



Docklands Studios Melbourne Pty Ltd

ABN 28 101 578 303

Annual Report 30 June 2024



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INTRODUCTION

This is the Annual Report of Docklands Studios Melbourne Pty Ltd ACN 101 578 303 (the Company) for 2024. The Company is a private unlisted company incorporated in Australia on 2nd August 2002 with a reporting date of 30 June.

The Annual Report has been prepared in accordance with the requirements of the *Corporations Act 2001*, *Corporations Regulations 2001* and Australian Accounting Standards and to satisfy the Company's tabling requirements under S53A of the *Financial Management Act 1994*.

A description of the nature of the Company's operation and its principal activities is included in the Directors' Report.

For enquiries in relation to the Annual Report
please call: + 61 3 8327 2000, or email to: info@dsmelbourne.com

Corporate information

ABN 28 101 578 303
ACN 101 578 303

Directors

L Coppel *Chair*
E. Burnett
R. Garnett

Company Secretary

D. Argyropoulos

Registered Office and Principal Place of Business

476 Docklands Drive
Docklands, Victoria, 3008
Australia
Phone: + 61 3 8327 2000

Shareholder

State of Victoria

Solicitors

Keelins Lawyers
Level 4, 459 Little Collins Street
Melbourne, Victoria, 3000
Australia

Bankers

Westpac Banking Corporation
509 Toorak Road
Toorak, Victoria, 3142
Australia

Auditors

Victorian Auditor-General's Office
Level 31, 35 Collins Street
Melbourne, Victoria, 3000
Australia

Internal Auditors

Pitcher Partners
Level 13, 664 Collins Street
Docklands, Victoria, 3008
Australia

INTRODUCTION

Acronyms / Abbreviations

DSM	Docklands Studios Melbourne Pty Ltd. (ACN 101 578 303) The owner of the film studio assets.
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
DJSIR	Department of Jobs, Skills, Industry and Regions
FMA	<i>Financial Management Act 1994</i> , Victoria
FRD	Financial Reporting Directions issued by the Assistant Treasurer
GST	Goods and Services Tax
IFRS	International Financial Reporting Standards
VAGO	Victorian Auditor-General's Office
State	The Crown in right of the State of Victoria
EBITDA	Earnings before interest, tax, depreciation and amortisation

DIRECTORS' REPORT

The Directors submit their report for the year to 30 June 2024 and the Independent Audit Report thereon.

Directors

The names and details of the Company's directors in office during the period and until the date of this report follow. Directors held office for the entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Louisa Coppel (BA)

A business and communications strategist, Ms Coppel founded The Big Picture Strategic Services in 2006 after twenty years of working in the arts, international development and public sector. She is now called in by organisations to help with sensemaking – to set a new strategic direction or when there is a need to turn challenging content into something the world can easily understand.

Ms Coppel was head of the Melbourne Film Office for five years. She is a former board member of VicScreen, the Association of Film Commissioners International (where she served as Secretary for several years), Ausfilm, Chunky Move, Strange Fruit and Camp Cooina Inc.

Ms Coppel was appointed as Chair and Director of the Company on 1 July 2023. She is an alternating member of the Company's Audit and Risk Committee.

Ewan Burnett (BA)

Mr Burnett has worked in the Australian film and television industry for over 40 years. He has over 25 Producer and Executive Producer credits on telemovies, series, mini-series, children's series and animation. His productions have won BAFTA, EMMY, LOGIE, AFI, ATOM and AWGIE awards. He has also successfully produced stage productions and has served on a number of boards and committees including Film Victoria and Screen Producers Australia.

Mr Burnett was appointed a Director of the Company on 4 June 2018 and is also an alternating member of the Company's Audit and Risk Committee.

Rohan Garnett

Rohan has 30 years' senior executive experience helping companies to adapt and thrive in a changing world, focussing on business improvement and expansion. He has held high-level Australian and international management positions with Qantas, Jetstar and British Airways, and is currently Executive Manager of Asset Management for Qantas Airways. Rohan holds several non-Executive Director positions in public and private companies and is Adjunct Professor of Aviation Management at RMIT University.

Mr Garnett was appointed as a Director of the Company on 12 October 2023. He is an alternating member of the Company's Audit and Risk Committee.

Company Secretary

Dana Argyropoulos (BEc, FGIA)

Ms Argyropoulos was appointed Company Secretary on 3 May 2023. She has extensive experience as a Company and Board Secretary of banking and insurance related entities within the private and public sectors. She holds a Bachelor of Economics and is a Fellow of the Governance Institute of Australia.

Audit and Risk Committee Chair

Ian Gaudion (BCom, BEd, FCPA, MBA)

Mr Gaudion has extensive experience in financial management and financial management consulting. Prior to joining Deloitte, where he became a partner, he was a management accountant and since leaving the partnership he has concentrated on insurance and superannuation organisations as well as running a management consulting practice.

DIRECTORS' REPORT

Interests in the shares and options of the Company and related bodies corporate

The Company is a company limited by shares. Directors do not hold any shares in the Company.

Taxation Status

The Company received a private ruling from the Australian Taxation Office (Authorization Number 90830) which states that the Company is exempt from Commonwealth income tax under section 24AM of the *Income Tax Assessment Act 1936*. The exemption commenced on 19 November 2008 and has been extended to 30 June 2026.

Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Principal Activities

The Company's principal activity is to hire sound stages, production offices and workshops to third parties for the production of film and television programmes.

State of Affairs

There were no significant changes in the Company's state of affairs during the year.

Operating and Financial Review

As Victoria's premier production facility, Docklands Studios Melbourne helps to grow the state's creative industries and economy. With excellent facilities and a dedicated team, we understand the unique challenges of bringing screen projects to life.

2024 has been a year of resilience and adaptation for Docklands Studios Melbourne. The film industry faced significant challenges. Hollywood strikes stopped the global industry for nearly six months, while delays in legislating new Commonwealth Government incentives caused market uncertainty. Despite these challenges, we have strengthened our standing with domestic and international clients. This report shares our year-long journey, highlighting key developments and achievements.

Industry challenges and opportunities

The first half of the financial year was marked by the continuing Hollywood actors' and writers' strikes, which resulted in a recalibration of the slates of large studios and streamers. Job cuts and budget reassessments followed, and new projects were slow to resume after the strikes. The short-term pain was real, but territories like Australia remain well-positioned as an attractive location for production.

Strategic pivot to the domestic market

We focused on strengthening our domestic market presence during the international industrial action and market recalibration. We supported several Australian film and television projects, including the Australian Children's Television Foundation's *Windcatcher* and Matchbox's *The Survivors*, adapted from best-selling author Jane Harper's novel.

International production picked up from January with new projects, including the US game show *The Quiz With Balls*, the action movie *Ice Road 2: Road To The Sky* starring Liam Neeson, and a Sony Pictures (untitled) shark movie starting pre-production in May.

Financial performance

Despite the global slowdown, Docklands Studios Melbourne had a successful year, with revenue exceeding the budgeted forecast. Bookings for the year ahead are strong as management works to ensure a viable combination of international and domestic projects.

The international film and television production market is fiercely competitive. Our success in securing production depends on competitive national and state incentives, and our financial forecasts are predicated on the availability and effectiveness of these incentives.

DIRECTORS' REPORT

Operating and Financial Review (cont'd)

Expansion and new facilities

Stage Six continued to attract significant attention from producers. Since January, our largest stage has hosted back-to-back projects ranging from international game formats and Australian drama to international feature films.

Stage Six caters to the industry's evolving needs, with the pit for water environments further enhancing Docklands Studios Melbourne's quality offerings. Stage Six enables Victoria to attract much larger productions than previously possible, significantly boosting our competitive edge in the global market.

Strategic partnerships

Docklands Studios Melbourne is home to the world's largest virtual production filmmaking facility, operated by NantStudios. Attracted to Victoria with Victorian Government investment, this leading international technology-driven virtual production studio has developed and operates two new LED in-camera VFX stages on Stages One and Three. This positions Docklands Studios Melbourne as a top destination for virtual production, creating significant opportunities for skill development, industry growth, and enhancement of the screen economy in Victoria.

Gravity Media manages Stage Five as an independent complex, operating as a traditional broadcast studio. Gravity's investment in broadcast technology has made the facility more versatile and more attractive to domestic producers.

The NantStudios and Gravity Media tenancies bring several benefits, including a guaranteed revenue stream.

Docklands Studios Melbourne has also assisted the not-for-profit Melbourne Screen Hub with a loan to support it to relocate to a larger site in Footscray. Formed in 2021, the Hub fills a longstanding gap in Victoria's screen industry ecosystem. The nearby location also has the potential to function as a 'spillover' for Docklands Studios Melbourne, providing additional parking, workshop, storage and office space for screen projects and industry technicians.

Commitment to sustainability

Docklands Studios Melbourne is committed to sustainability and environmental responsibility. We have continued our initiatives to minimise our carbon footprint and promote green practices with our facilities now fully powered by green energy. Other sustainability practices, such as introducing a Container Deposit Scheme and contributing to the Chain of Ponds rubbish collection initiative, are part of our commitment to keeping Maribyrnong Creek clean and promoting environmental awareness.

Looking ahead

Despite rapidly changing market conditions, Docklands Studios Melbourne is well positioned for the coming year.

We will continue to work with Victoria's screen development agency, VicScreen, and our national partners at AusFilm on combined marketing efforts while executing projects to the highest standards. The now legislated Federal Location Offset supports the attraction of these projects to Australia, assuring our international clients that Australia (and Victoria) is a desirable location.

We will also work with our partners and stakeholders to appropriately celebrate our 21st year and build community engagement and pride in Victorian-made screen content.

We will focus on solid sales that fill our facilities, operational efficiency, and innovative thinking about Victoria's future infrastructure needs. We remain committed to boosting Victoria's creative industry and economy, and promoting sustainable practices within the industry.

DIRECTORS' REPORT

Operating and Financial Review (cont'd)

This table shows a summary of the productions hosted by the Studio in 2023-24:

Project Title	Format	Production Company
<i>Ice Road 2 – Road to the Sky</i>	Feature Film	Servo Productions
<i>La Brea Season 3</i>	Series	Matchbox for NBCU
<i>Together</i>	Feature Film	Princess Pictures
<i>Quiz with Balls</i>	International Game Show	Eureka Productions
<i>Survivors</i>	Domestic TV	Matchbox for Netflix
<i>Untitled – Disaster Movie</i>	Feature Film	Sony Features
Gravity Media hosted...		
<i>Deal or No Deal</i>	Game Show	Channel 10
<i>Racing.com</i>	Broadcast	Racing.com
Multiple Sports	Broadcast	ABC – Foxtel – GTV 9
NantStudios hosted... <i>Ice Road 2 – Road to the Sky, Fake, Windcatcher</i> , vehicle commercials	Domestic TV Features TVCs	Multiple

Operating Results for the Period

Total operating revenue for the year was \$10,125,737 (2023: \$8,999,157). Total operating expenses before depreciation and interest were \$4,626,599 (2023: \$5,950,065).

This leaves an operating profit (or EBITDA) of \$5,499,138 (2023: \$3,049,092). After depreciation and interest, the profit is \$793,073 (2023: \$1,570,063 loss).

Lease Agreement

The Company occupies Crown land under the terms of two leases and three licences with the State of Victoria. The leases require the Company to pay rent, which is subject to adjustment every two years according to movements in the Consumer Price Index.

The lease gives the Company the right to seek deferral of rental payments under certain circumstances. The Company sought and was granted deferment of rent from November 2004 until 1 July 2010 totalling \$1,986,675. The vast majority of this was incurred under the previous ownership.

Since 1 July 2010, rental payments have been made in full to the State in accordance with the lease agreement.

Under an agreement reached in 2014, the Company is required to repay the deferred rent out of EBITDA once it reaches a threshold of \$400,000 in any one year at the rate of 50 cents in the dollar of all EBITDA earned above the threshold.

During the 2019-20 financial year, the Treasurer agreed to suspend the Company's obligation to repay the deferred rent until the 2022-23 financial year to facilitate management of one-off impacts connected to the construction of Stage 6.

During the 2023-24 financial year, the deferred rent balance of \$1,017,965 was paid in full.

Review of Financial Condition

Liquidity

The Company received cash from operating activities during the year which together with the opening cash balances was sufficient to cover all operating cash payments. The closing cash balance at 30 June 2024 was \$14,970,906 up from \$11,569,892 at 30 June 2023. \$8.3 million of this balance represents funds that have been set aside to contribute to the future replacement of the ageing Workshop building.

DIRECTORS' REPORT

Non-Current Assets

At balance date the Company had property, plant and equipment totalling \$81,929,247 (2023: \$78,576,906) comprised of the written down value of buildings \$80,968,729 (2023: \$77,043,152), plant and equipment of \$321,278 (2023: \$443,286) and infrastructure of \$639,240 (2023: \$1,090,468).

Equity and Called Up Capital

The issued and called up capital of the Company at 30 June 2024 was \$103,590,841. The State of Victoria is the sole owner of the shares comprising:

- 200,000 fully paid up 1 cent shares	\$	2,000
- 91,081,841 fully paid up \$1.00 shares	\$	91,081,841
- 2,501,400 fully paid up \$5.00 shares	\$	12,507,000
	<u>\$</u>	<u>103,590,841</u> (i)

(i) see Notes 8.3 and 8.4.

Capital reserves

The Company's profit after depreciation and interest was \$793,073 (2023: \$1,570,063 loss) which, when added to the prior year's accumulated losses, brings the accumulated loss at 30 June 2024 to \$33,542,966 (2023: \$34,336,039). The revaluation reserve at 30 June 2024 was \$25,563,328 (2023: \$17,869,845).

Five-year financial summary

Five-year financial summary	2024 \$	2023 \$	2022 \$	2021 \$	2020 \$
Income from licensing of facilities and recoveries for services	9,525,588	8,697,850	7,046,396	4,556,014	4,494,545
Interest income	598,904	301,307	33,335	87,295	78,553
Total expenses from transactions	(9,332,720)	(10,568,447)	(7,719,338)	(6,596,462)	(6,405,518)
Earnings before depreciation and interest	5,499,138	3,049,092	3,124,177	1,481,927	1,532,992
Net result from transactions	793,017	(1,569,290)	(639,607)	(1,938,516)	(1,832,420)
Net result for the period	793,073	(1,570,063)	(639,884)	(1,935,635)	(1,832,484)
Net cash flow from operating activities	4,396,360	2,330,350	5,765,166	201,676	1,561,913
Total assets	97,924,727	90,811,909	93,862,952	92,285,418	49,138,320
Total liabilities	2,313,524	3,687,262	5,168,242	3,560,674	4,238,215
Total net assets	95,611,203	87,124,647	88,694,710	88,724,744	44,900,105

DIRECTORS' REPORT

Significant Events after the Balance Date

There are no other significant events subsequent to the reporting date that will have a material effect on the Company's operations.

Likely Developments and Expected Results

At the date of this report, 68% of the 2024-25 budgeted facilities revenue has been confirmed with a number of other potential bookings.

Final operating revenue will be dependent on winning new bookings. These are subject to market conditions and the level of competition from other territories. The Directors expect operating expenses to be higher than prior years in line with general cost increases, the level of activity at the Studios and the cost of running a larger studio complex.

Environmental Regulation and Performance

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or State or Territory. The Company holds no specific environmental licences or permits.

Indemnification and Insurance of Directors and Officers

During the year, the Company paid a premium to insure officers of the Company. All Directors are covered by the insurance policy.

The liabilities insured are legal costs that may be incurred in defending any proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

The insurance contract premium paid to the Victorian Managed Insurance Authority was \$16,859 (2023: \$14,985).

The Company has not indemnified or agreed to indemnify any current or former officer of the Company against a liability incurred by an officer during or since the end of the financial year, except to the extent permitted by law.

Directors' meetings and Committee membership

Directors' meetings and audit and risk committee meetings held during the period and attended by each director and member were:

	Directors' Meetings		Audit and Risk Committee Meetings	
	2024	2023	2024	2023
Number of meetings held:	8	9	4	4
Number of meetings attended:				
<i>Directors</i>				
L. Coppel	8		4	
R. Garnett	4		3	
E. Burnett	7	9	3	4
D. Hanna	-	9	-	4
S. Greenshields	-	7	-	1
<i>Audit and Risk Committee Chair</i>				
I. Gaudion			4	4

The Audit and Risk Committee comprises Mr. Gaudion (Chair) and the non-executive directors.

R Garnett was appointed as director of the Company and member of the Audit and Risk Committee on 12 October 2023. He was eligible to attend 4 board meetings and 3 audit and risk committee meetings during the relevant period.

DIRECTORS' REPORT

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought to or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Economic dependency

There is an economic dependency by the Company on the State of Victoria in respect of:

- acquisition and replacement of major assets.

There is no indication that this financial support will not continue.

Options

No options over issued shares or interests in the Company or a controlled entity were granted during or since the end of the period. No options were outstanding at the date of this report.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

Rounding

All amounts are reported at the dollar level. Rounding has not been applied.

Signed in accordance with a resolution of the Board of Directors:



L Coppel
Chair

21 August 2024

Auditor-General's Independence Declaration

To the Directors, Docklands Studios Melbourne Pty Ltd

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for Docklands Studios Melbourne Pty Ltd for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

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

MELBOURNE
3 September 2024



Simone Bohan
as delegate for the Auditor-General of Victoria

DOCKLANDS STUDIOS MELBOURNE - FINANCIAL STATEMENTS

How this report is structured

Docklands Studios Melbourne (Company) has presented its audited general purpose financial statements for the financial year ended 30 June 2024 in the following structure to provide users with the information about the Company's stewardship of resources entrusted to it.

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DOCKLANDS STUDIOS MELBOURNE - FINANCIAL STATEMENTS

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DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Docklands Studios Melbourne Pty Ltd (the Company):

- 1 In the opinion of the Directors:
 - (a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.
- 3 Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Board



L Coppel
Chair

21 August 2024

ACCOUNTABLE OFFICER'S AND CHIEF FINANCE OFFICER'S DECLARATION

The attached financial statements for Docklands Studios Melbourne Pty Ltd have been prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2024 and financial position of the Company at 30 June 2024.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 21 August 2024.



A. Tulloch
Chief Executive Officer



L. Cafari
Chief Finance Officer

21 August 2024

Independent Auditor's Report

To the Directors of Docklands Studio Melbourne Pty Ltd

Opinion	<p>I have audited the financial report of Docklands Studio Melbourne Pty Ltd (the company) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2024 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including material accounting policy information • Accountable Officer's and Chief Finance Officer's declaration. <p>In my opinion the financial report is in accordance with the <i>Corporations Act 2001</i> including:</p> <ul style="list-style-type: none"> • presenting fairly, in all material respects, the financial position of the company as at 30 June 2024 and its financial performance and cash flows for the year then ended • complying with Australian Accounting Standards and the <i>Corporations Regulations 2001</i>.
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the company in accordance with the auditor independence requirements of the <i>Corporations Act 2001</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Directors' responsibilities for the financial report	<p>The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Corporations Act 2001</i>, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

MELBOURNE
3 September 2024



Simone Bohan
as delegate for the Auditor-General of Victoria

COMPREHENSIVE OPERATING STATEMENT

for the financial year ended 30 June 2024

	Note	2024 \$	2023 \$
Income from transactions			
Income from licensing of facilities and recoveries for services provided	2.1	9,525,588	8,697,850
Interest income	2.1	598,904	301,307
Other income	2.1	1,245	-
Total income from transactions		10,125,737	8,999,157
Expenses from transactions			
Employee benefit expenses	3.1	(1,814,169)	(1,774,514)
Supplies and services	3.2	(2,812,486)	(4,174,778)
Depreciation and amortisation expenses	4.1.1	(4,695,607)	(4,604,025)
Interest expense	6.2.2	(10,458)	(15,130)
Total expenses from transactions		(9,332,720)	(10,568,447)
Net result from transactions (net operating balance)		793,017	(1,569,290)
Other economic flows included in net result			
Other gains/(losses) from other economic flows	8.1	56	(773)
Total other economic flows included in net result		56	(773)
Net result		793,073	(1,570,063)
Other economic flows - other comprehensive income			
Items that will not be classified to net result			
Changes in physical asset revaluation surplus (deficit)	8.2	7,693,483	-
Total other economic flows - other comprehensive income		7,693,483	-
Comprehensive result		8,486,556	(1,570,063)

The accompanying notes form part of these financial statements.

BALANCE SHEET

as at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Financial assets			
Cash and deposits	6.1	14,970,906	11,569,892
Receivables	5.1	851,493	175,912
Total financial assets		15,822,399	11,745,804
Non-financial assets			
Property, plant and equipment	4.1	81,929,247	78,576,906
Intangible assets	4.2	-	-
Other non-financial assets	5.3	173,081	489,199
Total non-financial assets		82,102,328	79,066,105
Total assets		97,924,727	90,811,909
Liabilities			
Payables	5.2	1,282,099	2,206,294
Provisions for employee benefits	3.1.2	349,794	334,631
Borrowings	6.2	681,631	1,146,337
Total liabilities		2,313,524	3,687,262
Net assets		95,611,203	87,124,647
Equity			
Accumulated surplus/(deficit)		(33,542,966)	(34,336,039)
Reserves	8.2	25,563,328	17,869,845
Issued capital	8.3	103,590,841	103,590,841
Net worth		95,611,203	87,124,647

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

for the financial year ended 30 June 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts			
Receipts from customers		10,716,900	9,090,364
Interest received		598,904	301,307
Total receipts		11,315,804	9,391,671
Payments			
Payments to suppliers and employees		(6,306,258)	(6,720,412)
Goods and services tax paid to the ATO (i)		(602,728)	(325,779)
Interest paid		(10,458)	(15,130)
Total payments		(6,919,444)	(7,061,321)
Net cash flows from/(used in) operating activities	6.1.1	4,396,360	2,330,350
Cash flows from investing activities			
Purchases of non-financial assets		(110,640)	(625,251)
Prepayments for non-financial assets		(120,000)	-
Loans granted to third parties		(300,000)	-
Net cash flows from/(used in) investing activities		(530,640)	(625,251)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities		(464,706)	(441,157)
Net cash flows from/(used in) financing activities		(464,706)	(441,157)
Net increase/(decrease) in cash and cash equivalents		3,401,014	1,263,942
Cash and cash equivalents at the beginning of financial year		11,569,892	10,305,950
Cash and cash equivalents at the end of financial year	6.1	14,970,906	11,569,892

The accompanying notes form part of these financial statements.

Notes

(i) Goods and Services Tax paid to the ATO is presented on a net basis.

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 30 June 2024

	Note	Physical asset revaluation surplus	Accumulated surplus/ (deficit)	Issued capital	Total
Balance at 1 July 2022		17,869,845	(32,765,976)	103,590,841	88,694,710
Net result for the year		-	(1,570,063)	-	(1,570,063)
Balance at 30 June 2023		17,869,845	(34,336,039)	103,590,841	87,124,647
Net result for the year		-	793,073	-	793,073
Revaluation adjustment of buildings	8.2	7,693,483	-	-	7,693,483
Balance at 30 June 2024		25,563,328	(33,542,966)	103,590,841	95,611,203

The accompanying notes form part of these financial statements.

1. ABOUT THIS REPORT

Docklands Studios Melbourne Pty Ltd is a private unlisted company incorporated in Australia on 2nd August 2002 owned by the State of Victoria.

Its principal address is:

Docklands Studios Melbourne Pty Ltd
476 Docklands Drive,
Docklands, VIC, 3008

A description of the nature of its operations and the principal activities is included in the Directors' Report which does not form part of these financial statements.

Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

These financial statements cover the Docklands Studios Melbourne as an individual reporting entity which manages the sound stages located in the Docklands precinct Melbourne.

Amounts in the financial statements have been rounded to the nearest dollar, unless otherwise stated.

Compliance information

These general purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, the *Corporations Regulations 2001* and applicable Australian Accounting Standards (AASs) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

2. FUNDING DELIVERY OF OUR SERVICES

Introduction

The Company's overall objective is to service both domestic and international film and television production.

To enable the Company to fulfil its objective, it receives income from the licensing of sound stages, production offices and workshops to third parties for the production of film and television programmes.

Structure

2.1	Summary of income that funds the delivery of our services	.....24
2.2	Income from transactions	.....24

2.1 Summary of income that funds the delivery of our services

	Notes	2024 \$	2023 \$
Income from licensing of facilities and recoveries for services provided	2.2	9,525,588	8,697,850
Interest on bank deposits	2.2	598,904	301,307
Other income		1,245	-
Total Income from Transactions		10,125,737	8,999,157

2.2 Income from transactions

Income that funds delivery of the Company's services is accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

Income from licensing of facilities and recoveries for services provided

The income from licensing of facilities and recoveries for services provided included in the table above are transactions that the Company has determined to be classified as revenue from contracts with customers in accordance with AASB 15.

Income is measured based on the consideration specified in the contract with the customer. The Company recognises revenue when it transfers control of a service to the customer, i.e. when, or as, the performance obligations for the services to the customer are satisfied. The performance obligation for the Company is the provision of the licensed facility to the customer.

Income from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability. Where the performance obligation is satisfied but not yet billed, a contract asset is recorded.

Interest income

Interest revenue includes interest on bank term deposits and is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

3. THE COST OF DELIVERING SERVICES

Introduction

This section provides an account of the expenses incurred by the Company in delivering services. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

Structure

3.1 Expenses incurred in delivering services	.....	25
3.2 Other operating expenses	.....	28

3.1 Expenses incurred in delivering services

	Notes	2024 \$	2023 \$
Employee benefit expenses	3.1.1	1,814,169	1,774,514
Other operating expenses - supplies and services	3.2	2,812,486	4,174,778
Total expenses incurred in delivery of services		4,626,655	5,949,292

3.1.1 Employee benefits in the comprehensive operating statement

	2024 \$	2023 \$
Salaries and wages	1,410,596	1,390,017
Superannuation	159,100	147,167
Annual leave and long service leave expense	142,313	139,752
Other on-costs	102,160	97,578
Total employee benefit expenses	1,814,169	1,774,514

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, fringe benefits tax, WorkCover premiums and superannuation contributions. These are recognised when incurred.

The amount recognised in the comprehensive operating statement in relation to Superannuation is the employer contributions for members of defined contribution plans that are paid or payable during the reporting period.

3. THE COST OF DELIVERING SERVICES

3.1.2 Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2024	2023
	\$	\$
Current provisions		
Annual leave		
Unconditional and expected to be settled within 12 months	80,183	64,083
Unconditional and expected to be settled after 12 months	58,063	81,561
Long service leave		
Unconditional and expected to be settled within 12 months	-	-
Unconditional and expected to be settled after 12 months	123,831	117,500
Provision for on-costs		
Unconditional and expected to be settled within 12 months	13,551	10,509
Unconditional and expected to be settled after 12 months	31,509	33,344
Total current provisions for employee benefits	307,137	306,997
Non-current provisions		
Long service leave	36,297	23,620
On-costs	6,360	4,014
Total non-current provisions for employee benefits	42,657	27,634
Total provisions for employee benefits	349,794	334,631

Wages and salaries and annual leave

Liabilities for wages and salaries (including non-monetary benefits and annual leave) are all recognised in the provision for employee benefits as 'current liabilities' and measured at nominal value, because the Company does not have an unconditional right to defer settlement of these liabilities.

The liability for salaries and wages is recognised in the balance sheet at remuneration rates which are current at the reporting date. As the Company expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

3. THE COST OF DELIVERING SERVICES

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL (representing seven or more years of continuous service for Company employees including executives) is disclosed as a current liability even where the Company does not expect to settle the liability within 12 months because the Company will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value - if the Company expects to wholly settle within 12 months; or
- present value - if the Company does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current long service leave liability is measured at present value.

Any gain or loss following revaluation to present value of non-current LSL liability due to changes in bond interest rates is recognised as an 'other economic flow' in the net result.

3.1.3 Superannuation contributions

Employees of the Company are entitled to receive superannuation benefits and the Company contributes to defined contribution plans.

Superannuation contributions paid or payable for the reporting period are included as part of the employee benefits in the Comprehensive operating statement of the Company.

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions are as follows:

Fund Name	Paid contributions for the year	
	2024	2023
	\$	\$
Defined contribution plans		
Care Super	28,768	31,500
Australian Super	71,973	60,445
Other	58,359	55,222
Total paid contributions for the year	159,100	147,167
Contributions outstanding at year end	-	-

3. THE COST OF DELIVERING SERVICES

3.2 Other operating expenses - supplies and services

	2024	2023
	\$	\$
Contractors and consultants	150,321	229,431
Maintenance expenses	1,127,641	1,076,369
Insurance expense	332,589	280,697
Travel expense	58,737	88,200
Security expense	154,418	140,394
Utilities	523,390	503,302
IT and communication expenses	190,166	173,599
Legal expense	58,220	26,000
Audit fees	33,500	32,000
Marketing expenses	52,654	64,295
Other expenses	85,850	79,491
Efficiency savings contribution	45,000	-
Screen investment contribution	-	1,481,000
Total supplies and services	2,812,486	4,174,778

These expenses generally represent the day-to-day running costs, including maintenance costs, which have been incurred in the normal operations of the Company. These items are recognised as an expense in the reporting period in which they are incurred.

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

The Company controls infrastructure that is utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the Company to be utilised for delivery of those objectives.

Fair value measurement

Where the assets include in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

Structure

4.1	Total property, plant and equipment	.....29
4.2	Intangible assets	.....33

4.1 Total property, plant and equipment

	2024	2023
	\$	\$
Buildings and building improvements		
At fair value	80,968,729	84,288,112
Less accumulated depreciation	-	(7,244,960)
	<u>80,968,729</u>	<u>77,043,152</u>
Plant, equipment and vehicles		
At fair value	1,279,795	1,258,174
Less accumulated depreciation	(958,517)	(814,888)
	<u>321,278</u>	<u>443,286</u>
Infrastructure		
At cost	2,756,578	2,756,578
Less accumulated depreciation	(2,117,338)	(1,666,110)
	<u>639,240</u>	<u>1,090,468</u>
Net carrying amount	<u>81,929,247</u>	<u>78,576,906</u>

The following tables are subsets of property, plant and equipment by right-of-use assets.

4.1 (a) Total right-of-use assets: infrastructure	2024	2023
	\$	\$
Infrastructure		
At cost	2,756,578	2,756,578
Less accumulated depreciation	(2,117,338)	(1,666,110)
	<u>639,240</u>	<u>1,090,468</u>
Net carrying amount	<u>639,240</u>	<u>1,090,468</u>

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

	2024	2023
	\$	\$
Infrastructure		
Opening Balance (a)	1,090,468	1,431,773
Remeasurement of right-of-use asset	-	96,518
Depreciation expense	(451,228)	(437,823)
Closing Balance	<u>639,240</u>	<u>1,090,468</u>

Initial Recognition:

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Items with a cost value in excess of \$1,000 and a useful life of more than one year are recognised as an asset. All other items are expensed.

Right-of-use asset acquired by lessees – Initial measurement

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability.

Subsequent measurement:

Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use and is summarised below by asset category.

Specialised buildings and building improvements

For the majority of the Company's specialised buildings, the current replacement cost method is used, adjusting for the associated depreciation.

Office equipment, computer equipment and vehicles

Office equipment, computer equipment and vehicles are held at fair value. When equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method.

Right-of-use asset

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets that arise from below market leases are subsequently measured using the cost model. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

There were no changes in valuation techniques throughout the period to 30 June 2024.

Impairment of property, plant and equipment

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that AASB 136 Impairment of Assets does not apply to such assets that are regularly revalued.

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

4.1.1 Depreciation and amortisation

Charge for the period ^(a)

	Notes	2024 \$	2023 \$
Buildings and building improvements		4,100,751	4,023,026
Plant, equipment and vehicles		143,628	133,874
Infrastructure		451,228	437,823
Software	4.2.1	-	9,302
Total depreciation and amortisation		4,695,607	4,604,025

(a) The table incorporates depreciation of right-of-use assets.

Depreciation is provided on property, plant and equipment that have finite useful lives.

Depreciation is calculated on a straight line basis, at rates that allocate the asset's value, less any residual value, over its estimated useful life. For buildings and plant and equipment, depreciation commences from the time the asset is held ready for use.

The useful lives used to calculate depreciation for each class of depreciable assets are:

	2024	2023
Buildings	10 to 58	10 to 58
Building improvements	6 to 20	6 to 20
Plant, equipment and vehicles	2.5 to 10	2.5 to 10
Infrastructure	6.4	6.4

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term.

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

4.1.2 Reconciliation of movements in carrying values of property, plant and equipment

	Buildings and building improvements	Plant, equipment and vehicles	Infrastructure	Total
2023	\$	\$	\$	\$
Opening Balance	80,415,078	489,152	1,431,773	82,336,003
Remeasurement of right-of-use asset	-	-	96,518	96,518
Additions	651,102	88,006	-	739,108
Depreciation expense	(4,023,026)	(133,874)	(437,823)	(4,594,723)
Closing Balance	77,043,154	443,284	1,090,468	78,576,906
2024	\$	\$	\$	\$
Opening Balance	77,043,154	443,284	1,090,468	78,576,906
Revaluation increment	7,693,483	-	-	7,693,483
Additions	332,843	21,622	-	354,465
Depreciation expense	(4,100,751)	(143,628)	(451,228)	(4,695,607)
Closing Balance	80,968,729	321,278	639,240	81,929,247

An independent valuation of the Company's buildings was undertaken by the Valuer-General Victoria who contracted Napier and Blakeley Pty Ltd. The valuation was performed using the current replacement cost. The effective date of the valuation was 30 June 2021.

Between each scheduled revaluation, fair value assessments are conducted in each annual reporting period. If the compounded movement in the relevant indicators since the last scheduled revaluation is material (greater than or equal to 10 per cent), a managerial revaluation of the carrying amount of that class of assets is performed.

As at 30 June 2024, a material movement occurred in the fair value of the Company's building assets since the last scheduled revaluation. A managerial revaluation of the carrying amount of that class of assets was performed. The compounded movement in the relevant indicators since the last scheduled revaluation resulted in a revaluation increment of \$7,693,483.

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

4.2 Intangible assets

	2024	2023
	\$	\$
Software		
At cost	32,224	32,224
Less accumulated amortisation	(32,224)	(32,224)
Net carrying amount	-	-

Initial Recognition

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation. Cost incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Company.

Subsequent measurement

Intangible assets with finite useful lives are amortised as an 'expense from transactions' on a straight-line basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The useful life used to calculate amortisation is:

	Years
Software	2.5

There has been no change to the useful life since the previous year.

Impairment

The policy in connection with testing for impairment is outlined in section 4.1.

4.2.1 Reconciliation of movements in carrying values of intangible assets

	2024	2023
	\$	\$
Opening Balance	-	9,302
Amortisation expense	-	(9,302)
Closing Balance	-	-

5. OTHER ASSETS AND LIABILITIES

Introduction

This section sets out those assets and liabilities that arose from the Company's operations.

Structure

5.1	Receivables	.....	34
5.2	Payables	.....	35
5.3	Other non-financial assets	.....	36

5.1 Receivables

	2024	2023
	\$	\$
Contractual		
Trade receivables	551,493	175,912
Loans to third parties	300,000	-
	851,493	175,912
Total receivables	851,493	175,912
<i>Represented by</i>		
Current receivables	638,910	175,912
Non-current receivables	212,583	-

Receivables consist predominantly of debtors in relation to goods and services, and GST input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value. The Company holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The Company applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value.

Details about the Company's impairment policies and exposure to credit risk are set out in note 7.1.3.

5. OTHER ASSETS AND LIABILITIES

5.2 Payables

	2024	2023
	\$	\$
Contractual		
Current		
Trade creditors	225,680	153,740
Accruals	177,299	185,384
Deferred rent	-	1,017,965
Security deposits	396,000	310,000
Contract liabilities	197,494	279,685
Non Current		
Security deposits	100,000	100,000
	1,096,473	2,046,774
Statutory		
Current		
Taxes payable	35,473	31,164
GST Payable	150,153	128,356
	185,626	159,520
Total payables	1,282,099	2,206,294

Payables represent liabilities for goods and services provided to the Company that are unpaid at the end of the financial year. The amounts are unsecured and usually paid within 30 days of recognition. No interest is charged on late payments. Payables consist of:

Contractual payables classified as financial instruments and are initially measured at fair value, being the cost of the goods and services, and then subsequently measured at amortised cost.

Statutory payables that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Security deposits: The Company holds security deposits as a condition of its licence agreements with clients. These security deposits are refundable subject to provisions within the licence agreements with respect to damage to licenced facilities and payment in full of all outstanding invoices.

Deferred rent: The Company is required to repay the deferred rent out of cash EBITDA once it reaches a threshold of \$400,000 in any one year. The Company will pay 50 cents in the dollar of all EBITDA earned above the threshold. The current and non-current amounts are determined based on the result for the financial year. During the 2019-20 financial year, the Treasurer agreed to suspend DSM's obligation to repay the deferred rent until the completion of Stage 6 recommencing in 2022-23. During the 2023-24 financial year, the deferred rent balance of \$1,017,965 was paid in full.

Contract liabilities: The Company has performance obligations to provide the licensed facilities to the customer. At year end, contract liabilities represent amount received (or due) from customers for which the performance obligation has not yet been satisfied. The full amount of the contract liability is recognised as revenue in the following financial year.

5. OTHER ASSETS AND LIABILITIES

5.2.1 Maturity analysis of contractual payables ⁽ⁱ⁾

2024	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1- 3 months	3 months - 1 year	1 - 5 years
	\$	\$	\$	\$	\$	\$
Payables						
Trade creditors and accruals	402,979	402,979	402,979	-	-	-
Security deposits	496,000	496,000	21,000	100,000	275,000	100,000
Total	898,979	898,979	423,979	100,000	275,000	100,000

2023	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1- 3 months	3 months - 1 year	1 - 5 years
	\$	\$	\$	\$	\$	\$
Payables						
Trade creditors and accruals	339,124	339,124	339,124	-	-	-
Security deposits	410,000	410,000	7,000	-	303,000	100,000
Deferred rent	1,017,965	1,017,965	-	-	1,017,965	-
Total	1,767,089	1,767,089	346,124	-	1,320,965	100,000

Notes

(i) Maturity analysis is presented using the contractual undiscounted cash flows.

5.3 Other non-financial assets

	2024	2023
	\$	\$
Prepayments for supplies and services	53,081	25,604
Prepayments for non-financial assets	120,000	463,595
Total other non-financial assets	173,081	489,199

Other non-financial assets include prepayments which represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term extending beyond that period.

6. HOW WE FINANCED OUR OPERATIONS

Introduction

This section provides information on the sources of finance used by the Company during its operations and other information related to financing activities of the Company.

This section includes disclosures of balances that are financial instruments (such as cash balances). Note 7.1 provides additional specific financial instrument disclosures.

Structure

6.1	Cash flow information and balances	.....37
6.2	Borrowings	.....38
6.3	Leases	.....39
6.4	Commitments for expenditure	.....41

6.1 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and these highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and readily convertible to known amounts of cash with an insignificant risk of changes in value.

	2024	2023
	\$	\$
Reconciliation of cash and cash equivalents		
Cash at bank and on hand	14,970,906	11,569,892
Balance as per cash flow statement	14,970,906	11,569,892

6.1.1 Reconciliation of net result for the period to cash flow from operating activities

	2024	2023
	\$	\$
Net result for the period	793,073	(1,570,063)
Non cash movements		
Depreciation and amortisation	4,695,607	4,604,025
Movements in assets and liabilities		
(Increase)/decrease in receivables	(375,581)	277,938
(Increase)/decrease in other non-financial assets	192,293	83,971
Increase/(decrease) in payables	(924,195)	(1,110,172)
Increase/(decrease) in provisions	15,163	44,651
Net cash flows from/(used in) operating activities	4,396,360	2,330,350

6. HOW WE FINANCED OUR OPERATIONS

6.2 Borrowings

	2024	2023
	\$	\$
Current borrowings		
Lease liabilities	478,276	464,706
Non-current borrowings		
Lease liabilities	203,355	681,631
Total borrowings	681,631	1,146,337

Borrowings refer to lease liabilities.

Borrowings are classified as financial instruments. Interest bearing liabilities are classified at amortised cost unless the Company elects to irrevocably designate them at fair value through profit or loss at initial recognition. The election depends on the nature and purpose of the interest-bearing liabilities.

6.2.1 Maturity analysis of borrowings

	2024	2023
	\$	\$
Lease liabilities		
Carrying amount	681,631	1,146,337
Nominal amount	687,404	1,162,569
Maturity dates		
1-3 months	118,791	118,791
3 months to 1 year	364,689	356,373
1-5 years	203,924	687,405

6.2.2 Interest expense

	2024	2023
	\$	\$
Interest on lease liabilities	10,458	15,130
Total interest expense	10,458	15,130

Interest expense includes the interest component of lease repayments.

Interest expense is recognised in the period in which it is incurred.

6. HOW WE FINANCED OUR OPERATIONS

6.3 Leases

Information about leases for which the Company is a lessee is presented below.

The Company occupies Crown land under the terms of two leases and three licences with terms ending on 21 November 2025 and 21 November 2024 respectively (lease of Crown Allotment 2052, licence for Crown Allotment 2004 and licence for Crown Allotment 2003). The Company has a right to purchase the leased land at the expiry of the lease if the Company has repaid the outstanding amount in accordance with the Lease Agreement. The Company has a right to renegotiate a further period of occupancy if the land is not purchased in fee simple.

The Company is required to pay rental subject to review every two years according to movements in the Melbourne Consumer Price Index (last review December 2022). The lease is considered to be a below market value lease.

6.3 (a) Right-of-use Assets

Right-of-use assets are presented in note 4.1(a)

6.3 (b) Amounts recognised in the Comprehensive Operating Statement

The following amounts are recognised in the Comprehensive Operating Statement relating to leases:

	2024	2023
	\$	\$
Interest on lease liabilities	10,458	15,130
Total amount recognised in the comprehensive operating statement	10,458	15,130

6.3 (c) Amounts recognised in the Statement of Cashflows

The following amounts are recognised in the Statement of Cashflows relating to leases.

	2024	2023
	\$	\$
Total cash outflow for leases	475,164	456,287

For any new contracts entered into on or after 1 July 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations:

- Whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company and for which the supplier does not have substantive substitution rights;

6. HOW WE FINANCED OUR OPERATIONS

- Whether the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the Company has the right to direct the use of the identified asset throughout the period of use; and
- Whether the Company has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Recognition and measurement of leases as a lessee

Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Below market/Peppercorn lease

Right-of-use assets under leases at below-market terms and conditions that are entered into principally to enable the Company to further its objectives, are initially and subsequently measured at cost. These right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Presentation of right-of-use assets and lease liabilities

The Company presents right-of-use assets as 'property plant equipment' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

Leases of low-value assets

The Company has elected to account for leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

6. HOW WE FINANCED OUR OPERATIONS

	Minimum future lease payments		Present value of minimum future lease payments	
	2024	2023	2024	2023
	\$	\$	\$	\$
Lease liabilities payable				
Not longer than one year	483,480	475,164	478,276	464,706
Longer than one year and not longer than five years	203,924	687,405	203,355	681,631
Minimum future lease payments	687,404	1,162,569	681,631	1,146,337
Less future finance charges	(5,773)	(16,232)	-	
Present value of minimum lease payments	681,631	1,146,337	681,631	1,146,337
<i>Included in the financial statements as:</i>				
Current borrowings lease liabilities (Note 6.2)			478,276	464,706
Non-current borrowings lease liabilities (Note 6.2)			203,555	681,631
Total			681,831	1,146,337

Lease liabilities include obligations that are recognised on the balance sheet; the future payments related to operating and lease commitments are disclosed in Note 6.2.

6.4 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and inclusive of GST payable.

(i) Property, plant and equipment commitments

The following capital expenditure commitments have not been recognised as liabilities in the financial statements:

	2024	2023
	\$	\$
Capital expenditure commitments payable		
Not longer than one year	292,160	-
Total commitments (inclusive of GST)	292,160	-
Less GST recoverable	(26,560)	-
Total commitments (exclusive of GST)	265,600	-

6. HOW WE FINANCED OUR OPERATIONS

(ii) Other commitments

The following commitments have not been recognised as liabilities in the financial statements:

	2024	2023
	\$	\$
Other commitments payable		
Not longer than one year	4,052	4,052
Longer than one year and not longer than five years	16,209	16,209
Longer than five years	12,157	16,209
Total commitments (inclusive of GST)	32,418	36,470
Less GST recoverable	(2,947)	(3,315)
Total commitments (exclusive of GST)	29,471	33,155

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

The Company is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Company related mainly to fair value determination.

Structure

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7.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Company's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract. However, guarantees issued by the Treasurer on behalf of the Company are financial instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

Categories of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- * the assets are held by the Company to collect the contractual cash flows, and
- * the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any attributable transactions costs and subsequently measured at amortised cost using the effective interest method less any impairment.

Cash and deposits and receivables (excluding statutory receivables) are recognised in this category.

Categories of financial liabilities

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost.

Financial instrument liabilities measured at amortised cost include all of the Company's contractual payables and borrowings held other than those designated at fair value through profit or loss.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

7.1.1 Financial instruments: Categorisation

2024		Cash and deposits	Financial assets at amortised cost	Financial liabilities at amortised cost
	Note	\$	\$	\$
Contractual financial assets				
Cash and deposits	6.1	14,970,906	-	-
Receivables	5.1	-	551,493	-
Loans to third parties	5.1	-	300,000	-
Total contractual financial assets ⁽ⁱ⁾		14,970,906	851,493	-
Contractual financial liabilities				
Trade creditors	5.2	-	-	225,680
Other payables	5.2	-	-	496,000
Lease liabilities	6.2	-	-	681,631
Total contractual financial liabilities ⁽ⁱ⁾		-	-	1,403,311
2023				
	Note	Cash and deposits	Financial assets at amortised cost	Financial liabilities at amortised cost
		\$	\$	\$
Contractual financial assets				
Cash and deposits	6.1	11,569,892	-	-
Receivables	5.1	-	175,912	-
Total contractual financial assets ⁽ⁱ⁾		11,569,892	175,912	-
Contractual financial liabilities				
Trade creditors	5.2	-	-	153,740
Other payables	5.2	-	-	410,000
Deferred rent	5.2	-	-	1,017,965
Lease liabilities	6.2	-	-	1,146,337
Total contractual financial liabilities ⁽ⁱ⁾		-	-	2,728,042

Notes

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable, and taxes payable).

7.1.2 Financial instruments: Net holding gain/(loss) on financial instruments by category

		Total interest income	
		2024	2023
		\$	\$
Contractual financial assets			
Cash and deposits	Note 2.1	598,904	301,307
Total interest income			
		2024	2023
		\$	\$
Contractual financial liabilities			
Financial liabilities at amortised cost	Note 6.3	(10,458)	(15,130)

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

The net holding gains or losses disclosed above are determined as follows:

* for cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the interest revenue, plus or minus losses arising from revaluation of the financial assets and minus any impairment recognised in the net result; and

* for financial liabilities measured at amortised cost, the net gain or loss is equal to the interest expense incurred during the reporting period.

7.1.3 Financial risk management objectives and policies

The Company's main financial risks include credit risk, liquidity risk, interest rate risk and price risk.

The Company uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Audit and Risk Committee of the Company.

Financial instruments: Credit risk

Credit risk arises from the contractual financial assets of the Company, which comprise cash and deposits and non-statutory receivables. The Company's exposure to credit risk arises from the potential default of counter parties on their contractual obligations resulting in financial loss to the Company. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Company's contractual financial assets is minimal because it is the Company's policy to only deal with entities of a minimum AA credit rating for cash and deposits. Receivables are not rated, however the Company's policy of invoicing in advance and holding security deposits minimises the credit risk.

Provision of impairment for financial assets is calculated based on past experience, and current and expected changes in client credit ratings.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

In addition, the Company does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. As with the policy for debtors, the Company's policy is only to deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Company will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Contractual financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debts written off by mutual consent is classified as a transaction expense. Bad debts written off following a unilateral decision is recognised as other economic flows in the net result.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to the Company's credit risk profile in 2023-24.

Credit quality of contractual financial assets

	Financial institutions (Double-A credit rating)	Government agencies (Triple-A credit rating)	Other	Total \$
2024				
Financial assets with loss allowance measured at 12-month expected credit loss				
Cash and deposits (not assessed for impairment due to materiality)	14,968,906	-	2,000	14,970,906
Financial assets with loss allowance measured at lifetime expected credit loss				
Contractual receivables applying the simplified approach for impairment	-	-	851,493	851,493
Total financial assets	14,968,906	-	853,493	15,822,399
	Financial institutions (Double-A credit rating)	Government agencies (Triple-A credit rating)	Other	Total \$
2023				
Financial assets with loss allowance measured at 12-month expected credit loss				
Cash and deposits (not assessed for impairment due to materiality)	11,567,892	-	2,000	11,569,892
Financial assets with loss allowance measured at lifetime expected credit loss				
Contractual receivables applying the simplified approach for impairment	-	-	175,912	175,912
Total financial assets	11,567,892	-	177,912	11,745,804

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Impairment of financial assets under AASB 9

The Company records the allowance for expected credit loss for the relevant financial instruments, applying AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Company's contractual receivables and statutory receivables.

Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Contractual receivables at amortised cost

The Company applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The Company has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Company's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, the Company determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as follows:

	Current	Less than 1 month	1 - 3 months	Total
30 June 2023				
Expected loss rate	0%	0%	0%	
Gross carrying amount of contractual receivables	155,052	-	20,860	175,912
Loss allowance	-	-	-	-
30 June 2024				
Expected loss rate	0%	0%	0%	
Gross carrying amount of contractual receivables	825,410	-	26,083	851,493
Loss allowance	-	-	-	-

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

Statutory receivables at amortised cost

The Company's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months of expected losses. No loss allowance has been recognised.

Financial instruments: Liquidity risk

Liquidity risk is the risk that the Company would be unable to meet its financial obligations as and when they fall due. The Company operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Company's maximum exposure to liquidity risk is the carrying amounts of the financial liabilities as disclosed in the face of the balance sheet.

The Company manages its liquidity risk by:

- close monitoring of future cash flows and maturities planning to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets. All cash is deposited with the Westpac Banking Corporation (AA rating)
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

The Company's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from the Company's cash and cash equivalents balance.

Financial instruments: Market risk

The Company's exposures to market risk are primarily through interest rate risk and price risk. Objectives, policies and processes used to manage each of these risks are disclosed below:

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold any interest bearing financial instruments that are measured at fair value, and therefore no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has minimal exposure to cash flow interest rate risks through its cash and deposits that are at a floating rate.

The Company manages this risk by undertaking floating rate bank deposits, and its floating rate interest bearing liabilities. However, the Company's exposure to this risk is insignificant due to its policy to minimise risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the Company's sensitivity to interest rate risk are set out in the table below.

Interest rate exposure of financial instruments

2024	Weighted average interest rate %	Carrying amount \$	Interest rate exposure		
			Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$
Financial assets					
Cash and deposits	4.29	14,970,906	-	14,968,906	2,000
Receivables (i)	-	551,493	-	-	551,493
Loans to third parties	4.50	300,000	300,000	-	-
Total Financial assets		15,822,399	300,000	14,968,906	553,493
Financial liabilities					
Payables (i)	-	721,680	-	-	721,680
Lease liabilities	1.12	681,631	681,631	-	-
Total Financial liabilities		1,403,311	681,631	-	721,680

2023	Weighted average interest rate %	Carrying amount \$	Interest rate exposure		
			Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$
Financial assets					
Cash and deposits	2.92	11,569,892	-	11,567,892	2,000
Receivables (i)	-	175,912	-	-	175,912
Total Financial assets		11,745,804	-	11,567,892	177,912
Financial liabilities					
Payables (i)	-	1,581,705	-	-	1,581,705
Lease liabilities	1.12	1,146,337	1,146,337	-	-
Total Financial liabilities		2,728,042	1,146,337	-	1,581,705

Notes

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable, and taxes payable).

Sensitivity disclosure analysis and assumptions

The Company's sensitivity to market risk is determined based on the observed range of actual historic data for the preceding five year period, with all variables other than the primary risk variable held constant. Sensitivity analyses shown are for illustrative purposes only. The following movements are 'reasonably possible' over the next 12 months.

Taking into account past performance, future expectations and economic forecasts, the Company believes that a parallel shift of 100 basis points up and 100 basis points down (100 basis points up and down in 2023) in market interest rates.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

The impact on net result and equity for each category of financial instrument held by the Company at year end if the above movements were to occur is shown in the table below.

Interest rate risk sensitivity

2024	Carrying amount	Interest rate risk	
		+ 100 basis points	-100 basis points
		Net result	Net result
	\$	\$	\$
Financial assets			
Cash and deposits	14,970,906	149,709	(149,709)
	14,970,906	149,709	(149,709)
<hr/>			
2023	Carrying amount	Interest rate risk	
		+ 100 basis points	-100 basis points
		Net result	Net result
	\$	\$	\$
Financial assets			
Cash and deposits	11,569,892	115,699	(115,699)
	11,569,892	115,699	(115,699)

Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Company is not exposed to price risk, but is aware that should the Australian dollar strengthen significantly, international productions may not find the current Australian market attractive.

However, the Company manages any potential risk by requiring all clients to sign a licence agreement which fixes the license fees for the duration of the agreement.

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

There are no legal claims against the Company nor any other claim that creates a contingency for the Company. (2023: Nil)

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

7.3 Fair value determination

Significant judgement: Fair value measurement of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes in assumptions could have a material impact on the results and financial position of the Company.

This section sets out information on how the Company determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- property, plant and equipment

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

The Company determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is the Company's independent valuation agency. The Company, in conjunction with VGV, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

How this section is structured

For those assets and liabilities for which fair values are determined the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value; and
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
 - a reconciliation of the movements in fair values from the beginning of the year to the end; and
 - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to Note 7.3.1) and non-financial physical assets (refer to Note 7.3.2)

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

7.3.1 Fair value determination of financial assets and liabilities

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- Level 1 the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, whether directly or indirectly; and
- Level 3 the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Company considers the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits	Payables:
Receivables	▪ For supplies and services
▪ Sales of goods and services	▪ Amounts payable to government and agencies
▪ Other receivables	▪ Other payables

7.3.2 Fair value determination: Non-financial physical assets

Fair value measurement hierarchy

	Carrying amount as at 30 June 2024	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
Specialised buildings and building improvements	80,968,729	-	-	80,968,729
Total buildings and building improvements at fair value	80,968,729	-	-	80,968,729
Plant, equipment and vehicles at fair value	321,278	-	-	321,278
Total plant, equipment and vehicles at fair value	321,278	-	-	321,278
	Carrying amount as at 30 June 2023	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
Specialised buildings and building improvements	77,043,152	-	-	77,043,152
Total buildings and building improvements at fair value	77,043,152	-	-	77,043,152
Plant, equipment and vehicles at fair value	443,286	-	-	443,286
Total plant, equipment and vehicles at fair value	443,286	-	-	443,286

Notes: (i) Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the period.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Specialised buildings and building improvements

For the Company's majority of specialised buildings, the current replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of the Company's buildings was undertaken by the Valuer-General Victoria during the 2020-21 financial year. The valuation was performed using the current replacement cost. The effective date of the valuation was 30 June 2021.

Between each scheduled revaluation, fair value assessments are conducted in each annual reporting period. If the compounded movement in the relevant indicators since the last scheduled revaluation is material (greater than or equal to 10 per cent), a managerial revaluation of the carrying amount of that class of assets is performed.

Plant, equipment and vehicles

Office equipment, computer equipment and vehicles are held at fair value. When equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2024.

For all assets measured at fair value, the current use is considered the highest and best use.

Description of significant unobservable inputs to Level 3 valuations

	Valuation technique (i)	Significant unobservable inputs (i)
Specialised buildings and building improvements	Current replacement cost	Useful life of specialised buildings and improvements Direct cost per square metre
Office equipment	Current replacement cost	Useful life of office equipment Cost per unit
Computer equipment	Current replacement cost	Useful life of computer equipment Cost per unit
Vehicles	Current replacement cost	Useful life of vehicles Cost per unit

Notes

(i) Illustrations on the valuation techniques, significant unobservable inputs and the related quantitative range of those inputs are indicative and should not be directly used without consultation with the Company's independent valuer.

The significant unobservable inputs remain unchanged from June 2023.

8. OTHER DISCLOSURES

Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

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8.1 Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other (gains)/losses from other economic flows includes the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates

	2024	2023
	\$	\$
Other gain/(loss) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	56	(773)
Total other economic flows included in net result	56	(773)

Notes:

- (i) *Revaluation gain/(loss) due to change in bond rates*

8. OTHER DISCLOSURES

8.2 Reserves

	2024	2023
	\$	\$
Physical asset revaluation surplus (i)		
Balance at beginning of financial year	17,869,845	17,869,845
Revaluation increments/(decrements)	7,693,483	-
Balance at end of financial year	25,563,328	17,869,845
Net changes in reserves	7,693,483	-

Notes:

(i) The physical assets revaluation surplus arises on the revaluation of buildings.

8.3 Issued capital

	2024	2023
	\$	\$
Share Capital		
Paid up share capital at the beginning of the year	103,590,841	103,590,841
Paid up share capital at the end of the year	103,590,841	103,590,841

Contributions by owners are treated as equity transactions and, therefore, do not form part of the income and expenses of the Company. Contributions for new shares issued by the Company or for the payment of called up share capital are designated as issued capital.

8.4 Number of shares

The Company is a private company limited by shares. The shareholders are:

Shareholder	Par Value	Number of shares 2024	Number of shares 2023
The Crown in right of the State of Victoria	\$0.01	200,000	200,000
The Crown in right of the State of Victoria	\$1.00	91,081,841	91,081,841
The Crown in right of the State of Victoria	\$5.00	2,501,400	2,501,400
Total number of shares		93,783,241	93,783,241

8. OTHER DISCLOSURES

8.5 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of ministers, directors and accountable officer in the Company are as follows:

Minister

Minister for Creative Industries	Mr Steve Dimopoulos MP	1 July 2023 to 1 October 2023
Minister for Creative Industries	The Hon. Colin Brooks MP	2 October 2023 to 30 June 2024

Board of Directors

Chair	Ms Louisa Coppel	1 July 2023 to 30 June 2024
Director	Mr Ewan Burnett	1 July 2023 to 30 June 2024
Director	Mr Rohan Garnett	12 October 2023 to 30 June 2024

Accountable Officer

Chief Executive Officer	Mr Antony Tulloch	1 July 2023 to 30 June 2024
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Remuneration

Remuneration received or receivable by responsible persons, other than Ministers, in connection with the management of the Company during the reporting period is shown in the table below in their relevant income bands.

Income Band	Total Remuneration	
	2024 No.	2023 No.
\$10,000 - 19,999	2	2
\$30,000 - 39,999		
\$40,000 - 49,999	1	1
\$90,000 - 99,999		
\$220,000 – 229,999		
\$300,000 – 309,999		1
\$320,000 – 329,999	1	
Total number of responsible persons	4	4
Total amount	\$396,248	\$376,489

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the Company, or on behalf of the Company, in exchange for services rendered.

The remuneration excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported in the State's Annual Financial Report.

Other Transactions

Other related party transactions and loans requiring disclosure under the Ministerial Directions issued by the Assistant Treasurer have been considered and there are no matters to report.

8. OTHER DISCLOSURES

8.6 Related parties

The Company is a wholly owned and controlled entity of the State of Victoria.

Related parties of the Company include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Significant transactions and balances with government related entities

The Company occupies Crown land under the terms of two leases and two licences with terms ending on 21 November 2025 and 21 November 2024 respectively (lease of Crown Allotment 2052, licence for Crown Allotment 2004 and licence for Crown Allotment 2003). The Company has a right to purchase the leased land at the expiry of the lease if the Company has repaid the outstanding amount in accordance with the Lease Agreement. The Company has a right to renegotiate a further period of occupancy if the land is not purchased in fee simple. The Company is required to pay rental subject to review every two years according to movements in the Melbourne Consumer Price Index (last review December 2022). The lease is considered to be a below market value lease.

The transactions and balances for this lease are disclosed in Notes 4.1(a) and 6.3.

The Company had a liability for deferred rent payable to DJSIR as at 30 June 2023 of \$1,017,965.

The Company is required to repay the deferred rent out of cash EBITDA once it reaches a threshold of \$400,000 in any one year. The Company will pay 50 cents in the dollar of all EBITDA earned above the threshold. During the 2019-20 financial year, the Treasurer agreed to suspend DSM's obligation to repay the deferred rent until the completion of Stage 6 recommencing in 2022-23. During the 2023-24 financial year, the deferred rent balance of \$1,017,965 was paid in full.

During 2022-23, the Company paid \$1.481 million to VicScreen as a contribution to screen investment. Mr David Hanna was President of VicScreen until 27 October 2022.

During the 2023-24 financial year a refund of \$219,770 was received from Development Victoria for Stage 6 costs paid for by DSM and the remaining balance of unspent project funds.

An efficiency savings contribution of \$45,000 was paid to DJSIR during the 2023-24 financial year.

Key management personnel of the Company include:

Key Management Personnel	Position Title
Mr Steve Dimopoulos MP	Minister for Creative Industries
The Hon. Colin Brooks MP	Minister for Creative Industries
Ms Louisa Coppel	Chair
Mr Ewan Burnett	Director
Mr Rohan Garnett	Director
Mr Antony Tulloch	Chief Executive Officer

8. OTHER DISCLOSURES

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported in the State's Annual Financial Report.

	2024	2023
	\$	\$
Compensation of Key Management Personnel		
Short term employee benefits	357,211	339,839
Post-employment benefits	34,291	31,904
Other long-term benefits	4,746	4,746
Total	396,248	376,489

Remuneration comprises employee benefits (as defined in AASB119 Employee Benefits) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories;

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

Transactions and balances with key management personnel and other related parties

There are no related party transactions that involved key management personnel, their close family members and their personal business interests.

8.7 Remuneration of auditors

	2024	2023
	\$	\$
Victorian Auditor-General's Office		
Audit of the financial statements	33,500	32,000
Other service providers		
Internal audit services	36,523	33,605

8. OTHER DISCLOSURES

8.8 Subsequent events

The policy in connection with recognising subsequent events, that are, for events that occur between the end of the reporting period and the date when the financial statements are authorised for issue is as follows:

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions that existed at the reporting date; and/or
- disclosure is made where the events relate to conditions that arose after the end of the reporting period that are considered to be of material interest.

The Company is not aware of any other events subsequent to the reporting date that will have a material effect on its operations.

8.9 Other accounting policies

Goods and services tax

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or payables in the balance sheet.

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 taxation authority, are presented as operating cash flow.

Income tax

In 2009 the Company received a private ruling from the Australian Taxation Office (Authorization Number 90830) which states that the Company is exempt from Commonwealth income tax under section 24AM of the *Income Tax Assessment Act 1936*. The exemption commenced on 19 November 2008 and has been extended to 30 June 2026.

Accordingly, the trading results during the period 19 November 2008 to 30 June 2024 have been treated as exempt from income tax.

Segment information

The Directors of the Company consider all of its operations to be covered by a single business segment operating in a single geographic area.

Owning and licensing the use of film and television stages is the sole business activity and this is undertaken within Australia.

8. OTHER DISCLOSURES

8.10 Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2022-23 reporting period. These accounting standards have not been applied to the financial statements. The Company is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.

AASB 2022-10 amends AASB 13 Fair Value Measurement by adding authoritative implementation guidance and illustrative examples for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.

Among other things, the Standard:

- specifies that an entity needs to consider whether an asset's highest and best use differs from its current use only when it is held for sale or held for distributions to owners under AASB 5 Non-current Assets Held for Sale and Discontinued Operations or if it is highly probable that it will be used for an alternative purpose;
- clarifies that an asset's use is 'financially feasible' if market participants would be willing to invest in the asset's service capacity, considering both the capacity to provide needed goods or services and the resulting costs of those goods and services;
- specifies that if both market selling price and some market participant data required to fair value the asset are not observable, an entity needs to start with its own assumptions and adjust them to the extent that reasonably available information indicates that other market participants would use different data; and
- provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in a reference asset and identification of economic obsolescence.

This Standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

The Company is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

A number of other standards and amendments have also been issued that apply to future reporting periods, however they are not expected to have any significant impact on the financial statements in the period of initial application.

8. OTHER DISCLOSURES

8.11 Glossary of technical terms

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of an intangible asset.

Borrowings

Borrowings refers to interest-bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, lease liabilities, service concession arrangements and other interest-bearing arrangements. Borrowings also include non interest-bearing advances from government that are acquired for policy purposes.

The Company

The Company refers to Docklands Studios Melbourne Pty Ltd.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

Employee benefits expense

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and superannuation contributions.

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

8. OTHER DISCLOSURES

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is a contractual obligation:

- (i) to deliver cash or another financial asset to another entity; or
- (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial statements

A complete set of financial statements comprises:

- (a) a balance sheet as at the end of the period;
- (b) a comprehensive operating statement and other comprehensive income for the period;
- (c) a statement of changes in equity for the period;
- (d) a statement of cash flows for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 *Presentation of financial Statements*; and
- (g) a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101

General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance and include such items as computer software.

Interest expense

Costs incurred in connection with the borrowing of funds. Interest expenses include interest on bank overdrafts and short term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, the interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Leases

Leases are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

8. OTHER DISCLOSURES

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Other economic flows included in net result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market remeasurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non produced) from their use or removal.

Other economic flows - other comprehensive income

Other economic flows - other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. The components of other economic flows - other comprehensive income include;

- changes in physical asset revaluation surplus

Payables

Includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

Public non-financial corporation sector

The public non-financial corporation (PNFC) sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved (e.g. water and port authorities). In general, PNFCs are legally distinguishable from the governments which own them.

Receivables

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

8. OTHER DISCLOSURES

Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Company.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

8.12 Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

-	zero, or rounded to zero
(xxx.x)	negative numbers
200x	year period
200x-0x	year period

The financial statements and notes are presented based on the illustration for a government department in the 2022-23 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Company's annual reports.