491,006
Tenant rentals	175,259	141,040	175,259	141,040
Ticketing	312,464	220,480	312,464	220,480
Shop	31,242	-	31,242	-
Car park	59,528	-	59,528	-
Total Cost of rendering services	1,153,675	852,526	1,153,675	852,526
Donation	-	-	-	110,000
Sponsorship/grant/donation	30,003	42,979	30,003	42,979
Theatre operations	155,320	75,934	155,320	75,934
f) Employee benefits expense				
Wages and salaries	4,323,849	3,343,215	4,323,849	3,343,215
Workers compensation insurance and payroll tax	235,369	182,016	235,369	182,016
Defined contribution superannuation plan expense	401,823	326,074	401,823	326,074
Total employee benefits expenses	4,961,041	3,851,305	4,961,041	3,851,305

4. Expenses (continued)

	Note	Consolidated		Company	
		2022	2021	2022	2021
		\$	\$	\$	\$
g) Depreciation and amortisation					
Property, plant and equipment	8	309,409	263,268	309,409	263,268
Intangible assets	9	15,090	46,403	15,090	46,403
Right of use assets	14	461,301	445,161	461,301	445,161
Total depreciation and amortisation		785,800	754,832	785,800	754,832
Total Expenses		11,358,745	8,591,937	10,514,059	8,010,146

	Consolidated		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
5. Cash and cash equivalents				
Cash at bank and in hand	3,469,062	2,444,870	2,400,644	2,100,148
Total cash and cash equivalents	3,469,062	2,444,870	2,400,644	2,100,148

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

	Consolidated		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
6. Receivables				
Trade debtors	307,661	305,627	336,108	286,286
Other debtors	62,713	82,752	61,924	82,928
Less: Allowance for impairment loss	(42,770)	(58,954)	(42,770)	(58,954)
Total receivables	327,604	329,425	355,262	310,260

	Consolidated		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
7. Other assets				
Prepayments	29,644	84,305	29,644	84,305
Prepaid production development costs	318,696	323,760	265,791	275,471
Short-term deposits > 3 months	1,600,000	600,000	1,600,000	600,000
Inventory	14,707	-	14,707	-
Total other assets	1,963,047	1,008,065	1,910,142	959,776

8. Plant and Equipment

Consolidated and Company For the year ended 30 June 2022	Plant & Equipment \$	Information Technology \$	Total \$
Balance at beginning of period	3,032,446	167,797	3,200,243
Acquisitions	575,153	2,233	577,386
Less disposals	(168,672)	-	(168,672)
Closing balance at end of period	3,438,927	170,030	3,608,957
Less current year depreciation	(309,119)	(290)	(309,409)
Less accumulated depreciation	(1,899,058)	(166,866)	(2,065,924)
Written down value at end of period	1,230,750	2,874	1,233,624

Consolidated and Company For the year ended 30 June 2021	\$	\$	\$
Balance at beginning of period	2,909,537	167,797	3,077,344
Acquisitions	122,909	-	122,909
Less disposals	-	-	-
Closing balance at end of period	3,032,446	167,797	3,200,243
Less current year depreciation	(259,464)	(3,804)	(263,268)
Less accumulated depreciation	(1,801,093)	(163,062)	(1,964,155)
Written down value at end of period	971,889	931	972,820

9. Intangibles

Consolidated and Company For the year ended 30 June 2022	Software \$	Website & Graphic Development \$	Total \$
Balance at beginning of period	271,445	106,785	378,230
Acquisitions	-	-	-
Less disposals	(156,496)	-	(156,496)
Closing balance at end of period	114,949	106,785	221,734
Less current year amortisation	(7,733)	(7,357)	(15,090)
Less accumulated amortisation	(104,061)	(87,715)	(191,776)
Written down value at end of period	3,155	11,713	14,868

Consolidated and Company For the year ended 30 June 2021	\$	\$	\$
Balance at beginning of period	271,445	106,785	378,230
Acquisitions	-	-	-
Less disposals	-	-	-
Closing balance at end of period	271,445	106,785	378,230
Less current year amortisation	(39,046)	(7,357)	(46,403)
Less accumulated amortisation	(188,003)	(80,358)	(268,361)
Written down value at end of period	44,396	19,070	63,466



	Consolidated		Company	
	2022 \$	2021 \$	2022 \$	2021 \$
10. Payables				
Trade creditors	486,800	485,016	470,905	415,740
Accrued expenses	222,004	192,737	202,470	186,602
GST payable	183,699	(6,100)	167,976	23,583
Other creditors	177,362	120,217	177,362	120,217
	1,069,865	791,870	1,018,713	746,142
	Consolidated		Company	
	2022 \$	2021 \$	2022 \$	2021 \$
11. Employee benefits				
Current				
Annual leave	232,096	198,354	232,096	198,354
Long service leave	33,762	37,303	33,762	37,303
Total current	265,858	235,657	265,858	235,657
Non-current				
Long service leave	54,105	31,534	54,105	31,534
Total non-current	54,105	31,534	54,105	31,534

Brisbane Powerhouse had an average of 52 full time equivalent (FTE) employees during the financial year ended 30 June 2022. These FTE are similar to what they were pre-COVID. (41 during year ended 30 June 2021).

12. Financial instruments

a) Financial risk management – objectives and policies

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

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

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

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

Interest rate risk

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

12. Financial instruments (continued)

Liquidity risk

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

Credit risk

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

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

b) Fair values

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

c) Interest rate risk

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

	2022		2021	
	Effective interest rate %	6 months or less \$	Effective interest rate %	6 months or less \$
Financial instruments				
Consolidated				
Cash	.85	3,469,062	.60	2,444,870
Term deposits	.27	1,600,000	.25	600,000
Total financial instruments		5,069,062		3,044,870
Company				
Cash	.85	2,400,644	.60	2,100,148
Term deposits	.27	1,600,000	.25	600,000
Total financial instruments		4,000,644		2,700,148

If interest rates were 100 basis points higher, then interest earned on Consolidated investments held at 30 June 2022 would be \$50,690 higher (30 June 2021: \$30,448). If interest rates were 100 basis points lower than interest earned on investments held at 30 June 2022 would be \$50,690 lower (30 June 2021: \$30,448).

If interest rates were 100 basis points higher, then interest earned on Company investments held at 30 June 2022 would be \$40,006 higher (30 June 2021: \$27,001). If interest rates were 100 basis points lower than interest earned on investments held at 30 June 2022 would be \$40,006 lower (30 June 2021: \$27,001).

12. Financial instruments (continued)

d) Credit risk

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

	Consolidated		Company	
	2022 \$	2021 \$	2022 \$	2021 \$
Financial assets				
Cash	3,469,062	2,444,870	2,400,644	2,100,148
Receivables – trade	264,891	246,498	293,338	227,509
Receivables – other, including short term deposits > 3 months	2,025,761	1,090,993	1,972,067	1,042,528
Total financial assets	5,759,714	3,782,361	4,666,049	3,370,185

Past due or impaired

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

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

Aged Receivables

Consolidated

	2022			2021		
	Gross Receivables \$	Loss Rate %	Expected Credit Loss \$	Gross Receivables \$	Loss Rate %	Expected Credit Loss \$
Current	6,483	-	-	82,928	-	-
1 to 30 days overdue	208,496	16.88%	35,196	276,990	16.53%	45,781
31 to 60 days overdue	11,038	10.00%	1,104	52,643	18.26%	9,618
61 to 90 days overdue	14,371	45.02%	6,470	1,875	18.00%	338
> 90 days overdue	-	-	-	3,626	88.70%	3,217
Total	240,388		42,770	418,062		58,954

Company

	2022			2021		
	Gross Receivables \$	Loss Rate %	Expected Credit Loss \$	Gross Receivables \$	Loss Rate %	Expected Credit Loss \$
Current	5,694	-	-	82,752	-	-
1 to 30 days overdue	139,589	25.21%	35,196	228,318	20.05%	45,781
31 to 60 days overdue	11,038	10.00%	1,104	52,643	18.26%	9,618
61 to 90 days overdue	14,371	45.02%	6,470	1,875	18.00%	338
> 90 days overdue	-	-	-	3,626	88.70%	3,217
Total	170,692		42,770	369,214		58,954

The increase in the loss rate for receivables 61 to 90 days overdue is attributable to outstanding events performed but not yet paid.



12. Financial instruments (continued)

Allowance for impairment

	Consolidated		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Loss allowance as at 1 July	58,954	36,394	58,954	36,394
Amount Written-off during the year	-	6,992	-	6,992
Increase/ decrease in allowance	(16,184)	15,568	(16,184)	15,568
Closing balance at end of year	42,770	58,954	42,770	58,954

The loss allowance is estimated based on the probability and timing of potential defaults and considers forecasts of future economic conditions as well as past events. No bad debts were written off as at 30 June 2022.

e) Liquidity risk

All financial liabilities are due within six months of financial year end.

13. Cash flow information

The following table represents the surplus/(deficit) for the year to net cash flows from operations.

	Consolidated		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Surplus/(deficit) for the year	58,673	235,634	11,937	223,905
Depreciation and amortisation	785,800	754,832	785,800	754,832
Profit/loss disposal of non-current assets	7,173	-	7,173	-
Other (Assets reclassification)	31,216		31,216	
(Increase)/decrease in assets				
Receivables	(67,661)	1,641,845	(45,002)	1,675,725
Other assets	(956,706)	(835,867)	(894,136)	(757,577)
Increase/(decrease) in liabilities				
Payables	340,007	344,165	272,571	165,970
Employee benefits	52,772	(24,837)	52,772	(24,837)
Deferred income	1,773,114	(722,378)	1,078,361	(737,500)
Other liabilities	(296,363)	(321,477)	(296,363)	(321,477)
Surplus/(deficit) for the year	1,728,025	1,071,917	1,004,329	979,041

The prior year numbers have been reclassified between line items to reflect the correct balances between depreciation, lease payments and the outflow of term deposits



14. Leases

On 7 February 2020, new lease arrangements were agreed between Brisbane Powerhouse and Brisbane City Council, which was entered into on 1 July 2020. The term of the new lease agreement is 20+5 years and due to expire in June 2045. The lease is a non-cancellable operating lease. Use of land and buildings is restricted to a community arts centre comprising theatres, administration areas, performance facilities, outdoor spaces, function rooms, restaurant and kitchen areas, bars, and car parking.

The following table summarises the adjustments to asset and liability balances at 30 June 2022:

	Consolidated		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Right to use asset at 30 June	10,683,875	11,129,036	10,683,875	11,129,036
Lease Depreciation charge impairment of right to use asset 30 June	(461,301)	(445,161)	(461,301)	(445,161)
Balance after depreciation	10,222,574	10,683,875	10,222,574	10,683,875
Adjustment to right to use asset due to re-measurement of lease liability for CPI	387,355	-	387,355	-
Right to use asset at 30 June	10,609,929	10,683,875	10,609,929	10,683,875

Lease Liability

Consolidated	< 1 year	1-5 years	>5 years	Total	Total per statement of financial position
30 June 2022	\$	\$	\$	\$	\$
	376,102	1,579,581	8,842,605	10,798,288	10,798,288

15. Deferred Income

	Consolidated		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Deferred Income				
Deferred Income Grants*	2,001,916	105,364	1,341,610	105,364
Deferred Income Program	343,523	381,424	343,523	381,424
Deferred Income Ticketing	787,672	984,836	770,110	936,296
Deferred Income Other	203,188	156,984	203,187	156,985
Total deferred income	3,336,299	1,628,608	2,658,430	1,580,069

At 30 June 2022 Brisbane Powerhouse secured funding of \$1.07 million in 'start up' funds from the Brisbane City Council for a new series of ongoing Major Outdoor Projects. In addition, the Brisbane Powerhouse Foundation also received funding of \$400,000 from the Australian Government's RISE Fund to go towards these outdoor projects. These projects will commence in FY23.



16. Related Party Transactions

a) Transactions with Brisbane City Council and controlled entities

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

Nature of Transaction	Consolidated		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Brisbane City Council				
Revenue				
Functions and events	16,711	117,371	16,711	117,371
Operational funding	3,472,296	3,395,296	3,472,296	3,395,296
Other funding	1,475,545	241,000	1,475,545	221,000
Other	83,652	51,077	83,652	51,077
Expenses				
Electricity	203,291	151,828	203,291	151,828
Insurance and workers compensation	120,497	78,271	120,497	78,271
Lease of business premises	440,811	283,680	440,811	283,680
Other	7,145	1,051	7,145	1,051

At 30 June 2022 \$2,289 was receivable from Brisbane City Council (2021: \$1,926) and \$74,718 (2021: \$25,287) was owed to Brisbane City Council.

Nature of Transaction	Consolidated		Company	
	2022	2021	2021	2020
	\$	\$	\$	\$
Major Brisbane Festivals Pty Ltd				
Revenue				
Programming	177,673	179,025	177,673	179,025
Expenses				
Programming	100,699	52,614	100,699	52,614
Queensland Urban Utilities				
Expenses				
Utilities	44,184	51,803	44,184	51,803

16. Related Party Transactions (continued)

b) Transactions with Brisbane Powerhouse Foundation

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

- During the year Brisbane Powerhouse Pty Ltd donated \$0 (2021: \$110,000) to Brisbane Powerhouse Foundation to assist with the presentation of the artistic program which is conducted in the Foundation.
- Brisbane Powerhouse Pty Ltd sold tickets to the value of \$656,566 (2021: \$548,122) to BPH Presents productions on behalf of Brisbane Powerhouse Foundation.
- Brisbane Powerhouse Pty Ltd arranged production to the value of \$314,575 (2021: \$315,495) on behalf of Brisbane Powerhouse Foundation.
- Brisbane Powerhouse Foundation paid \$113,261 (2021: \$94,880) in ticket fees to Brisbane Powerhouse Pty Ltd for this service.
- Brisbane Powerhouse Pty Ltd supplied administrative support and use of theatre space to Brisbane Powerhouse Foundation at no charge.
- At 30 June 2022 \$123,160 (2021: \$57,512) was payable to Brisbane Powerhouse Pty Ltd and \$66,347 (2021: \$1,448) was receivable from Brisbane Powerhouse Pty Ltd.

c) Transactions with Key Management Personnel

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

	Consolidated		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Directors' benefits				
Short term benefits	80,909	31,818	80,909	31,818
Post-employment benefits	4,091	3,182	4,091	3,182
	85,000	35,000	85,000	35,000
Employee benefits				
Short term employee benefits	259,638	270,809	259,638	270,809
Long term employee benefits	-	4,331	-	4,331
Termination payments	-	24,308	-	24,308
Post-employment benefits	23,803	26,826	23,803	26,826
	283,441	326,274	283,441	326,274
Total benefits	368,441	361,274	368,441	361,274

The Director fees for 2022 are \$10,000 per director per annum (2021: \$0) received as compensation for their services except for the Chair fee \$35,000 (2021: \$35,000) which is paid to Valmay Hill. Chair fees for 2021 have been reclassified to be included in the above note under Directors' benefits. Previously this was included in note 16 (d) Related Party Transactions.



16. Related Party Transactions (continued)

d) Transactions with other related parties

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

Nature of transaction	Consolidated		Company	
	2022 \$	2021 \$	2022 \$	2021 \$
Revenue				
Donations	7,500	3,269	-	-
Sponsorship	50,000	77,500	50,000	77,500
Functions and events	75,280	38,582	75,280	38,582
Program	12,901	41,833	12,901	41,833
Expenses				
Functions and events	12,704	9,802	12,704	9,802
Legal services	-	7,500	-	7,500
Professional fee and Other	-	7,500	-	7,500
Performers fee	10,000	19,405	-	-
Program	-	14,712	-	14,712

Related party program fees for 2021 have been adjusted to now include additional performance fees not previously included in FY21.

17. Contingent assets and liabilities

There were no contingent assets or liabilities at 30 June 2022.

18. Events after the reporting period

There were no material adjusting events after the balance date.

19. Economic dependency

The Group is dependent upon ongoing operational funding from Brisbane City Council to ensure the continuance of its artistic and community program and venue operations. The current funding agreement was entered into for a three plus one year term from 1 July 2021. The Group is also dependent on the ongoing lease of the Brisbane Powerhouse building and precinct from Brisbane City Council. As at 1 July 2020 a new lease agreement was entered into for a term of 20+5 years which is due to expire in June 2045.

Due to the major flood event at the end of February 2022 there was significant building damage where recovery costs to date incurred amounted to \$92,612. Brisbane Powerhouse has raised an insurance claim with Brisbane City Council.

20. Additional company information

The registered address and principal place of business is:

119 Lamington Street
New Farm QLD 4005

Directors' declaration for the year ended 30 June 2022

In the opinion of the Directors of Brisbane Powerhouse Pty Ltd (the Company) the financial statements and notes numbered 1 to 20 are in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company and Group's financial position as at 30 June 2022 and of their performance, for the financial year ended on that date;
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations) and the *Corporations Regulations 2001*; and
- c) there are reasonable grounds to believe that the Company and Group will be able to pay their debts as and when they become due and payable.

Signed on behalf of the Directors, Brisbane Powerhouse Pty Ltd.



Valmay Hill
Chair
29 September 2022
Brisbane



Penny Shield
Director
29 September 2022
Brisbane

INDEPENDENT AUDITOR'S REPORT

To the Members of Brisbane Powerhouse Pty Ltd

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the parent's and group's financial position as at 30 June 2022, and their financial performance and cash flows for the year then ended
- b) complies with Australian Accounting Standards.

The financial report comprises the statements of financial position as at 30 June 2022, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the directors' declaration.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the parent and group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*. I am also independent of the parent and group in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

Other information comprises financial and non-financial information (other than the audited financial report). At the date of this auditor's report, the available other information in Brisbane Powerhouse's annual report for the year ended 30 June 2022 was the directors' report.

The company's directors are responsible for the other information.

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

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

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

I have nothing to report in this regard.

Responsibilities of the company for the financial report

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

The company's directors are also responsible for assessing the parent's and group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the parent or group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the parent's and group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.

- Conclude on the appropriateness of the parent's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sri Narasimhan
as delegate of the Auditor-General

5 October 2022

Queensland Audit Office
Brisbane