

Townsville Enterprise Limited

ABN 58 053 020 536

Financial Report – 30 June 2023

DIRECTORS REPORT

The Directors of Townsville Enterprise Limited present their report together with the financial statements of the entity, for the year ended 30 June 2023 and the Independent Audit Report thereon.

Directors Details

The following persons were Directors of Townsville Enterprise Limited during the whole of the financial year and up to the date of this report unless otherwise stated.

Kevin Gill	Appointed 26/05/2008
Jenny Hill	Appointed 25/05/2012
Simon Biggs	Appointed 23/05/2022
Joe Carey	Appointed 11/02/2011
Ranee Crosby	Appointed 15/05/2014
Kathy Danaher	Appointed 28/05/2019
Jamie Fitzpatrick	Appointed 19/02/2020
Michael Jones	Appointed 20/06/2018
Moya Steele	Appointed 21/10/2015
Peter Wheeler	Appointed 10/04/2021

Principle Activities

The company's principle continuing activities during the year consisted of the promotion of tourism and economic development in North Queensland.

Review of Operations

Comments on the operations and the results of those operations are set out below:

- Operating revenue for the year ended 30 June 2023 \$4,352,828 (2022: \$12,938,984)
- Operating surplus/(deficit) for the year ended 30 June 2023 \$142,303 (2022: \$261,477)

Developments and Expected Results of Operations

This financial year Townsville Enterprise was able to move focus and efforts away from the pandemic recovery into strategic projects and advocacy to support the region's future growth and prosperity. Whilst skills shortages, housing challenges have dominated the conversation throughout the year, the region also experienced some exceptional outcomes with more than \$7.49B in investment secured, record overnight visitor expenditure and the launch of the regions first Regional Growth Plan.

This financial year Townsville Enterprise also undertook a community sentiment survey which saw 56% of the respondents aware of Townsville Enterprise and 62% of those believe the organisation was somewhat or very effective in the vision to secure the future of Townsville North Queensland.

Townsville Enterprise has returned a positive financial result, largely due to diversification of revenue generation and the finalisation of the Hells Gates Dam grant acquittal.

Advocacy

Advocacy remained at the core for the organisation in FY23. As we welcomed a new Federal Government following the May election, we prepared for the first budget to be handed down. The October budget, saw the \$5.4 billion commitment (made by the Morrison Government) to Hells Gates Dam not maintained by the Albanese Government. During the election campaign we secured \$130 million in commitments from the new Government for projects including NQ Spark, Lansdown Eco-Industrial Precinct and the continuing development of our green hydrogen industry.

Following years of virtual delegations, we returned to Canberra and Brisbane in person in March 2023. Together with our NQROC Mayors, we secured more than 30 meetings across the two delegations. Our delegations presented our Unlock the North document which highlights the region's key priorities to secure its future.

March 7 marked a day in the history books for Townsville Enterprise. The State Government announced in Townsville it would own and build CopperString. This \$5 billion transmission line is the enabling infrastructure needed to make North Queensland the green powerhouse of the future. CopperString was the result of a 10-year advocacy journey for Townsville Enterprise and the leaders of North and Northwest Queensland.

The Federal Government's Houston Smith Review delivered in Defence investment for Townsville. Townsville Enterprise, together with Townsville City Council and Charters Towers Regional Council made a formal submission to the review in November. Outcomes of the review included the 16th Brigade will make Townsville its new home and Townsville will become an industry node for Boeing helicopters, which is something the organisation strongly advocated for. The review also saw the Federal Government commit \$1.2 billion to RAAF Base Townsville and Lavarack Barrack upgrades.

The State Budget handed down in June saw \$1 billion committed to CopperString from Queensland's coal royalties. We also saw the government commit \$440 million to the Burdekin Dam wall raising and important safety upgrades.

Future-proofing water security still remains a key advocacy priority for the organisation. As well as enduring and sustainable solutions to labour force challenges and housing shortages. As we work with the Government to see these commitments delivered to the region, we will continue to build relationships with the new Cabinet to ensure the success of our future advocacy campaigning.

Tourism and Events

For the Tourism and Events industry, whilst post COVID-19 recovery is underway visitor numbers did fall below 2019 (down 17.1%). Cost of living pressures and the softening of domestic travel due to international border reopening are headwinds that the industry started to face during the year. Despite this however, the destination achieved record Overnight Visitor Expenditure at \$1 billion, hotel performance increased beyond 2019 results, Townsville Airport reporting the busiest May and June in history, and Sealink reporting the best June in more than 17 years.

The strong rebound of the visitor economy comes off back of the launch of the region's new destination brand *Townsville North Queensland – Up for Unexpected*. After more than 12 months of consumer research analysing over 300,000 datapoints, the new brand was developed and launched by Townsville Enterprise on a national stage at the International Media Marketplace in Sydney. Following the launch, we welcomed the Today Show weather crosses to the region for weeklong coverage. More than \$700,000 in marketing support was provided by Regional Councils, Tourism and Events Queensland and industry partners to deliver the regions first \$1 million marketing campaign – targeting key metropolitan routes in Southeast Queensland, Sydney, Melbourne and Adelaide and across regional Queensland. All marketing metrics demonstrated the four-month campaign was hugely successful, exceeding all benchmarks. The brand uplift study completed post launch demonstrated that destination awareness increased by 166% and 70% of audiences who were exposed to the campaign took some form of action towards booking a Townsville North Queensland holiday.

Across the year Townsville Enterprise also undertook several smaller campaigns including supporting the launch of BONZA airlines routes through a tactical campaign, Explore Next Door – encouraging Townsville locals to experience our regional neighbouring areas and the brand bridging campaign *Nah Mate, This is Townsville North Queensland* which saw 68% of audiences more positive about the destination and 61% taking action following exposure to the campaign creative.

Townsville Enterprise acknowledges its media partners, regional Councils, Townsville Airport and Tourism and Events Queensland for supporting all our marketing and campaign activities. It is through these partnerships Townsville Enterprise was able to further extend our marketing reach.

As well as providing direct benefit to our industry through campaign activity, Townsville Enterprise also completed the Magnetic Island Tourism Masterplan which has been well received across the industry and community.

Townsville Enterprise continued to support the region's events calendar in the FY23 year, providing marketing and logistical assistance to several events including Women's State of Origin, Queensland Reds, North Australia Festival of Arts, Magnetic Island Race Week, International Cricket, Day Trip Music Festival and more.

FY23 saw a continued and strengthened partnership with neighbouring regional tourism organisations in the Whitsundays, Mackay, Cairns and the Outback to deliver the Drive North Queensland campaign. This

partnership saw trade show appearances in Brisbane, Sydney and Melbourne, and partnered with content creators to deliver tailored drive-focused imagery and video assets.

Townsville North Queensland had a strong presence at several industry events this year including the Australian Tourism Exchange, Meeting Place, Trav Media Conference, Caravan and Camping Expos and DestinationQ. Increasing trade presence and awareness of the region was a strong focus for Townsville Enterprise. A partnership with the Queensland Regional Tourism Network and Tourism and Events Queensland saw Townsville Enterprise deliver a trade mentoring and coaching program for several operators across the region and resulted in the region having the largest number of internationally ready and commissionable product present at the 2023 Australia Tourism Exchange in more than a decade.

Industry Development remained an area of focus for Townsville Enterprise throughout the year, with a particular emphasis on building capacity within our operators. This saw Townsville Enterprise host the 2023 Tourism Futures Forum, support and facilitate both the Transformational Experiences Mentoring Program and launch the online self-paced Tourism Toolkit, a resource hub designed to help new tourism ventures find their way in the region.

Regional Development and Investment Attraction

Investment attraction remained at the forefront of priorities for Townsville Enterprise in FY23. Across the year the organisation supported more than \$865M in private investment across all industry sectors.

In May 2023 Townsville Enterprise launched the region's peak investment collateral "Opportunity Townsville North Queensland" in Brisbane at Parliament House. More than 100 investors, superfunds and government representatives were in attendance at the event. The Critical Minerals Investment Prospectus was also launched within FY23, identifying key opportunities for the sector over the next decade.

In addition to our delegation and investment launch in Brisbane, the Townsville Enterprise CEO attended an investment delegation in Korea where green energy and the emerging hydrogen industry was a key point of conversation.

With the pandemic behind us and a refocus on the opportunities for the region in the future, Townsville Enterprise, together with industry, launched the first industry-led Regional Growth Plan for Townsville North Queensland. This five-year plan is a blueprint across sectors and industries to ensure enabling investment, workforce, water, and housing planning is done holistically with a strategic focus. The plan was developed with AEC Group and more than 50 industry representatives and provides key economic insights into the region and projections for Gross Regional Product, population, and employment growth with and without investments. The plan will be a living document that will be reviewed quarterly by Townsville Enterprise's Economic Development committee.

Acknowledging the region's critical skills and workforce shortages, Townsville Enterprise continued to facilitate the Designated Area Migration Agreement (DAMA) for the region as the DAR (Designated Area Representative). The Townsville North Queensland DAMA is a formal agreement between the Australian Government and Townsville Enterprise. It provides business owners who have exhausted local recruitment options access to overseas workers, providing flexibility and responsiveness not available through the standard skilled migration programs. 28 applications were endorsed, and 13 labour agreements were undertaken.

Housing continues to be a challenge for Townsville North Queensland, with rental vacancies remaining below 1%. To help to address this challenge, Townsville Enterprise in partnership with Townsville City Council undertook a workforce analysis which saw requirements for 40,000 additional jobs over the next decade and 67,000 by 2050. This prompted a Housing Demand Analysis which demonstrated that 1,574 dwellings would be required in Townsville City by 2026. A Housing Feasibility Study for the North Rail Yards was undertaken and identified this location as a prime position for 300 apartments in stage 1. National media engagement has seen interest from potential proponents awaiting the EOI process.

Membership, Events and Business Development

Membership has been front and centre of all activities conducted by Townsville Enterprise throughout the FY22-23 year. The Membership Survey returned an 8% increase in the positive Net Promoter Score (+20) on the previous year and outlined key areas of improvement for future years.

New and upgraded members increased this year by \$162,745 and cancelled membership totalled \$91,815. This led to an overall increase in membership revenue of \$70,930. Total membership revenue for FY 22-23 was \$980,916 (FY 21-22: \$909,986).

Whilst Townsville Enterprise secured additional revenue streams through the FY22-23 year, the stability of Townsville Enterprise's membership remains critical to our funding model and our ability to represent a powerful and united business community to all levels of government.

Townsville Enterprise delivered a strong calendar of business events including the North Queensland Tourism & Events Awards, Townsville Enterprise Annual General Meeting & Christmas Function, the Queensland Energy and Jobs Plan event with the Queensland Premier, Tourism Futures Forum, Mining and Resources Industry Forum and Welcome Event, Unlock the Future of North Queensland event held at Queensland Parliament and Budget events with the Treasurer and Shadow Treasurer. We also held multiple Member Mixers, networking events and Business Breakfasts. Over the financial year, Townsville Enterprise delivered 17 events which saw over 1750 attendees.

Investment Strategy

In February 2023 the Board approved Townsville Enterprise Limited's Statement of Investment Policy and Objectives. This document outlines the objectives and principles for the Townsville Enterprise Limited Investment Fund (TIF).

The purpose of the TIF is to invest funds earned from the delivery of the Hells Gates Dam and Irrigation Scheme Business Case with a focus of leaving an enduring legacy of recurring cash income to be utilised to further TEL's purpose in accordance with its constitution.

The total investment fund is \$2.4m which will be invested in stages in accordance with the policy and managed by Morgans Financial Services (Townsville).

Hells Gates Dam Business Case

The \$24M Big Rocks Weir and Hells Gates Dam Business Case has been managed by Townsville Enterprise and the final business case was submitted on 6 May 2022.

The final milestone payment from the Government and closeout of the project with the two contracted parties (KPMG and SMEC) was finalised in FY 2023. This project is now finished.

Constitution

Townsville Enterprise's Constitution was over 30 years old. The Board resolved to have the Constitution reviewed and updated to reflect modern standards. The new Constitution was approved by members at a Special General Meeting held 26 April 2023.

Directors Qualifications

Director	Qualification
KJ Gill	<p>B Com, CA, GAICD Chairman 10 years 3 months Director 15 years 1 month Member – CopperString Reference Group Special Responsibilities Member – Finance Audit and Risk Committee</p>
JL Hill	<p>BSc MPHTM, MAICD Deputy Chairman 11 years 1 month Mayor – Townsville City Council Member – Australian Institute of Company Directors Member – Australian Local Government Women’s Association Board Member and Policy Executive Committee Member – Local Government Association of Queensland Member – North Queensland Regional Organisation of Councils Deputy Chair – Regional Queensland Council of Mayors Member – Smart Precinct NQ Limited Deputy Chair – TCC/Townsville Entertainment & Convention Centre Joint Venture Board Chairman – Townsville Local Disaster Management Group</p>
SR Biggs	<p>FREng FTSE Director 1 year 1 month Director – Advance Cairns Council Member – Australian Institute of Marine Science Vice-Chancellor and President – James Cook University Council Member – James Cook University Director/Chairman – James Cook University Singapore Committee Member – Citizens of the Great Barrier Reef Advisory Board Member – ARC Centre of excellence for Enabling Eco-Efficient Beneficiation of Minerals Director – Smart Precinct NQ Limited</p>
JW Carey	<p>B. Com, CPA, Dip FP, GAICD Director 12 years 4 months Director – Bohle Developments Pty Ltd Director – Carey Accountants Pty Ltd Director – Carey Financial Pty Ltd Director/ Chairman – Carey Group of Companies Director - Carey Group Properties Pty Ltd Director – Carey Group Pty Ltd Director – Carey Holdings (QLD) Pty Ltd Director – Carey Property Group No 2 Pty Ltd Director – Carey Property Group Pty Ltd Director – Carey Thomson Consulting Pty Ltd Director – Carsenish Nominees Pty Ltd Director/ Secretary – CGP Holdings Pty Ltd Director/ Secretary – CitiLink Precinct 1 Pty Ltd Director/ Secretary – CitiLink Precinct 2 Pty Ltd Director/ Secretary – Coorparoo Debenture Pty Ltd Director/ Deputy Chairman – Cowboys Leagues Club Limited Director/ Deputy Chairman – Cowboys Rugby League Football Club Limited Director – Dexat Holdings Pty Ltd Director – Endure Wealth Pty Ltd Director – Hinchinbrook Nominees Pty Ltd Director – Strategic SMSF Pty Ltd Director – The Boardroom CFO Pty Ltd Director/ Secretary – Wabbitz Pty Ltd Director – Yomstar Holdings (Aust) Pty Ltd Director – Yomstar IP Pty Ltd Special Responsibilities Chairman – Big Rocks Weir Hells Gates Dam Project Leadership Group Director – Hells Gates Dam Irrigation Scheme Pty Ltd</p>
RL Crosby	<p>LLB, GAICD Director 9 years 1 month Member – Minister’s Advisory Council on Defence Industry and Jobs Chief Executive Officer – Port of Townsville Limited</p>

Director	Qualification
	Member – Queensland Ministerial Freight Council Chair – Queensland Ports Association Director – Ports Australia Special Responsibilities Chair – Economic Development Strategic Advisory Committee
KT Danaher	B.Sci (Hons. Marine Biology, B.Bus (Accounting), Certified Practising Accountant - CPA Director 4 years 1 month Vice Chairwoman/ Director/ Company Secretary/ Public Officer – Ark Energy Corporation Director – Ark Energy H2 Pty Ltd Director/ Company Secretary/ Public Officer – Ark Energy MacIntyre Pty Ltd Director/ Company Secretary – Epuron Holdings Pty Ltd Director/ Company Secretary – Epuron Pty Ltd Director/ Company Secretary – Epuron Projects Pty Ltd Director/ Company Secretary – Epuron Solar Pty Ltd Director/ Company Secretary – Bowmans Creek Wind Farm Pty Ltd Director/ Company Secretary – Rye Park Wind Farm Pty Ltd Director – Fulcrum3D Pty Ltd Director/ Company Secretary – Bounder Creek Wind Farm Pty Ltd Director/ Company Secretary – Yulara Solar Pty Ltd Director/ Company Secretary – Katherine Solar Pty Ltd Director/ Company Secretary – Uterne Power Plant Pty Ltd Director/ Company Secretary – TKLN Solar Pty Ltd Director/ Company Secretary – Lotus Creek Wind Farm Pty Ltd Director/ Company Secretary – Specimen Hill Wind Farm Pty Ltd Director/ Company Secretary – Burrendong Wind Farm Pty Ltd Director/ Company Secretary – Chalumbin Wind Farm Pty Ltd Director/ Company Secretary – Glue Factory Investments Pty Ltd ATF The Glue Factory Super Fund Special Responsibilities Chairman – Finance Audit & Risk Committee
J Fitzpatrick	GAICD Director 3 year 6 months Director/ Secretary – Espyard Pty Ltd Director/ Secretary – FG Hospitality Pty Ltd Director/ Secretary – Fitzpatrick Strand Property Pty Ltd Director/ Secretary – JFNF Pty Ltd Director/ Secretary – Kelaidan Pty Ltd Director/ Secretary – Rockpool Hospitality Pty Ltd Director/ Secretary – Rockpool Property Holdings Pty Ltd Director/ Secretary – Strand Property Holdings Pty Ltd Director/ Secretary – Strand Stays Pty Ltd Director/ Secretary – Wahoo Hospitality Pty Ltd Special Responsibilities Co-Chair – Membership Committee
MD Jones	Director 5 years 1 month Chair – AFL Queensland – Townsville Advisory Board Director – Breakwater Island Limited Director – Centralian Car Wash Pty Director – Centralian Property Pty Ltd Sole Director/ Secretary – Jonesy Pty Ltd, Acting for the Jones Family Trust Director – Ronald McDonald House Charity – North Australia Charter Special Responsibilities Chairman – Tourism and Events Strategic Advisory Committee
MA Steele	BA.LLB, MAICD Director 7 years 8 months Director – Steele Projects and Advisory Pty Ltd Director – MA Steele Pty Ltd Director – MAASK Investments Pty Ltd Consultant – Keir Steele Waldon Lawyers Pty Ltd
P Wheeler	Director 2 years 2 months Director – Colliers International (Townsville) Pty Ltd Director – Welben Investments Pty Ltd

Director	Qualification
	Director – Benwel Pty Ltd, ATF The Peter Wheeler Family Trust Director – Caldwool Pty Ltd, ATF The Caldwool Unit Trust Director – Sturfletch Pty Ltd, ATF The Sturfletch Unit Trust Director – 13 Martinez Avenue Pty Ltd, ATF 13 Martinez Unit Trust Group Chair – Salvation Army Red Shield Appeal Townsville Region Committee Member – Australian Property Council Townsville Committee Committee Member – Townsville Advisory Group Salvation Army Special Responsibilities Co-Chair – Membership Committee

Meetings of Directors

The number of meetings the Company's Board of Directors (the Board) and of each Board Committee held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

	Full Meetings of Directors		Meetings of Finance Audit & Risk Committee	
	A	B	A	B
Kevin Gill	7	7	7	7
Jenny Hill	6	7	-	-
Simon Biggs	5	7	-	-
Joe Carey	7	7	-	-
Ranee Crosby	7	7	-	-
Kathy Danaher	4	7	7	7
Jamie Fitzpatrick	6	7	-	-
Michael Jones	6	7	-	-
Moya Steele	5	7	-	-
Peter Wheeler	6	7	-	-

A = Number of meetings attended.

B = Number of meetings held during the time the Director held office or was a member of the Committee during the year.

Directors Benefits

Since the end of the previous financial year no Directors have received or become entitled to receive benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors), by reason of a contract made by the Company, or a related corporation with the Director or with a firm they are a member of, or a company in which they have a substantial financial interest to the financial statements.

Insurance of Officers

During the financial year, Townsville Enterprise Limited paid a premium to insure the Directors and Secretaries of the Company. Under the arrangement the premium is unable to be disclosed.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any officer or auditor of the Company or any related body corporate against a liability incurred as an officer or auditor.

Contributions on Winding Up

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the entity.

Environmental Regulations

No significant environmental regulations apply to the Company.

Auditors Independence Declaration

A copy of the auditor's independence declaration, as required under section 307c of the *Corporations Act 2001*, is set out on the next page.

The Directors' report is signed in accordance with a resolution of the Board of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in cursive script that reads "Kevin Gill".

Kevin Gill | Director

Townsville, 18/10/2023

Auditor's Independence Declaration

To the Directors of Townsville Enterprise Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit for Townsville Enterprise Limited, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

1. No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Audit Australia

CROWE AUDIT AUSTRALIA

Tracey Mayhew
Partner
Townsville,

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The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2023

	Note	2023	2022
REVENUE AND OTHER INCOME		\$	\$
Revenue	3	3,839,596	12,765,147
Other income	3	513,232	173,837
Total Revenue and other income		4,352,828	12,938,984
EXPENSES			
Employee benefits expense		1,783,497	1,885,918
Other expenses	4	2,053,035	10,490,365
Travel		106,978	56,215
Finance costs		40,946	31,702
Administration		111,773	106,873
Depreciation and amortisation expense		114,296	106,434
Total Expenses		4,210,525	12,677,507
Surplus / (deficit) for the year attributable to the members of Townsville Enterprise Limited		142 303	261 477
Other comprehensive income		(15,162)	-
Total comprehensive income / (loss) for the year		127,141	261,477

This statement should be read in conjunction with the notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	2023	2022
		\$	\$
ASSETS			
Current			
Cash and cash equivalents	5	1,143,704	2,701,887
Trade and other receivables	6	52,812	3,639,036
Financial asset	14	2,405,305	-
Other assets		103,260	63,239
Current assets		3,705,081	6,404,163
Non-current			
Property, plant and equipment	7	324,397	364,146
Intangibles		-	2,503
Right of Use Asset	13	534,907	603,957
Non-current assets		859,304	970,606
Total assets		4,564,385	7,374,769
LIABILITIES			
Current			
Trade and other payables	8	127,031	2,944,607
GST/PAYG payable		83,847	51,408
Employee benefits	9	165,688	151,234
Lease liabilities	13	108,583	92,910
Other liabilities	10	432,000	546,582
Current liabilities		917,149	3,786,738
Non-current			
Employee benefits	9	9,527	14,894
Lease Liabilities	13	468,022	530,590
Non-current liabilities		477,549	545,484
Total liabilities		1,394,698	4,332,223
Net Assets		3,169,687	3,042,546
EQUITY			
Reserves		735,000	510,725
Investment Reserves		(15,162)	-
Retained Surplus		2,449,849	2,531,821
Total Equity		3,169,687	3,042,546

This statement should be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2023

	Reserves	Investment Reserves	Retained Surplus	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2021	510,725	-	2,270,344	2,781,069
Transfers to/from reserves	-	-	-	-
Surplus/(Deficit) for the year attributable to members	-	-	261,477	261,477
Balance at 30 June 2022	510,725	-	2,531,821	3,042,546
Balance at 1 July 2022	510,725	-	2,531,821	3,042,546
Transfers to/from reserves	224,275	-	(224,275)	-
Other Comprehensive Income	-	(15,162)	-	(15,162)
Surplus/(Deficit) for the year attributable to members	-	-	142,303	142,303
Balance at 30 June 2023	735,000	(15,162)	2,449,849	3,169,687

This statement should be read in conjunction with the notes to the financial statements.

STATEMENT OF CASHFLOWS

For the Year Ended 30 June 2023

	Note	2023	2022
		\$	\$
Operating activities			
Receipts from members and customers		6,673,533	12,580,407
Receipt of grants		1,089,106	911,448
Payments to suppliers and employees		(6,896,628)	(12,418,896)
Interest income		18,924	1,455
Net cash provided by operating activities		884,935	1,074,415
Investing activities			
Purchase of property, plant and equipment		(19,827)	(335,033)
Cash used in investments		(2,400,000)	-
Proceeds from sale of assets		13,636	91
Net cash provided by / (used in) investing activities		(2,406,191)	(334,942)
Financing activities			
Net repayment of lease liabilities		(36,927)	(40,833)
Net cash from / (used in) financing activities		(36,927)	(40,833)
Net change in cash and cash equivalents		(1,558,183)	698,640
Cash and cash equivalents, beginning of the year		2,701,887	2,003,248
Cash and cash equivalents, end of year	5	1,143,704	2,701,887

This statement should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Basis of Preparation

These general-purpose financial statements have been prepared in accordance with the *Corporations Act 2001* and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) and comply with other requirements of law.

The financial statements comprise the financial statements of Townsville Enterprise Limited (the Company). For the purposes of preparing the financial statements, the Company is a not-for-profit entity.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant accounting policies within Note 1 and are based on historical experience and on the various factors, including expectations of future events management believes to be reasonable under the circumstances.

1.2 Statement of Compliance

The Company does not have 'public accountability' as defined by AASB 1053 *Application of Tiers of Australian Accounting Standards* and is therefore eligible to apply Tier 2 reporting framework under the Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those standards as modified by AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-For-Profit Tier 2 entities* and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

1.3 Information about the Company

Townsville Enterprise Limited is a not-for-profit company limited by guarantee, incorporated under the *Corporations Act 2001*.

The registered office and principal place of business is as follows:

151 Sturt Street

Townsville

QLD 4810

Tel (07) 4726 2728

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Revenue

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer.

Membership and Partnership Revenue

Membership and Partnership revenue is recognised in the Statement of Profit or Loss and Other Comprehensive Income in respect to the period in which it relates. Amounts received in advance of the membership period are recognised in the Statement of Financial Position until the commencement of the membership period.

Grants

Grant revenue is recognised in the Statement of Profit or Loss and Other Comprehensive Income when the Company satisfies the performance obligations stated within the funding agreements or Grant Deeds. If conditions are attached to the grant which must be satisfied before the Company is eligible to retain the contribution, the grant will be recognised in the Statement of Financial Position as a liability until these conditions are satisfied.

Income recognition from grants received by Townsville Enterprise Limited has been appropriately accounted for under AASB 1058 or AASB 15 based on the assessment performed.

Service Revenue

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

Other Revenue

Other revenue (which includes campaign, event and project income) is recognised when it is received or when the right to receive the payment is established.

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

2.2 Lease

The company has a lease for the main office of Townsville Enterprise Limited at 151 Sturt Street. This lease is reflected on the balance sheet as a right of use and a lease liability in accordance with AASB 16. The following table describes the nature of this lease as recognised on the balance sheet:

Right of use asset	Term of lease	Extension option term	Lease commencement date	Lease incentive
Office premises	7 years	5 years	1/10/2021	2 months rental

At the lease commencement date, the Company recognises a right-of-use assets and a lease liability. The right-of-use asset is measured at cost and depreciated on a straight-line basis from the lease commencement date to the end of the lease term (including option period). The lease liability is measured at the present value. Subsequent to the initial measurement the liability will be reduced for payments made and increased for interest.

2.3 Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

2.4 Current and non-current classifications

Assets and liabilities are presented in the Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short term highly liquid investments with original maturities of three months or less that are readily convertible.

to known amounts of cash and which are subject to insignificant risk of changes in value. Deposits with maturity dates greater than three months are considered investments.

On initial recognition investments are measured at fair value plus transaction costs and subsequently measured at amortised cost in accordance with AASB 9 *Financial Instruments*.

2.6 Trade and other receivables

Trade and other receivables are measured at amortised cost, less any allowance for expected credit losses in accordance with AASB 9 *Financial Instruments*. Trade receivables are generally due for settlement within 30 days.

2.7 Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset/s.

Depreciation is calculated on a straight line or diminishing value basis to write off the net cost of each item of property, plant or equipment over their expected useful lives as follows:

Leasehold Improvements	10-50%
Plant and Equipment	5-20%
Motor Vehicles	20-25%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold Improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant or equipment is derecognised upon disposal, or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal amount are distributed to the Statement of Profit or Loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

2.8 Intangible Assets and Software

Intangible assets are initially recognised at cost. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible assets. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption of useful life are accounted for prospectively by changing the amortisation method or period.

Significant costs associated with configuration and customisation of software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of three to five years.

2.9 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

2.10 Employee Benefits

Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date or where no right to defer settlement exists, are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are recognised at the expected cash outflow when the liability is settled. Long-term benefits are accounted for employees who have achieved seven years of service with the Company.

2.11 Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless GST incurred is not recoverable from the Australian Tax Office (ATO). In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included in other receivables or other payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the ATO are presented as operating cash flows.

2.12 Investments

The entity classifies its financial assets in the following measurement category; Those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through the Statement of Comprehensive Income).

For assets measured at fair value, gains and losses will either be recorded in the Statement of Comprehensive Income or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI).

3. REVENUE

	2023	2022
	\$	\$
Revenue		
Campaign & Event Income	138,963	126,314
Partnership Income	1,166,878	792,547
Membership Income	980,916	909,986
Contra Membership	289,716	221,413
Government Grants	1,089,106	911,448
Sponsorship Income	174,017	36,773
Project Management Income	-	9,766,667
	3,839,596	12,765,147
Other income		
Interest	18,924	1,455
Misc. Staff Income	4,732	2,457
Gain on Disposal	13,636	91
Marketing packages	-	10,365
Project income	295,221	102,032
Other Income	180,719	57,437
	513,232	173,837
	4,352,828	12,938,984

4. OTHER EXPENSES

	2023	2022
	\$	\$
Audit and accounting expenses	16,805	14,030
Consultants and contractors	430,615	9,171,205
Facility expenses	77,343	208,299
Web development and maintenance expenses	18,128	5,873
Design printing and reproduction	54,573	14,347
Trade and exhibition	166,968	117,161
Sponsorship and membership expenses	60,005	88,854
Vehicle expenses	6,308	4,587
Advertising expenses	1,002,253	674,860
Employee related expenses	68,441	43,650
Entertainment expenses	8,103	7,460
Information technology expenses	84,358	134,148
Other expenses	59,135	5,892
	2,053,035	10,490,365

5. CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
Cash at bank and on hand	1,161,185	254,362
Term Deposit - QCCU	-	398,680
Cash at bank – Hells Gates	-	2,055,905
Credit Cards – Balance Owed	(17,481)	(7,060)
Total Cash and cash equivalents	1,143,704	2,701,887

6. TRADE AND OTHER RECEIVABLES

	2023	2022
	\$	\$
Current		
Trade receivables	50,539	3,639,036
Sundry Debtors	1,544	-
Total current trade and other receivables	52,083	3,639,036

7. PROPERTY, PLANT AND EQUIPMENT

	<i>Leasehold Improvements</i>	<i>Motor Vehicles</i>	<i>Plant & Equipment</i>	<i>Total</i>
	\$	\$	\$	\$
Assets at cost	257,618	69,508	289,984	617,110
Accumulated Depreciation	(5,674)	(69,508)	(177,783)	(252,965)
Balance 30 June 2022	251,945	-	112,202	364,145
Assets at cost	263,000	34,754	302,641	600,396
Accumulated Depreciation	27,530)	(34,754)	(213,715)	(275,999)
Balance 30 June 2023	235,470	-	88,926	324,396

Reconciliation of the written down value at the beginning and end of the current financial year is set out below

	<i>Leasehold Improvements</i>	<i>Motor Vehicles</i>	<i>Plant & Equipment</i>	<i>Total</i>
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	\$	\$	\$	\$
Balance at 1 July 2022	251,945	-	112,202	364,145
Additions	5,382	-	14,475	19,857
Cost of Assets Disposed	-	(34,574)	(1,818)	(36,392)
Accumulated depreciation written back	-	34,574	1,818	36,392
Depreciation	(21,856)		(37,750)	(59,606)
Balance 30 June 2023	235,470	-	88,926	324,396

8. TRADE AND OTHER PAYABLES

	2023	2022
	\$	\$
Current		
Trade payables	127,031	2,927,189
Other creditors and accruals	-	17,417
Total current trade and other payables	127,031	2,944,607

9. EMPLOYEE BENEFITS

	2023	2022
	\$	\$
Current		
Annual leave	93,122	78,950
Long service leave	72,566	72,283
Total current employee benefits	165,688	151,234
Non-current		
Long service leave	9,527	14,894
Total non-current employee benefits	9,527	14,894
Total current and non-current employee benefits	175,215	166,127

10. OTHER LIABILITIES

	2023	2022
	\$	\$
Accrued Expenses	41,228	-
Contract Liabilities	390,772	546,582
Total other liabilities	432,000	546,582

11. RELATED PARTY TRANSACTIONS

Townsville Enterprise Limited's related parties include its key management personnel and related entities as described below.

Townsville Enterprise Limited considers normal course of business transactions to include membership fees, lease payments and other low value payments that occur on normal commercial terms.

11.1 Transactions with related entities

There were no transactions with related parties during the current and previous financial year outside of the normal course of business.

11.2 Transactions with key management personnel

	2023	2022
	\$	\$
Key Management personnel compensation	652,522	624,719

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director of that entity is considered key management personnel. The Board of Directors of Townsville Enterprise Limited are designated key management personnel in accordance with the definition provided. No Director receives remuneration for their role on the Board. Other management personnel for 2022/23 include Claudia Brumme-Smith (CEO), Tracey Holmes (Director Corporate Services) and Lisa Woolfe (Director Visitor Economy and Marketing) and Martin Gleeson (Director Regional Development and Investment commenced 9 February 2023).

12. CONTINGENCIES

There are no contingent liabilities incurred by Townsville Enterprise Limited at 30 June 2022 and 30 June 2023.

13. LEASE COMMITMENTS

	2023	2022
	\$	\$
Cost	626,232	658,862
Accumulated Depreciation	(91,326)	(54,905)
Net carrying amount	534,907	603,957

Opening net carrying amount	603,957	-
Additions/Disposals	(16,864)	658,862
Amortisations	(52,186)	(54,905)
Closing net carrying amount	534,907	603,957

Lease Liabilities	2023	2022
	\$	\$
Current		
Lease Liabilities	108,583	92,910
Non-current		
Lease Liabilities	468,022	511,340
Bank Guarantee	-	19,250
Total Non-current liabilities	576,605	530,590
Total Lease liabilities	576,605	623,500

Interest expense on lease liabilities	35,828	24,721
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14. FINANCIAL ASSETS

	2023	2022
	\$	\$
Current		
Financial Assets	2,405,305	-
Total Financial Assets	2,405,305	-

15. AUDITOR REMUNERATION

Fees paid to Townsville Enterprise's contracted auditors for the period are as follows:

Company	Description of Service	\$
Crowe Audit Australia	Interim Audit for year ended 30 June 2023	\$5,800
Crowe Audit Australia	Final Fee in relation to Audit year ended 30 June 2022	\$8,040

The audit fees quoted by Crowe Audit Australia relating to the 2022-2023 financial statements are \$14,500 (2022: \$14,740)

16. POST REPORTING DATE EVENTS

No matters or circumstances have arisen since 30 June 2023 that has significantly affected, or may significantly affect, the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

17. ECONOMIC DEPENDENCE

Townsville Enterprise Limited is dependent upon the ongoing receipt of Local and State Government grants to ensure the ongoing continuance of its programs. At the date of this report, management has no reason to believe that this financial support will not continue.

DIRECTORS DECLARATION

In the opinion of the Directors of Townsville Enterprise Limited:

- a) The financial statements and notes of Townsville Enterprise Limited are in accordance with the *Corporations Act 2001*, including:
 - I. Giving a true and fair view of its financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
 - II. Complying with Australian Accounting Simplified Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b) There are reasonable grounds to believe that Townsville Enterprise Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Kevin Gill | Director

Townsville, 18/10/2023

Independent Auditor's Report to the Members of Townsville Enterprise Limited

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Opinion

We have audited the financial report of Townsville Enterprise Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, the statement of changes in equity and the 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 the Company is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures to the extent described in Note 1 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members 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 ability of the Company 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 to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

to the Members of Townsville Enterprise Limited (cont.)

Auditor's Responsibilities for the Audit of the Financial Report

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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism 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 opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of those charged with governance'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 entity'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 the auditor's report. However, future events or conditions may cause the entity 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 those charged with governance regarding, among 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 the audit.

Crowe Audit Australia
CROWE AUDIT AUSTRALIA

Tracey Mayhew

Partner

Townsville,