Trade and Investment Queensland
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Trade and Investment Queensland

Statement of comprehensive income
for the year ended 30 June 2018

	Notes	2018 Actual $000	2017 Actual $000	2018 Original budget $000	Budget variance* $000
Income					
Grants and other contributions	**2**	38,802	34,987	44,233	(5,431)
User charges and fees	**3**	738	695	701	37
Other revenue	**4**	1,625	1,731	375	1,250
Total income		**41,165**	**37,413**	**45,309**	**(4,144)**
Expenses					
Employee expenses	**5**	23,069	21,488	25,204	(2,135)
Supplies and services	**6**	15,949	13,721	18,564	(2,615)
Grants and subsidies	**7**	1,113	249	1,200	(87)
Depreciation and amortisation	**8**	376	345	200	176
Other expenses	**9**	307	517	141	166
Total expenses		**40,814**	**36,320**	**45,309**	**(4,495)**
Operating result		**351**	**1,093**	**-**	**351**
Other comprehensive income		-	-	-	-
Total comprehensive income		**351**	**1,093**	**-**	**351**

**An explanation of major variances is located at Note 23(a).*

The accompanying notes form part of these financial statements.

Trade and Investment Queensland

Statement of financial position
as at 30 June 2018

	Notes	2018 Actual $000	2017 Actual $000	2018 Original budget $000	Budget variance* $000
Current assets					
Cash and cash equivalents	**10**	3,747	2,738	2,657	1,090
Receivables	**11**	1,125	893	843	282
Other current assets	**12**	999	1,041	766	233
Total current assets		**5,871**	**4,672**	**4,266**	**1,605**
Non–current assets					
Plant and equipment	**13**	496	677	473	23
Intangible assets	**14**	200	320	300	(100)
Other non–current assets	**12**	585	420	424	161
Total non–current assets		**1,281**	**1,417**	**1,197**	**84**
Total assets		**7,152**	**6,089**	**5,463**	**1,689**
Current liabilities					
Payables	**15**	1,085	1,049	1,050	35
Accrued employee benefits	**16**	1,041	937	841	200
Other current liabilities	**17**	52	9	49	3
Total current liabilities		**2,178**	**1,995**	**1,940**	**238**
Non–current liabilities					
Accrued employee benefits	**16**	355	413	714	(359)
Payables	**15**	587	-	-	587
Total non–current liabilities		**942**	**413**	**714**	**228**
Total liabilities		**3,120**	**2,408**	**2,654**	**466**
Net assets		**4,032**	**3,681**	**2,809**	**1,223**
Equity					
Contributed equity		2,189	2,189		
Accumulated surplus		1,843	1,492		
Total equity		**4,032**	**3,681**		

**An explanation of major variances is located at Note 23(b).*

The accompanying notes form part of these financial statements.

Trade and Investment Queensland

Statement of changes in equity
for the year ended 30 June 2018

	Accumulated surplus $000	Contributed equity $000	Total $000
Balance as at 1 July 2016	399	2,189	2,588
Operating result from continuing operations	1,093	-	1,093
Balance as at 30 June 2017	**1,492**	**2,189**	**3,681**
Balance as at 1 July 2017	1,492	2,189	3,681
Operating result from continuing operations	351	-	351
Balance as at 30 June 2018	**1,843**	**2,189**	**4,032**

The accompanying notes form part of these financial statements.

Trade and Investment Queensland

Statement of cash flows

for the year ended 30 June 2018

	Notes	2018 Actual $000	2017 Actual $000	2018 Original budget $000	Budget variance* $000
Cash flows from operating activities					
Inflows:					
User charges and fees		573	695	701	(128)
Grants and other contributions		38,497	34,959	44,233	(5,736)
GST collected from customers		41	55	-	41
GST input tax credits from ATO		1,086	844	-	1,086
Interest		167	99	75	92
Other		1,458	1,632	300	1,158
Outflows:					
Employee expenses		(22,947)	(21,954)	(25,204)	2,257
Supplies and services		(15,290)	(13,734)	(18,564)	3,274
Grants and subsidies		(1,113)	(249)	(1,200)	87
GST paid to suppliers		(1,097)	(863)	-	(1,097)
GST remitted to ATO		(67)	(34)	-	(67)
Other		(219)	(753)	(141)	(78)
Net cash provided by operating activities		**1,089**	**697**	**200**	**889**
Cash flows from investing activities					
Outflows:					
Payments for intangibles		(16)	(3)	-	(16)
Payments for plant and equipment		(64)	(215)	-	(64)
Net cash used in investing activities		**(80)**	**(218)**	**-**	**(80)**
Net increase in cash and cash equivalents		1,009	479	200	809
Cash and cash equivalents at beginning of financial year		2,738	2,259	2,457	281
Cash and cash equivalents at end of financial year	10	**3,747**	**2,738**	**2,657**	**1,090**

**An explanation of major variances is located at Note 23(c).*

The accompanying notes form part of these financial statements.

Trade and Investment Queensland

Statement of cash flows

for the year ended 30 June 2018

Notes to the statement of cash flow

	2018	2017
	$000	**$000**
Reconciliation of operating result to net cash from operating activities		
Operating surplus/(deficit)	351	1,093
Loss on sale of asset	5	46
Depreciation and amortisation expense	376	345
Changes in assets and liabilities:		
(Increase)/decrease in trade receivables	(348)	12
(Increase) in GST receivables	(11)	(19)
(Increase)/decrease in LSL reimbursement receivables	67	(46)
(Increase)/decrease in annual leave reimbursement receivables	86	(154)
(Increase) in other assets	(123)	(137)
Increase/(decrease) in payables	623	(220)
Increase/(decrease) in GST payable	(26)	21
Increase/(decrease) in employee benefits	46	(204)
(Decrease) in other current liabilities	43	(40)
Net cash provided by operating activities	**1,089**	**697**

Trade and Investment Queensland
Notes to and forming part of the financial statements for the year ended 30 June 2018

Objectives and principal activities of Trade and Investment Queensland

Trade and Investment Queensland (TIQ) is the Queensland Government's dedicated global business agency. Through its 15 overseas offices and nine Queensland offices (as at 30 June 2018), TIQ works to deliver international business opportunities for Queensland's industries and coordinates trade missions for the state.

TIQ is aligned across priority sectors of food and agribusiness; mining and resources; urban infrastructure and knowledge industries; international education and training; and business and skilled migration.

TIQ helps industries to export and to find inward investment by working collaboratively with industry, research institutions, universities and local, state and federal agencies.

1. Basis of financial preparation

General information

A separate legal entity, Queensland Trade and Investment Office Pty Ltd ACN 073 810 867 has been established for business registration due to a number of international jurisdictions only recognising national governments. Queensland Trade and Investment Office Pty Ltd has no operating activities and therefore there are no financial transactions and balances being consolidated in TIQ's financial statements in 2017–18.

The head office and principal place of business of the agency is:

Level 10, 1 William Street
Brisbane QLD 4000

TIQ is established under the *Trade and Investment Queensland Act 2013* and is a statutory body within the meaning given in the *Financial Accountability Act 2009* and is controlled by the State of Queensland, which is the ultimate parent.

Statement of compliance

The agency has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2017 and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the agency has applied those requirements applicable to not–for–profit entities as the agency is a not–for–profit entity.

Basis of measurement

Historical cost convention is used as the measurement basis in this financial report.

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of the proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For foreign currency transactions, the monthly average rate is used for the foreign currency translation. At the end of the reporting period, foreign currency balances are translated using the spot rate at the reporting date. Any gain and loss on the foreign currency translation is recorded under other expense (Note 9).

Presentation matters

Currency and rounding

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000. Where that amount is $500 or less, it has been rounded to zero, unless disclosure of the full amount is specifically required.

Amounts shown in these financial statements may not add to the correct subtotals due to rounding.

Comparatives

Comparative information reflects the audited 2016–17 financial statements.

1. Basis of financial preparation (continued)

Presentation matters (continued)

Current/non–current classification

Assets and liabilities are classified as either 'current' or 'non–current' in the statement of financial position and associated notes. Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the agency does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non–current.

Authorisation of financial statements for issue

The financial statements are authorised for issue by the Chair, Chief Executive Officer and Chief Financial Officer at the date of signing the Management Certificate.

	2018 $000	2017 $000
2. Grants and other contributions		
Recurrent grants from Queensland Government	38,548	34,643
Contributions from Commonwealth Government	233	344
Other	21	-
Total	**38,802**	**34,987**

Grants, contributions and donations are non–reciprocal in nature so do not require any goods or services to be provided in return. Corresponding revenue is recognised in the year in which the agency obtains control over the grant/contribution/donation.

Included in revenue from grants for 2017–18 is a non-reciprocal grant of $21.944 million from Queensland Treasury, a related party and $16.604 million from Department of the Premier and Cabinet, a related party.

	2018 $000	2017 $000
3. User charges and fees		
Rent	738	695
Total	**738**	**695**

TIQ sub-leases office accommodation space in a number of international offices for use by other Queensland Government-controlled entities that are related parties.

	2018 $000	2017 $000
4. Other revenue		
Interest	167	99
Recoupment of other expenses	565	948
Business and skilled migration application fees	726	616
Sundry revenue	167	68
Total	**1,625**	**1,731**

	2018 $000	2017 $000
5. Employee expenses		
Employee benefits		
Wages and salaries	17,311	15,559
Annual leave levy	1,164	1,076
Employer superannuation contributions	1,888	1,890
Long service leave levy	247	237
Termination benefits	-	247
Employee–related expenses		
Workers' compensation premium	261	264
Payroll tax	762	744
Other employee–related expenses	1,436	1,471
Total	**23,069**	**21,488**

	2018	2017
Full–time equivalent employees:	130	118

TIQ employs 130.4 FTEs in Queensland as at 30 June 2018 and in accordance with the Queensland Government reporting on whole–of–government workforce data known as Minimum Obligatory Human Resource Information (MOHRI). TIQ also employs a further 65.4 FTEs across its international network in 15 offices across 12 countries as at 30 June 2018 (59 FTEs as at 30 June 2017) under Locally Engaged Staff (LES) conditions. These LES are not accounted for in the full–time equivalent employee data reported by government.

5. Employee expenses (continued)

Accounting policy – employee benefits

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits.

Accounting policy – wages and salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the statement of financial position at the current salary rates.

As TIQ expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Prior history indicates that on average, sick leave taken in each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non–vesting, an expense is recognised for this leave as it is taken.

Accounting policy – annual leave and severance benefits

Under the Queensland Government's Annual Leave Central Scheme (ALCS), a related party, a levy is made on the agency to cover the cost of employees' annual leave (including leave loading and on–costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

An expense is recognised for non–Australian based employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include liabilities for annual leave and severance payments in accordance with the relevant labour laws of each overseas jurisdiction where TIQ has locally engaged employees.

Accounting policy – long service leave

Under the Queensland Government's Long Service Leave Scheme, a levy is made on the agency to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

Accounting policy – superannuation

Post–employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment.

Defined contribution plans – Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant enterprise bargaining agreement or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Defined benefit plan – The liability for defined benefits is held on a whole–of–government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by TIQ at the specified rate following completion of the employee's service each pay period. TIQ's obligations are limited to those contributions paid.

Overseas employees are paid in accordance with the relevant local labour laws for all statutory obligations including superannuation.

Accounting policy – workers' compensation premiums

The agency pays premiums to WorkCover Queensland, a related party, and various other in market insurance providers in respect of its obligations for employee compensation insurance. Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not employee benefits and is recognised separately as employee–related expenses.

Key management personnel and remuneration disclosures are detailed in Note 24.

	2018 $000	2017 $000
6. Supplies and services		
Building services	472	295
Corporate service charges	323	350
Telecommunications	503	502
Consultants and contractors	3,970	3,919
Operating and administration costs	1,706	1,465
Advertising	258	215
Motor vehicle running costs	290	248
Accommodation lease	4,631	3,704
Travel	1,356	1,312
ICT services	1,828	1,512
Bank fees and charges	20	20
Low value assets expensed	445	48
Board and committee member fees	147	131
Total	**15,949**	**13,721**

Accounting policy – distinction between grants and procurement of supplies and services

For a transaction to be classified as supplies and services, the value of goods or services received by the agency must be of approximately equal value to the consideration given for those goods or services. Where this is not the substance of the arrangement, the transaction is classified as a grant in Note 7.

Accounting policy – operating lease rentals

Operating leases are entered into as a means of acquiring access to office accommodation and motor vehicles. Lease terms extend over a period of 1 to 15 years. TIQ has no option to purchase the leased item at the conclusion of the lease although the lease provides for a right of renewal at which time the lease terms are renegotiated.

Operating lease rental expenses comprises the minimum lease payments payable under operating lease contracts. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

Lease payments are recognised as an expense on a straight-line basis over the lease term. TIQ has a sub-lease for Brisbane office accommodation, the Department of Housing and Public Works (DHPW), a related party, has the head lease. This arrangement is an operating lease as DHPW retains substantially all risks and benefits.

Corporate service charges

The Corporate Administration Agency (CAA), a related party, provides the agency with corporate services under the 'Shared Services Provider' model. The fees and terms of the services are agreed through a Service Level Agreement, negotiated annually and include:

- financial systems and processing
- management accounting
- asset accounting
- procurement
- human resources recruitment and payroll.

Trade and Investment Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2018

		2018	2017
		$000	$000
7.	**Grants and subsidies**		
	Grants	1,113	249
	Total	**1,113**	**249**

Grants relate to the Queensland International Education and Training Partnership Fund that is part of the *International Education and Training Strategy to Advance Queensland 2016–2026* .

			2018	2017
8.	**Depreciation and amortisation**			
	Plant and equipment		240	203
	Software		136	142
	Total		**376**	**345**
9.	**Other expenses**			
	Insurance – Queensland Government Insurance Fund, a related party		63	43
	Queensland Audit Office – external audit fees for the audit of financial statements	(i)	63	32
	Loss on sale of assets		5	46
	Foreign exchange movements and taxes		34	197
	Sponsorship		142	103
	Other expenses		-	96
	Total		**307**	**517**

Audit fees

(i) Total audit fees quoted by the Queensland Audit Office relating to the 2017–18 financial statements are $49,000 (2017: $45,000).

		2018	2017
10.	**Cash and cash equivalents**		
	Imprest account	10	9
	Cash at bank	3,737	2,729
	Total	**3,747**	**2,738**

Accounting policy – cash and cash equivalents

For the purposes of the statement of financial position and the statement of cash flows, cash assets include all cash and cheques receipted but not banked at 30 June 2018.

	2018 $000	2017 $000
11. Receivables		
Trade debtors	740	335
Sundry debtors	14	71
GST receivable	141	130
GST payable	-	(26)
Long service leave reimbursements	18	85
Annual leave reimbursements	212	298
Total	**1,125**	**893**

Accounting policy – receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery (ie the agreed purchase/contract price). Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically. There is no allowance for impairment at 30 June 2018 (2017: Nil). No bad debt was written off during the year.

Disclosure – credit risk exposure of receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets.

No collateral is held as security and no credit enhancements relate to receivables held by the agency.

All receivables have been assessed as being within terms and expected to be fully collectible. They are considered of good credit quality based on recent collection history. Credit risk management strategies are detailed in Note 20.

12. Other assets

		2018 $000	2017 $000
Current			
Prepayments	(i)	635	579
Security deposits	(ii)	293	449
Other current assets		71	13
Total		**999**	**1,041**
Non–current			
Security deposits	(ii)	585	420
Total		**585**	**420**

(i) Prepayments relate to amounts paid in advance for various software license fees, accommodation expenses and subscription services that relate to future periods.

(ii) Security deposits are held by external organisation for leasing arrangements in TIQ's overseas offices. In accordance with *AASB 121 The Effects of Changes in Foreign Exchanges Rates* , at the end of the reporting period the security deposits are revalued using the spot rate at the end of the period. These are revalued as at 30 June 2018.

13. Plant and equipment and depreciation expense

Closing balances and reconciliation of carrying amount

	Plant and equipment		*WIP*		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Gross	1,276	1,247	18	19	1,294	1,266
Less: accumulated depreciation	(798)	(589)	-	-	(798)	(589)
Carrying amount at 30 June	**478**	**658**	**18**	**19**	**496**	**677**
Represented by movements in carrying amount:						
Carrying amount at 1 July	658	704	19	7	677	711
Acquisitions	6	196	58	19	64	215
Transfers	59	7	(59)	(7)	-	-
Disposals	(5)	(46)	-	-	(5)	(46)
Depreciation	(240)	(203)	-	-	(240)	(203)
Carrying amount at 30 June	**478**	**658**	**18**	**19**	**496**	**677**

Recognition and acquisition

Accounting policy – recognition

Basis of capitalisation and recognition thresholds

Items of plant and equipment with a historical cost or other value equal to or exceeding the following thresholds in the year of acquisition are reported as plant and equipment in the following classes:

Plant and equipment: $5,000

Items with a lesser value are expensed in the year of acquisition.

Expenditure on plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for TIQ. Subsequent expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

Accounting policy – cost of acquisition

Historical cost is used for the initial recording of all non–current physical asset acquisitions. Historical cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use. However, any training costs are expensed as incurred.

Measurement of plant and equipment

Plant and equipment, is measured at historical cost in accordance with *Queensland Treasury Non–Current Asset Policies* . The carrying amounts for such plant and equipment is not materially different from their fair value.

Depreciation expense

Accounting policy

Plant and equipment is depreciated on a straight–line basis so as to allocate the net cost or of each asset, less its estimated residual value, progressively over its estimated useful life to the agency.

Depreciation rates

Depreciation rates for each class of depreciable asset (including significant identifiable components):

Class	*Rate %*		*Rate %*
Plant and equipment:			
Office equipment	20–25%	Leasehold improvements	8–36%
Computer hardware	20–33%	Motor vehicles	25%

13. Plant and equipment and depreciation expense (continued)

Impairment of non–current assets

All non–current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, TIQ determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less cost of disposal and the asset's value in use.

14. Intangibles and amortisation expense

Closing balances and reconciliation of carrying amount

	Software at cost		WIP		Total	
	2018 $000	**2017 $000**	**2018 $000**	**2017 $000**	**2018 $000**	**2017 $000**
Gross	678	678	43	27	721	705
Less: accumulated amortisation	(521)	(385)	-	-	(521)	(385)
Carrying amount at 30 June	**157**	**293**	**43**	**27**	**200**	**320**
Represented by movements in carrying amount:						
Carrying amount at 1 July	293	364	27	95	320	459
Acquisitions/(disposals)	-	-	16	2	16	2
Transfers between asset classes	-	70	-	(70)	-	-
Amortisation	(136)	(142)	-	-	(136)	(142)
Carrying amount at 30 June	**157**	**293**	**43**	**27**	**200**	**320**

Recognition and measurement

Accounting policy

Intangible assets of the agency comprise purchased software and internally developed software. Intangible assets with a historical cost or other value equal to or greater than $100,000 are recognised in the financial statements. Items with a lesser value are expensed. Any training costs are expensed as incurred.

It has been determined that there is not an active market for any of TIQ's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation expense

Accounting policy

All intangible assets of the agency have finite useful lives and are amortised on a straight–line basis over their estimated useful life to the agency. Straight–line amortisation is used reflecting the expected consumption of economic benefits on a progressive basis over the intangible’s useful life. The residual value of the agency's intangible assets is zero.

Amortisation rates

Class	***Rate %***
Intangibles	20%

	2018 $000	2017 $000
15. Payables		
Trade creditors	547	517
Fringe benefits tax	67	128
Payroll tax	96	112
Sundry	35	34
Accrued expenses	340	258
	1,085	**1,049**
Non–current		
Accrued lease expenses	587	-
Total	**1,672**	**1,049**

Accounting policy – payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount ie agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured.

Accrued expenses are recognised if the expense has been incurred but not yet invoiced.

Accrued lease expenses relating to the recognition of lease expense on a straight line basis.

	2018 $000	2017 $000
16. Accrued employee benefits		
Current		
Salary and wages outstanding	234	202
Long service leave levy payable	71	62
Annual leave levy payable	313	296
Annual leave – overseas employees	392	351
Superannuation payable	31	26
	1,041	**937**
Non–current		
Severance provision – overseas employees	355	413
Total	**1,396**	**1,350**

Accounting policy – accrued employee benefits

No provision for Australia–based employees annual leave or long service leave is recognised in TIQ's financial statements as the liability is held on a whole–of–government basis and reported in those financial statements pursuant to *AASB 1049 Whole of Government and General Government Sector Financial Reporting* .

Accounting policy – overseas annual leave and severance provision

Provision is made for non–Australian based employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include liabilities for severance benefits in accordance with the relevant labour laws of each overseas jurisdiction that TIQ has locally engaged employees. In accordance with *AASB 119 Employee Benefits* , at the end of the reporting period the severance provision recognises the provision payable in accordance with the relevant local labour laws of entitlement and are revalued using the spot rate at the end of the period.

TIQ reviews all severance provisions for non–Australian based employee benefits at the end of each reporting period.

	2018 $000	2017 $000
17. Other current liabilities		
Unearned revenue	52	9
Total	**52**	**9**

	2018 $'000	2017 $'000

18. Commitments for expenditure

(a) Non–cancellable operating lease

Commitments under operating leases at the reporting date (inclusive of non–recoverable GST input tax credits) are payable as follows:

	2018 $'000	2017 $'000
Not later than one year	4,035	3,693
Later than one year and not later than five years	11,052	12,418
Later than five years	22,920	22,920
Total	**38,007**	**39,031**

Operating leases are entered into as a means of acquiring access to office accommodation and vehicles. Lease payments are fixed, but with escalation clauses on which contingent rentals are determined. No operating leases contain restrictions on financing or other leasing activities.

(b) Other expenditure commitments

Other expenditure commitments (inclusive of non–recoverable GST input tax credits), committed to be provided at the reporting date, but not recognised in the accounts are payable as follows:

	2018 $'000	2017 $'000
Not later than one year	2,564	2,945
Later than one year and not later than five years	2,588	3,771
Total	**5,152**	**6,716**

19. Contingencies

There are no legal or any other contingencies that are known to the agency at 30 June 2018.

20. Financial risk disclosures

Financial instrument categories

Financial assets and financial liabilities are recognised in the statement of financial position when the agency becomes party to the contractual provisions of the financial instrument.

The agency has the following categories of financial assets and financial liabilities:

Financial assets	**Note**	2018 $'000	2017 $'000
Cash and cash equivalents	**10.**	3,747	2,738
Receivables	**11.**	1,125	893
Total financial assets		**4,872**	**3,631**
Financial liabilities			
Financial liabilities measured at cost:			
Payables	**15.**	1,672	1,049
Total		**1,672**	**1,049**

No financial assets and financial liabilities have been offset and presented net in the statement of financial position.

20. Financial risk disclosures (continued)

(a) Financial risk management

Risk exposure and management strategies

Risk exposure	Measurement method	Risk management strategies
Credit risk	Ageing analysis	TIQ aims to reduce exposure to credit default by ensuring it monitors all funds owed on a timely basis.
Liquidity risk	Sensitivity analysis	TIQ manages exposure to liquidity risk by ensuring sufficient funds are available to meet employee and supplier obligations at all times. This is achieved by ensuring minimum levels of cash are held within the various bank accounts to match the expected duration of the various employee and supplier liabilities.
Market risk	Foreign exchange sensitivity analysis	TIQ has an approved arrangement with Queensland Treasury to manage TIQ's exposure to foreign exchange fluctuations.

(b) *Credit risk exposure*

TIQ has minimal credit risk exposure as the majority of receivables are from other government agencies. All receivables are current and within the 30 days of payment terms.

(c) *Liquidity risk - contractual maturity of financial liabilities*

The agency is exposed to liquidity risk in respect of its payables.

All payables are current and within the agreed payment terms.

21. Taxation

TIQ is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the agency. GST credits receivable from, and payable to the Australian Tax Office, are recognised (refer to Note 11). Overseas tax obligations vary within the different countries and are managed locally.

22. Future impact of accounting standards not yet effective

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future commencement dates are set out below:

AASB 1058 Income of Not–for–Profit Entities and AASB 15 Revenue from Contracts with Customers

These standards will first apply to TIQ from its financial statements for 2019–20.

TIQ has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. Potential future impacts identifiable at the date of this report are as follows:

- Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. TIQ receives several grants for which there are no sufficiently specific performance obligations, so these grants will continue to be recognised as revenue upfront.
- A range of new disclosures will also be required by the new standards in respect of TIQ's revenue.

AASB 9 Financial instruments and AASB 2014–7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

These standards will first apply to TIQ from its financial statements for 2018–19 with a 1 July 2018 date of transition. The main impacts of these standards on TIQ are that they will change the requirements for the classification, measurement, impairment and disclosures associated with TIQ's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The agency has reviewed the impact of AASB 9 on the classification and measurement of its financial assets. The following summarises the estimated impact (or ranges of estimates) of how AASB 9 will change the categorisation and valuation of the amounts reported in Note 20:

- There will be no change to either the classification or valuation of the cash and cash equivalent item.
- The amount of impairment for trade receivables owing from other government agencies is insignificant and immaterial due to the low credit risk (high quality credit rating) for the State of Queensland. No additional impairment provision will be raised for these amounts on transition.
- Trade receivables will be classified and measured at amortised cost, similar to the current classification of receivables. Trade receivables external to government have been assessed and are considered not material with no additional impairment provision raised for these amounts on transition.
- All financial liabilities listed in Note 20 will continue to be measured at amortised cost. The agency does not expect a material change in the reported value of financial liabilities.

These changed amounts will form the opening balance of those items on the date AASB 9 is adopted. However, the agency will not restate comparative figures for financial instruments on adopting AASB 9 as from 2018–19. Aside from a number of one–off disclosures in the 2018–19 financial statements to explain the impact of adopting AASB 9, a number of new or changed disclosure requirements will apply from that time. Assuming no change in the types of financial instruments that the agency enters into, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment.

22. Future impact of accounting standards not yet effective (continued)

AASB 16 Leases

This standard will first apply to TIQ from its financial statements for 2019–20. When applied, the standard supersedes *AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases – Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease* .

Impact for lessees

Unlike *AASB 117 Leases* , AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right–of–use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the statement of financial position under AASB 16. There will be a significant increase in assets and liabilities for agencies that lease assets. The impact on the reported assets and liabilities would be largely in proportion to the scale of the agency's leasing activities.

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.

The lease liability will be 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 statement 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.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. If a lessee chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application. TIQ will await further guidance from Queensland Treasury on the transitional accounting method to be applied.

TIQ has not yet quantified the exact impact on the statement of comprehensive income or the statement of financial position of applying AASB 16 to its current operating leases, including the extent of additional disclosure required. The exact impact will not be known until the year of transition. However, assuming TIQ's current operating lease commitments (see Note 18) were recognised 'on–balance sheet' at transition, the expected increase in lease liabilities (with a corresponding right–of–use asset) is estimated to be $33.972 million. The reclassification between supplies and services expense and depreciation/interest has not yet been estimated.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to TIQ's activities, or have no material impact on TIQ.

23. Budgetary reporting disclosures

This section contains explanations of major variances between TIQ's actual 2017–18 financial results and the original budget presented to Parliament.

(a) Explanations of major variances – statement of comprehensive income

Grants and other contributions:	The decrease predominantly relates to additional funding deferred for the *Queensland Trade and Investment Strategy 2017–2022* due to the delay in the delivery of the Trade and Investment Strategy initiatives, exposure to foreign currency fluctuations funded through Queensland Treasury and whole–of–government reprioritisation measures.
Other revenue:	The increase predominantly relates to Business and Skilled Migration Queensland. The rules changed for visa applications, which has led to a large increase in applications in 2017–18. Other revenue increases relate to income for the recovery of rental, travel and other operating costs from other government agencies under accommodation share arrangements in the international offices that were not budgeted for.
Employee expenses:	The decrease predominantly relates to additional funding deferred for the *Queensland Trade and Investment Strategy 2017–2022* due to the delay in the delivery of the Trade and Investment Strategy initiatives and exposure to foreign currency fluctuations funded through Queensland Treasury.
Supplies and services:	The decrease predominantly relates to additional funding deferred for the *Queensland Trade and Investment Strategy 2017–2022* due to the delay in the delivery of the Trade and Investment Strategy initiatives, exposure to foreign currency fluctuations funded through Queensland Treasury and whole–of–government reprioritisation measures.

(b) Explanations of major variances – statement of financial position

Cash and cash equivalents:	The additional cash on hand at end of financial year is predominantly a result of timing differences for the payment of accrued expenses for various operating costs and strategy initiatives.
Other current assets:	The increase is as a result of increases in security deposits for the rental arrangements in the international offices.
Non–current payables:	The variance relates to the change in the treatment of leases as per Note 6.

(c) Explanations of major variances – statement of cash flows

Grants and other contributions:	The decrease predominantly relates to additional funding deferred for the *Queensland Trade and Investment Strategy 2017–2022* due to the delay in the delivery of the Trade and Investment Strategy initiatives, exposure to foreign currency fluctuations funded through Queensland Treasury and whole–of–government reprioritisation measures.
Other inflows:	The increase predominantly relates to Business and Skilled Migration Queensland. The rules changed for visa applications, which has led to a large increase in applications in 2017–18. Other inflow increases relate to income for the recovery of rental, travel and other operating costs from other government agencies under accommodation share arrangements in the international offices that were not budgeted for.
Employee expenses:	The decrease predominantly relates to additional funding deferred for the *Queensland Trade and Investment Strategy 2017–2022* due to the delay in the delivery of the Trade and Investment Strategy initiatives and exposure to foreign currency fluctuations funded through Queensland Treasury.
Supplies and services:	The decrease predominantly relates to additional funding deferred for the *Queensland Trade and Investment Strategy 2017–2022* due to the delay in the delivery of the Trade and Investment Strategy initiatives, exposure to foreign currency fluctuations funded through Queensland Treasury and whole–of–government reprioritisation measures.
Payments for property plant and equipment:	The Jakarta office relocated during the 2017–18 financial year. These additional costs for the office fitouts were not included at the time the budget was prepared.

24. Key management personnel (KMP) disclosures

Details of key management personnel

As from 2017–18, the agency's responsible Minister is identified as part of TIQ's KMP, consistent with additional guidance included in the revised version of AASB 124 Related Party Disclosures. That Minister is the Premier, Minister for Trade.

The following details for non–Ministerial KMP reflect those agency positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2017–18 and 2016–17. Further information about these positions can be found in the body of the annual report under the section relating to executive management.

Position	Position responsibility
Board – Chair	The Chair is responsible for ensuring the effective functioning of the Board. The role is to utilise their experience, skills and leadership abilities to manage the governance of TIQ.
Board – Deputy Chair	The Deputy Chair position is to act as the Chair during all periods of the Chair's absence. The role is to utilise their experience, skills and leadership abilities to manage the governance of TIQ.
Board – Member	Board members are appointed to contribute to the performance of TIQ's function. Members are to deal with business issues and effectively review the performance of management and exercise independent judgment.
Chief Executive Officer	The Chief Executive Officer is responsible for the strategic planning and corporate governance to ensure TIQ is managed as required by the Board and Minister for Trade and Investment.
Deputy Chief Executive Officer	The Deputy Chief Executive Officer is responsible for the corporate governance and risk management frameworks, corporate systems and implementation of the new Trade and Investment Strategy.
General Manager, International Operations	The General Manager, International Operations is responsible for the management of TIQ's international network and the Business and Skilled Migration Queensland team.
General Manager, Queensland Operations	The General Manager, Queensland Operations is responsible for servicing the requirements of international and interstate investors, Queensland's regions and exporters in TIQ's priority industry sectors.
Executive Director, International Education and Training	The Executive Director, International Education and Training is responsible for the leading the implementation of the government's new International Education and Training Strategy to Advance Queensland.
Chief Financial Officer	The Chief Financial Officer is responsible for the provision of corporate services including financial and risk management, treasury, information technology, records management and procurement functions.

KMP Remuneration policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The agency does not bear any cost of remuneration of Ministers. The majority of the Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2017–18, which are published as part of Queensland Treasury's Report on State Finances.

Remuneration for key management personnel is set by TIQ Board. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts.

Remuneration packages for key executive management personnel comprises the following components:

Short–term employee expenses includes salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied the specified position.

Long–term employee expenses include amounts expensed in respect of long service leave entitlements earned.

Post–employment expenses include amounts expensed in respect of employer superannuation obligations.

Termination payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

Performance payments

No performance payments were paid by the agency.

24. Key management personnel (KMP) disclosures (continued)

KMP remuneration expense

The following disclosures focus on the expenses incurred by the agency that is attributable to key management positions during the respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the statement of comprehensive Income.

1 July 2017 – 30 June 2018

Position	Short term employee expenses		Long term employee expenses	Post-employment expenses	Termination benefits	Total expenses
	Monetary expenses $'000	Non-monetary benefits $'000	$'000	$'000	$'000	$'000
Chief Executive Officer	341	8	7	42	-	398
Deputy Chief Executive Officer	222	8	5	25	-	260
General Manager, International Operations (to 25 August 2017)	36	3	1	4	-	44
General Manager, International Operations (Acting) (from 28 August to 23 November 2017)*	-	-	-	-	-	-
General Manager, International Operations (Acting) (from 23 November 2017 to 30 January 2018)	30	-	1	3	-	34
General Manager, International Operations (from 30 January 2018)	80	1	2	10	-	93
General Manager, Queensland Operations (from 10 July 2017)	238	12	5	28	-	283
Executive Director, International Education and Training	264	8	5	31	-	308
Chief Financial Officer	185	8	4	22	-	219
Total remuneration	**1,396**	**48**	**30**	**165**	**-**	**1,639**

* The Acting General Manager, International Operations was remunerated by QTC under an interchange agreement in 2017.

1 July 2016 – 30 June 2017

Position	Short term employee expenses		Long term employee expenses	Post-employment expenses	Termination benefits	Total expenses
	Monetary expenses $'000	Non-monetary benefits $'000	$'000	$'000	$'000	$'000
Chief Executive Officer (from 10 January 2017)	165	-	3	19	-	187
Interim Chief Executive Officer (to 31 December 2016)	198	-	6	26	-	230
Deputy Chief Executive Officer	276	-	3	11	-	290
General Manager, International Operations	177	-	4	23	-	204
General Manager, Queensland Operations (to 17 March 2017)	97	-	2	16	-	115
General Manager, Queensland Operations (Acting) (from 20 March 2017)	91	-	2	7	-	100
Executive Director, International Education and Training (from 01 August 2016)	233	-	5	25	-	263
Chief Financial Officer	165	-	3	20	-	188
Total remuneration	**1,402**	**-**	**28**	**147**	**-**	**1,577**

24. Key management personnel (KMP) disclosures (continued)

1 July 2017 – 30 June 2018

Position	Name	Short term employee expenses		Long term employee expenses	Post-employment expenses	Termination benefits	Total expenses
		Monetary expenses $'000	Non-monetary benefits $'000	$'000	$'000	$'000	$'000
Chair	Steve Bredhauer	50	-	-	5	-	**55**
Deputy Chair	Ian O'Connor	20	-	-	2	-	**22**
Board Member *	Josie Angus	23	-	-	2	-	**25**
Board Member **	Jim Murphy (to 12 December 2017)	-	-	-	-	-	-
Board Member **	Michael Schaumburg (to 16 March 2018)	-	-	-	-	-	-
Board Member*	Kate Hynes	23	-	-	2	-	**25**
Board Member	Michele Fleming	20	-	-	2	-	**22**
Board Member**	Rachel Hunter (from 3 April 2018)	-	-	-	-	-	-
Board Member**	Dave Stewart (from 12 December 2017)	-	-	-	-	-	-
Total remuneration		**136**	**-**	**-**	**13**	**-**	**149**

1 July 2016 – 30 June 2017

Position	Name	Short term employee expenses		Long term employee expenses	Post-employment expenses	Termination benefits	Total expenses
		Monetary expenses $'000	Non-monetary benefits $'000	$'000	$'000	$'000	$'000
Chair	Steve Bredhauer	49	-	-	5	-	54
Deputy Chair	Geoffrey Thomas (to 1 October 2016)	-	-	-	-	-	-
Board Member / Deputy Chair (from 2 October 2016)	Ian O'Connor	20	-	-	2	-	22
Board Member *	Josie Angus	22	-	-	2	-	24
Board Member **	Frankie Carroll (to 10 February 2017)	-	-	-	-	-	-
Board Member **	Jim Murphy (from 10 February 2017)	-	-	-	-	-	-
Board Member **	Michael Schaumburg	-	-	-	-	-	-
Board Member	Kate Hynes (from 2 October 2016)	15	-	-	1	-	16
Board Member	Michele Fleming (from 2 October 2016)	15	-	-	1	-	16
Total remuneration		**121**	**-**	**-**	**11**	**-**	**132**

* Please note board member's remuneration also includes payment for representation on the Audit, Finance and Risk Management Committee (AFRMC).

** Please note some board members are not remunerated due to being government representatives.

24. Key management personnel (KMP) disclosures (continued)

Related party transactions

Transactions with people/entities related to KMP

There are no transactions to disclose.

Transactions with other Queensland Government-controlled entities

The agency transacts with other Queensland Government-controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions, including the payment of worker's compensation and insurance premiums. Where transactions with other Queensland Government-controlled entities are considered individually significant or material, these have been disclosed as related party transactions in the relevant notes as follows:

Note 2: Grants and other contributions

Note 5: Employee expenses

Note 6: Supplies and services

Note 9: Other expenses

Note 27: Economic dependency

25. Accounting estimates and judgements

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

Note 13: Estimation of depreciation for property, plant and equipment

Note 14: Estimation of amortisation for intangible assets

Note 16: Valuation of severance provision

26. First-year application of new accounting standards or change in accounting policy

Changes in accounting policy

The agency did not voluntarily change any of its accounting policies during 2017–18.

Accounting standards adopted early

No Australian Accounting Standards have been early adopted for 2017–18.

27. Economic dependency

TIQ is dependent upon a state grant of $47 million for the 2018-19 financial year to ensure its continued existence and ability to carry out its normal activities. This is administered through Queensland Treasury's consolidated fund.

28. Events occurring after balance sheet date

The agency did not have any events that occurred after the balance sheet date relating to the year ended 30 June 2018.