

# 2020 Audited Financial Statements

Desert Channels Queensland Inc

ABN 38 323 082 163

For the year ended 30 June 2020

Prepared by Ringrose Button Chartered Accountants

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# Directors Report

## Desert Channels Queensland Inc For the year ended 30 June 2020

Your directors present their report on the association for the financial year ended 30 June 2020.

### Directors

The names of the directors in office at any time during, or since the end of the year are:

Director	Date Appointed	Date Retired
Mr Michael St John Pratt	10 December 2014	
Mrs Mary Ann Ballinger	10 December 2014	4 December 2019
Mr Andrew Drysdale	16 November 2018	
Mr Rod Williams	2 April 2019	
Mr Vaughan Johnson	4 December 2019	
Mr George Gorringe	4 December 2019	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Review of Operations

The profit of the association for the financial year amounted to \$606,267.57.

### Significant Changes in the State of Affairs

No significant changes in the Associations state of affairs occurred during the financial year.

### Principal Activities

The principal activities of the association during the financial year were to provide a community-based natural resource management body that secured funding for the area and works with landholders to ensure a sustainable social, economic and environmental future for this region of Queensland.

No significant change in the nature of these activities occurred during the financial year.

### Events Subsequent to the End of the Reporting Period

A significant reduction in government funding is likely to occur in the 2020-2021 and subsequent years. The Board is in the process of addressing this issue. Please refer to Note 15 in the financial statements.

### Likely Developments and Expected Results of Operations

Likely developments in the operations of the association and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the association.

### Environmental Regulation

The associations operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

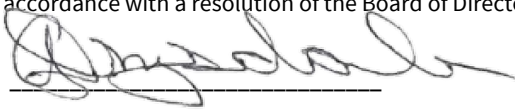
### Proceedings on Behalf of the Association

No person has applied for leave of court to bring proceedings on behalf of the association or intervene in any proceedings to which the association is a party for the purpose of taking responsibility on behalf of the association for all or any part of those proceedings.

The association was not a party to any such proceedings during the year.

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

**Director:**



**Mr Andrew Drysdale**

**Dated:** 11 November 2020

# Statement of Comprehensive Income

## Desert Channels Queensland Inc For the year ended 30 June 2020

	2020	2019
<b>Income</b>		
<b>Trading Profit</b>		
Revenue	4,705,205.31	2,651,006.19
Cost of Sales	(1,109.68)	(2,560.59)
<b>Total Trading Profit</b>	<b>4,704,095.63</b>	<b>2,648,445.60</b>
Other Income	66,982.61	-
<b>Total Income</b>	<b>4,771,078.24</b>	<b>2,648,445.60</b>
<b>Expenses</b>		
Accountancy Expenses	25,800.00	3,490.00
Advertising and Marketing	12,284.61	6,265.54
Audit Fees	13,750.00	11,500.00
Board Costs	82,543.16	55,351.07
Depreciation	34,606.00	28,310.04
Employment Costs	1,586,012.27	1,152,849.02
Freight and Cartage	55.00	55.91
Loan Forgiveness - DC Solutions	345,615.00	-
Other	2,064,144.64	1,440,756.43
<b>Total Expenses</b>	<b>4,164,810.68</b>	<b>2,698,578.01</b>
<b>Profit/(Loss) before Taxation</b>	<b>606,267.56</b>	<b>(50,132.41)</b>
<b>Net Profit After Tax</b>	<b>606,267.56</b>	<b>(50,132.41)</b>
<b>Net Profit After Distributions/Dividends Paid</b>	<b>606,267.56</b>	<b>(50,132.41)</b>

# Statement of Financial Position

## Desert Channels Queensland Inc As at 30 June 2020

	NOTES	30 JUN 2020	30 JUN 2019
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	2	3,087,688.29	1,909,409.89
Receivables	3	318,518.56	148,313.38
Inventory	4	22,273.77	23,383.45
Unbilled Revenue		525,866.12	-
<b>Total Current Assets</b>		<b>3,954,346.74</b>	<b>2,081,106.72</b>
<b>Non-Current Assets</b>			
Receivables	3	-	345,615.00
Property, Plant and Equipment	5	173,264.75	123,325.75
<b>Total Non-Current Assets</b>		<b>173,264.75</b>	<b>468,940.75</b>
<b>Total Assets</b>		<b>4,127,611.49</b>	<b>2,550,047.47</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Provisions	7	413,812.83	390,827.23
Payables	8	173,550.60	36,589.00
Bank Overdraft	2	5,457.51	814.14
Contractual Obligations		1,098,195.61	291,489.72
<b>Total Current Liabilities</b>		<b>1,691,016.55</b>	<b>719,720.09</b>
<b>Total Liabilities</b>		<b>1,691,016.55</b>	<b>719,720.09</b>
<b>Net Assets</b>		<b>2,436,594.94</b>	<b>1,830,327.38</b>
<b>Equity</b>			
Retained Earnings		2,436,594.94	1,830,327.38
<b>Total Equity</b>		<b>2,436,594.94</b>	<b>1,830,327.38</b>

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

## Statement of Changes in Equity

### Desert Channels Queensland Inc For the year ended 30 June 2020

	2020	2019
<b>Equity</b>		
Opening Balance	1,830,327.38	(10,907.28)
<b>Increases</b>		
Profit for the Period	606,267.56	(50,132.41)
Retained Earnings	-	1,891,367.07
<b>Total Increases</b>	<b>606,267.56</b>	<b>1,841,234.66</b>
<b>Total Equity</b>	<b>2,436,594.94</b>	<b>1,830,327.38</b>

# Statement of Cash Flows

## Desert Channels Queensland Inc For the year ended 30 June 2020

	2020	2019
<b>Operating Activities</b>		
Receipts From Grants	3,897,251.34	2,459,904.99
Receipts From Customers	1,595,836.66	339,034.95
Payments to Suppliers and Employees	(4,082,587.09)	(251,657.36)
Interest Received	15,679.12	24,613.63
Cash Receipts From Other Operating Activities	50,000.00	-
<b>Net Cash Flows from Operating Activities</b>	<b>1,476,180.03</b>	<b>2,571,896.21</b>
<b>Investing Activities</b>		
Payment for Property, Plant and Equipment	(84,545.00)	(669,465.46)
<b>Net Cash Flows from Investing Activities</b>	<b>(84,545.00)</b>	<b>(669,465.46)</b>
<b>Financing Activities</b>		
Loans from Related Parties	(218,000.00)	-
<b>Net Cash Flows from Financing Activities</b>	<b>(218,000.00)</b>	<b>-</b>
<b>Net Cash Flows</b>	<b>1,173,635.03</b>	<b>1,902,430.75</b>
<b>Cash and Cash Equivalents</b>		
Cash and cash equivalents at beginning of period	1,908,595.75	6,165.00
Cash and cash equivalents at end of period	3,082,230.78	1,908,595.75
<b>Net change in cash for period</b>	<b>1,173,635.03</b>	<b>1,902,430.75</b>



# Notes to the Financial Statements

## Desert Channels Queensland Inc For the year ended 30 June 2020

### 1. Statement of Significant Accounting Policies

The financial statements cover Desert Channels Queensland Inc as an individual entity. Desert Channels Queensland Inc is an Association incorporated in Queensland under the Associations Incorporation Act (QLD) 1981.

This financial report is a special purpose financial report that has been prepared to satisfy the financial reporting requirements of the Associations Incorporation Act (Qld) 1981. The Committee has determined that the Association is not a reporting entity.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations and the disclosure requirements of AASB 101 "Presentation of Financial Statements", AASB 107 "Statement of Cash Flows", AASB 108 "Accounting Policies, Changes in Accounting Estimates and Errors", AASB 1054 "Australian Additional Disclosures", AASB 1031 "Materiality" and AASB 1048 "Interpretation and Application of Standards".

#### Basis of Preparation

The financial statements are special purpose financial statements that have been prepared in accordance with the significant accounting policies disclosed below which the Committee has determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 11 November 2020 by the committee of the association.

#### Adoption of new and revised accounting standards

The Association has adopted the following revisions and amendments to AASB's issued by the Australian Accounting Standards Board and IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Association's financial statements for the annual period beginning 1 July 2019.

The standards which had an impact on reported position, performance and cash flows were those relating to revenues.

During the year ended 30 June 2020, the Association has adopted AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-For-Profit Entities and AASB 16 leases using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 Construction Contracts, AASB 117 Leases, AASB 118 Revenue, AASB 1004 Contributions and associated Accounting Interpretations.

As a result of adoption of AASB 15 and AASB 1058, the association has reviewed its revenue recognition methodology and policies to ensure:

- Upfront or prepaid fees are recorded as a financial liability until the service has been provided;
- Grants received in advance are recorded as a liability until specific performance obligations have been satisfied.

#### Accounting Policies

##### Income Tax

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These notes should be read in conjunction with the attached compilation report.

The Association is endorsed as an income tax exempt charitable entity under Subdivision 50-B of the Income Tax Assessment Act 1997, and is registered for Goods and Services Tax.

### **Inventories**

Inventories are measured at the lower of cost or net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Cost is based on the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to the existing condition and location.

### **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

#### **Plant and Equipment**

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment.

In the event the carrying value of plant and equipment is greater than the estimated recoverable amount, the carrying value is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present.

#### **Depreciation**

The depreciation method and useful life used for items of property, plant and equipment (excluding freehold land) reflects the pattern in which their future economic benefits are expected to be consumed by the association. Depreciation commences from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation method and useful life of assets is reviewed annually to ensure they are still appropriate.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

#### **Impairment of Assets**

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

#### **Employee Benefits**

Provision is made for the association's liability for employee benefits arising from services rendered by employees at the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts

expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

## Provisions

Provisions are recognised when the entity has a legal or constructive obligation resulting from past events, for which it is probable that there will be an outflow of economic benefits and that outflow can be reliably measured. Provisions are measured using the best estimate available of the amounts required to settle the obligation at the end of the reporting period.

## Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

## Revenue and Other Income

### *Trading Revenue*

Revenue arising from sale of goods and services is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods/services being provided.

The performance obligation relates to the specific goods/services which are provided to the customers, and in most cases the customers are able to obtain the goods services on credit, and the payment terms are within 30 days. There is no material obligation for the association in relation to refunds or returns.

### *Grant Revenue*

**Grant income under AASB15** - Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when each performance obligation is satisfied. Performance obligations can vary based on individual grant agreements. Payment terms can also vary depending on the terms of the grant. Cash is received upfront for some grants and on the achievement of certain payment milestones for others.

**Grant income under AASB1058** - Assets arising from grants in the scope of AASB 1058 are recognised at the asset's fair value when the asset is received. The association considers whether there are any related liability or equity items associated with the assets which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been initially recognised then the income is subsequently recognised for any remaining asset value at the time the asset is received.

**Capital grants** - capital grants received to enable the association to acquire or construct an item of property, plant and equipment to identified specifications which will be under the association's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project, as there is no profit margin.

### *Donations*

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the association.

Cash donations and bequests are recognised as revenue when received.

### *Interest Received*

Interest revenue is recognised using the effective interest rate method, which for floating financial assets is the rate inherent in the instrument.

## Trade and Other Receivables

Trade receivables and other receivables, including distributions receivable, are recognised at the nominal transaction value without taking into account the time value of money. If required a provision for doubtful debt has been created.

## Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at 30 June 2020. Trade payables are recognised at their transaction price. They are subject to normal credit terms and do not bear interest.

## Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## Related Party Note

The Statement of Comprehensive Income includes an income and expenses amount of \$286,120 (2019: \$121,810) which comprises of related party trading between the entities of DC Solutions Ltd and Desert Channels Queensland Incorporated.

The Statement of Comprehensive Income includes an income and expenses amount of \$-30,000 (2019: \$-176,512) which comprises of related party trading between the entities of PBE Services Pty Ltd and Desert Channels Queensland Incorporated.

The Statement of Comprehensive Income includes an income and expenses amount of \$-51,457 (2019: \$-21,058) which comprises of related party trading between the entities of Pipebore Excell Pty Ltd and Desert Channels Queensland Incorporated.

The financial report was authorised for issue on 11 November 2020 by the board of directors.

	2020	2019
<b>2. Cash and Cash Equivalents</b>		
<b>Bank Accounts</b>		
CBA Corporate Cards	(683.57)	(784.49)
Business Online Saver	187,794.53	267,083.85
CBA Cash Management Account	701,852.97	695,538.51
CBA Cheque Account	625,583.52	(29.65)
DCQ DRF	394,157.00	-
DCQ Social Club	4,375.95	-
Desert Channels Found Invest	328,531.42	263,087.77
Desert Channels Foundation	420,227.03	272,306.13
Paypal	1,546.73	245.98
Suncorp Leave Entitlements A/c	418,545.20	410,847.65
<b>Total Bank Accounts</b>	<b>3,081,930.78</b>	<b>1,908,295.75</b>
<b>Other Cash Items</b>		
Float	100.00	100.00
Petty Cash	200.00	200.00
<b>Total Other Cash Items</b>	<b>300.00</b>	<b>300.00</b>
<b>Total Cash and Cash Equivalents</b>	<b>3,082,230.78</b>	<b>1,908,595.75</b>

These notes should be read in conjunction with the attached compilation report.

	2020	2019
<b>3. Receivables</b>		
<b>Current</b>		
Accounts Receivable	100,518.56	148,313.38
Short Term Loan - DC Solutions	218,000.00	-
<b>Total Current</b>	<b>318,518.56</b>	<b>148,313.38</b>
<b>Non Current</b>		
DC Solutions Ltd Loan	-	345,615.00
<b>Total Non Current</b>	<b>-</b>	<b>345,615.00</b>
<b>Total Receivables</b>	<b>318,518.56</b>	<b>493,928.38</b>
	2020	2019

**4. Inventory**

<b>Inventories</b>		
Inventories	22,273.77	23,383.45
<b>Total Inventories</b>	<b>22,273.77</b>	<b>23,383.45</b>
<b>Total Inventory</b>	<b>22,273.77</b>	<b>23,383.45</b>
	2020	2019

**5. Property Plant and Equipment**

<b>Plant and Equipment</b>		
Plant & Equipment	319,360.66	234,815.66
Less: Accumulated Depreciation	(183,826.54)	(159,953.54)
<b>Total Plant and Equipment</b>	<b>135,534.12</b>	<b>74,862.12</b>
<b>Plant &amp; Equipment - DC Foundation</b>		
Plant & Equipment - Foundation	115,220.37	115,220.37
Less: Accumulated Depreciation	(99,950.00)	(94,254.00)
<b>Total Plant &amp; Equipment - DC Foundation</b>	<b>15,270.37</b>	<b>20,966.37</b>
<b>Motor Vehicles</b>		
Motor Vehicles	23,289.00	23,289.00
Less: Accumulated Depreciation	(17,333.00)	(15,348.00)
<b>Total Motor Vehicles</b>	<b>5,956.00</b>	<b>7,941.00</b>
<b>Computer Software</b>		
Computer Equipment	23,000.00	23,000.00
Less: Accumulated Depreciation	(23,000.00)	(23,000.00)
<b>Total Computer Software</b>	<b>-</b>	<b>-</b>
<b>Office Equipment</b>		
Office Equipment	273,140.43	273,140.43

These notes should be read in conjunction with the attached compilation report.

Less: Accumulated Depreciation	(256,636.17)	(253,584.17)
<b>Total Office Equipment</b>	<b>16,504.26</b>	<b>19,556.26</b>
<b>Total Property Plant and Equipment</b>	<b>173,264.75</b>	<b>123,325.75</b>
	2020	2019

## 6. Financial Assets

	2020	2019
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## 7. Provisions

Provision for Employee Entitlements	413,812.83	390,827.23
<b>Total Provisions</b>	<b>413,812.83</b>	<b>390,827.23</b>
	2020	2019

## 8. Payables

<b>Current</b>		
Accounts Payable	38,887.61	-
PAYG Tax Withheld	55,372.00	17,345.00
Super Liability	50,547.99	-
<b>Total Current</b>	<b>144,807.60</b>	<b>17,345.00</b>
<b>Total Payables</b>	<b>144,807.60</b>	<b>17,345.00</b>
	2020	2019

## 9. Financial Liabilities

	2020	2019
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## 10. Retained Earnings

Current Year Earnings	606,267.56	(50,132.41)
Opening Balance Equity	1,830,327.38	1,880,459.79
<b>Total Retained Earnings</b>	<b>2,436,594.94</b>	<b>1,830,327.38</b>

## 11. Events After the Reporting Period

While government funding was relatively stable in the 2019-20 financial year, recent negotiations with various funding bodies have indicated that funding will be stable for the 2020-21 year. A potential reduction in government grants may occur during the 2021-2022 financial year and this will flow through to later years unless other revenue source can be negotiated. While the exact amount of the reduction is not known, it is projected that it could be as much as 25% of current grant funds received.

The Board intends to address this matter with two strategies. Firstly, every effort will be made to secure alternative funding. Secondly, the board will implement whatever cost savings are necessary to ensure its continuing viability.

It is not anticipated that this change in circumstances will affect the Board's ability to operate as a going concern because of the above strategies.

## 12. Board Remuneration

During the year Directors Fees of \$78,338.45 (2019: \$54,949.68) were paid to Directors listed in the Directors' Report.

## 13. Cash Flow Information

These notes should be read in conjunction with the attached compilation report.

## Reconciliation of Cash Flow from Operations with Profit after Tax.

	<b>2020</b>	<b>2019</b>
Profit (Loss) after income tax	606,267.56	(50,132.41)
<b>Non-Cash flows in profit</b>		
Depreciation	34,606.00	28,310.04
<b>Changes in assets and liabilities</b>		
(Increase) Decrease in receivables	47,794.82	249,110.12
(Increase) Decrease in unbilled revenue	(525,866.12)	0.00
(Increase) Decrease in inventories	1,109.68	2,560.59
Increase (Decrease) in payables	136,961.60	(37,700.47)
Increase (Decrease) in provisions	22,985.60	(4,482.35)
Increase (Decrease) in unexpended grants	806,705.89	(394,608.75)
Increase (Decrease) in long-term borrowings	345,615.00	0.00
<b>Net cash provided by operating activities</b>	<b>1,476,180.60</b>	<b>(206,243.23)</b>

**14. Association Details**

The registered office of the association is:

92 Galah Street, LONGREACH, QLD, Australia, 4730

The principal place of business is:

92 Galah Street, LONGREACH, QLD, Australia, 4730

## Directors Declaration

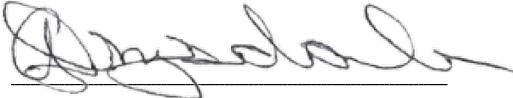
### Desert Channels Queensland Inc For the year ended 30 June 2020

The directors have determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the association declare that:

1. The financial statements and notes, as set out herein, are in accordance with the Association Incorporation Act (Qld) 1981 and:
  1. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the Financial Statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  2. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the association.
2. In the directors' opinion there are reasonable grounds to believe that the association will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: 

Mr Andrew Drysdale



# Compilation Report

## Desert Channels Queensland Inc For the year ended 30 June 2020

Compilation report to Desert Channels Queensland Inc

We have compiled the accompanying special purpose financial statements of Desert Channels Queensland Inc, which comprise the balance sheet as at 30 June 2020, the income statement, the statement of cash flows, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1.

### The Responsibility of the Directors

The directors of Desert Channels Queensland Inc are solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the basis of accounting used is appropriate to meet their needs and for the purpose that financial statements were prepared.

### Our Responsibility

On the basis of information provided by the directors we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting as described in Note 1 to the financial statements and APES 315 *Compilation of Financial Information*.

Our procedures use accounting expertise to compile these financial statements in accordance with the basis of accounting described in Note 1 to the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements were compiled exclusively for the benefit of the directors. We do not accept responsibility to any other person for the contents of the special purpose financial statements.



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**Partner:** William Ringrose

**Firm:** Ringrose Button Chartered Accountants

116 Eagle Street, Longreach QLD 4730

Dated: 11 November 2020

# Independent Auditor's Report

## to the Members of Desert Channels Queensland Incorporated

### Opinion

We have audited the financial report of Desert Channels Queensland Inc (the association), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and the certification by Directors on the annual statements giving a true and fair view of the financial position and performance of the association.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the association as at 30 June 2020 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements and the requirements of the *Associations Incorporation Act 1981*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code.

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

### Other Information

The directors are responsible for the other information, which comprises the information included in the association's annual report for the year ended 30 June 2020 but does not include the special purpose financial report and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

### Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the *Associations Incorporation Act 1981* and for such internal control as the directors determines 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.

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

### Auditor's Responsibilities for the Audit of the Financial Report

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


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

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

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

We also provide the directors with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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Lionel Walsh  
Walsh Accounting

11 November 2020

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