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**For the Year Ended 31 December 2016**

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## **qutbluebox Pty Ltd as Trustee of the qutbluebox Trust**

### **Directors' of qutbluebox Pty Ltd as Trustee of the qutbluebox Trust Statutory Report**

This report by the directors of qutbluebox Pty Ltd ('the Company') as trustee of the qutbluebox Trust ('the Trust'), is for the year ended 31 December 2016 and is accompanied by the Financial Statements for the year and by other information, which is to be read as part of this report.

#### **Directors**

The names of the directors of the Trustee Company in office during the financial year and until the date of this report are as follows:

Mr Peter Andrews (Chairman) (appointed 22 March 2016)  
Mr Hugh Gordon Nalder (Chairman) (resigned 31 March 2016)  
Dr Tony Evans  
Mr Andrew Loch  
Dr Jenny Harry  
Professor John Humphrey

All directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

#### **Company Secretary**

The name of the company secretary of the Trustee Company in office during the financial year and until the date of this report was:

Mr Stephen Denaro

#### **Registered Office and Principal place of business**

Level 4, 88 Musk Avenue, Kelvin Grove, Queensland, Australia, 4059.

#### **Principal Activities**

The principal activities of the Trust are the management of and commercialisation of the intellectual resources and services of the Queensland University of Technology ('QUT') and to provide an effective interface between QUT and industry for the economic and social benefit of Queensland and Australia.

The Trust has a particular role in assisting QUT achieve its commercial and economic objectives through:

- i) identification of potential commercial and development projects from the scientific research of QUT, including identification and funding of proof of concept projects;
- ii) protection of the intellectual property of QUT;
- iii) establishment of spin-out companies, raising of investment funds for their operations and assisting with their establishment and growth;
- iv) contributing to the education of QUT students and staff in an understanding of the commercialisation of research, and establishment of appropriate infrastructure and services to achieve these goals.

#### **Distribution of Trust Capital**

The directors of the Trustee Company do not recommend the return of trust capital (2015: Nil).

#### **Results of Operation**

The total comprehensive loss for the year to 31 December 2016 was \$3,614,723 (2015: Comprehensive loss of \$3,295,427).

#### **Significant Changes in the State of Affairs**

There were no significant changes in the state of affairs of the Trust.

#### **Matters subsequent to the end of the Financial Year**

Since 31 December 2016 no matter or circumstance has arisen that has significantly affected, or may significantly affect in future financial years:

## qutbluebox Pty Ltd as Trustee of the qutbluebox Trust

### Directors' of qutbluebox Pty Ltd as Trustee of the qutbluebox Trust Statutory Report

- the Trust's operations; or
- the results of those operations; or
- the Trust's state of affairs

### Trustee Meetings

The number of meetings of directors of the Trustee Company held during the year and the number of meetings attended by each director were as follows:

Director	2016		2015	
	Directors' Meetings available to attend	Directors' Meetings actually attended	Directors' Meetings available to attend	Directors' Meetings actually attended
Hugh Nalder	1	1	6	6
Arun Sharma	-	-	5	3
Tony Evans	6	5	6	6
Andrew Loch	6	5	6	6
Peter Andrews	5	5	-	-
Carol Dickenson	-	-	6	5
Jenny Harry	6	6	1	1
John Humphrey	6	6	1	1

### Likely developments and expected results

During 2016 the Trust became a core delivery partner of QUT's new strategic plan Blueprint 5 and will play a critical role in providing expert advice and support on a wide range of commercial matters across QUT. To meet QUT's requirements the Trust has developed a new business model by defining a broader internal innovation\commercialisation ecosystem than previously recognised which will provide greater long term impact and value for QUT and the community. The new business model will be based on creating a new generation of "Founders" and entrepreneurs to build new industry based on QUT initiatives, and new and more flexible end user focussed approaches to early stage commercialisation. The expected result is that by 2020 the Trust will be seen as a leading public sector commercialisation company in the Asia Pacific region recognised for its ability to foster entrepreneurs and establish robust and fair commercial partnerships.

### Environmental Regulations

The Trust is not subject to any significant environmental regulations.

### Proceedings on behalf of the Trust

No persons have applied for leave of Court to bring proceedings on behalf of the Trustee Company or intervene in any proceedings to which the Trustee Company is a party for the purpose of taking responsibility on behalf of the Trust for all or any part of these proceedings. The Trustee Company was not party to any such proceedings during the year.

### Indemnification and Insurance of Directors and Officers

Deeds of Indemnity have been executed between the Trustee Company and Officers of the Trustee Company. There is currently Director and Officers insurance provided by the Trust's parent entity.

### Rounding

The amounts contained in this report and in the Financial Statements have been rounded to the nearest dollar.

Signed for and on behalf of the Board of qutbluebox Pty Ltd, as Trustee of the qutbluebox Trust, pursuant to a resolution of the directors.

  
**Peter Andrews**  
Chairman

Brisbane 21<sup>st</sup> day of February 2017

  
**Andrew Loch**  
Director

Brisbane 21<sup>st</sup> day of February 2017.

qutbluebox Pty Ltd as Trustee of the qutbluebox Trust

**Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 31 December 2016**

	Note	2016 \$	2015 \$
<b>Revenue</b>			
Licence fees and royalties		233,296	162,120
Research & development fees		251,560	22,984
Other income		40,000	-
Pre Commercialisation income		61,894	48,850
Gain on sale - available for sale financial assets		-	461,035
Interest received		23,085	36,458
<b>Total Revenue</b>		<b>609,835</b>	<b>731,447</b>
<b>Cost of Sales</b>			
Licence fees costs		70,237	15,177
Third party interests in financial assets		-	187,515
Research and development fees costs		251,560	17,984
Pre Commercialisation costs		53,982	48,850
<b>Total Cost of Sales</b>		<b>375,779</b>	<b>269,526</b>
<b>Expenses</b>			
Employee costs - salaried staff		1,972,848	1,640,382
Board Expenses		146,432	156,712
Materials, Services and Finance Costs	2	463,107	553,932
Travel and Accommodation		69,013	70,674
Intellectual property costs		243,823	452,879
Proof of concept costs		556,093	696,762
Other programs and initiatives costs		397,463	186,006
Investment losses		-	-
<b>Total Cost of Sales and Expenses</b>		<b>4,224,558</b>	<b>4,026,873</b>
<b>Net profit/(loss) before tax</b>		<b>(3,614,723)</b>	<b>(3,295,426)</b>
Income tax expense		-	-
<b>Net profit/(loss) after income tax for the year attributable to beneficiaries of the Trust</b>		<b>(3,614,723)</b>	<b>(3,295,426)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income/(Loss) for the financial year, attributable to beneficiaries of the Trust</b>		<b>(3,614,723)</b>	<b>(3,295,426)</b>

The accompanying notes form part of these financial statements.

**qutbluebox Pty Ltd as Trustee of the qutbluebox Trust**

**Statement of Financial Position  
As at 31 December 2016**

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	3	1,113,499	2,302,534
Trade and other receivables	4	49,293	69,277
Other assets	5	16,410	46,367
TOTAL CURRENT ASSETS		1,179,202	2,418,178
NON-CURRENT ASSETS			
Financial Assets	6	275,000	225,000
Property, plant and equipment	7	-	-
TOTAL NON-CURRENT ASSETS		275,000	225,000
TOTAL ASSETS		1,454,202	2,643,178
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	8	339,589	521,145
Other Creditors	8	-	404,557
Provisions	9	119,401	89,721
TOTAL CURRENT LIABILITIES		458,990	1,015,423
NON-CURRENT LIABILITIES			
Long-term provisions	9	45,616	71,442
TOTAL NON-CURRENT LIABILITIES		45,616	71,442
TOTAL LIABILITIES		504,606	1,086,865
NET ASSETS		949,596	1,556,313
<b>EQUITY</b>			
Trust Capital		26,127,283	23,119,277
Available for sale financial asset reserve		-	-
Retained Losses		(25,177,687)	(21,562,964)
TOTAL EQUITY		949,596	1,556,313

The accompanying notes form part of these financial statements.

qutbluebox Pty Ltd as Trustee of the qutbluebox Trust

Statement of Cash Flows

For the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
<b>Cash Flow from Operating Activities:</b>			
Cash receipts in the course of operations		634,898	475,604
Cash payments in the course of operations		(4,979,173)	(3,958,230)
Interest received/(paid)		25,106	34,437
GST ATO refund/(remitted)		172,128	177,861
<b>Net cash provided by (used in) operating activities</b>	<b>12</b>	<b>(4,147,041)</b>	<b>(3,270,328)</b>
<b>Cash Flows from Investing Activities:</b>			
Proceeds from available for sale financial assets		-	647,118
Payment for shares in unlisted company		(50,000)	(75,000)
<b>Net cash used by investing activities</b>		<b>(50,000)</b>	<b>572,118</b>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from trust capital		3,008,006	3,185,984
<b>Net cash used by financing activities</b>		<b>3,008,006</b>	<b>3,185,984</b>
Net increase (decrease) in cash and cash equivalents held		(1,189,035)	487,774
Cash and cash equivalents at beginning of year		2,302,534	1,814,760
<b>Cash and cash equivalents at end of financial year</b>	<b>3</b>	<b>1,113,499</b>	<b>2,302,534</b>

The accompanying notes form part of these financial statements.

qutbluebox Pty Ltd as Trustee of the qutbluebox Trust

Statement of Changes in Equity  
For the Year Ended 31 December 2016

2016

	Trust Capital	Retained Losses	Available for Sale Financial Asset Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 January 2016</b>	23,119,277	(21,562,964)	-	1,556,313
Increase in reserves during the year	-	(3,614,723)	-	(3,614,723)
Contribution to trust capital	3,008,006	-	-	3,008,006
<b>Balance at 31 December 2016</b>	<b>26,127,283</b>	<b>(25,177,687)</b>	-	<b>949,596</b>

2015

	Trust Capital	Retained Losses	Available for Sale Financial Asset Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 January 2015</b>	19,933,293	(18,567,880)	300,343	1,665,756
Loss for the year	-	(3,295,427)	-	(3,295,427)
Available for sale financial asset reserve transferred to Retained Losses	-	300,343	(300,343)	-
<b>Total Comprehensive Income</b>	-	(2,995,084)	(300,343)	(3,295,427)
Contribution to trust capital	3,185,984	-	-	3,185,984
<b>Balance at 31 December 2015</b>	<b>23,119,277</b>	<b>(21,562,964)</b>	-	<b>1,556,313</b>

The accompanying notes form part of these financial statements.

## **qutbluebox Pty Ltd as Trustee of the qutbluebox Trust**

### **Notes to the Financial Statements For the Year Ended 31 December 2016**

#### **1 Summary of Significant Accounting Policies**

##### **(a) Basis of Accounting**

The financial statements are special purpose financial statements that have been prepared in accordance with the following applicable Australian Accounting Standards:

AASB 101:	Presentation of Financial Statements
AASB 107:	Statement of Cash Flows
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1048:	Interpretation of Standards

No other Accounting Standard, Urgent Issues Group Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have mandatory application in respect of disclosure requirements. The trust has however applied the measurement and recognition criteria of all accounting standards.

These Financial Statements cover the for-profit economic entity of the qutbluebox Trust ("qutbluebox"). There are no controlled entities. The qutbluebox Trust is a fixed trust established and domiciled in Australia pursuant to the QUT Innovation Trust Deed dated 2 May 2006, as amended by a Deed of Variation to the qutbluebox Trust.

These Financial Statements have been prepared on an accrual basis and are based on historical costs. It does not take into account changing money values or, except where stated, current valuations of financial assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the Financial Statements. The accounting policies have been consistently applied, unless otherwise stated.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statements containing relevant and reliable information about transactions, events and conditions.

##### **(b) Foreign Currency**

All material foreign currency transactions (i.e. greater than AU\$1,000) during the financial year are brought to account using the exchange rates in effect at the date of the transaction. All other foreign currency transactions (i.e. less than AU\$1,000) during the financial year are brought to account using the exchange rates in effect at the date of processing the transaction. Foreign currency balances at reporting date are translated at the exchange rate existing at that date.

Exchange differences are brought to account in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

##### **(c) Cash and cash equivalents**

Cash on hand, in banks and short term deposits are stated at nominal value. For the purposes of the statement of cash flows, cash includes cash on hand, in banks and short term deposits.

##### **(d) Trade and Other Receivables**

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. Settlement is generally required in 14 days. Receivables are presented as current assets unless expected to be paid more than 12 months from the reporting date. qutbluebox has a systematic review in determining the value of its doubtful debts. The amount of the impairment loss or bad debts is recognised in the Statement of Profit or Loss and Other Comprehensive Income when incurred. Other receivables are recognised and carried at the nominal amount due.



**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**1 Summary of Significant Accounting Policies continued**

**(e) Financial Assets**

The Trust classifies its financial assets in the following categories: financial assets at fair value through the Statement of Profit or Loss and Other Comprehensive Income, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. They are included in non-current assets unless management intends to dispose of the investments within 12 months from the reporting date.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

*Available-for-sale financial assets*

Available for sale financial assets, comprising principally marketable securities, are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available for sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

*Recognition and derecognition*

In accordance with AASB 139 - Financial Instruments: Recognition and Measurement, qutbluebox investments in other entities are classified as "Available for Sale" financial assets as qutbluebox does not trade in these investments as a principal activity.

Investments are initially recognised at fair value on trade date plus transaction costs directly attributable to their acquisition for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and qutbluebox has transferred substantially all the risks and rewards of ownership.

When securities classified as available for sale are sold, the accumulated fair value adjustments recognised in trust capital are included in the Statement of Profit or Loss and Other Comprehensive Income as gains and losses from investment securities.

*Measurement and Impairment of assets available for sale*

In accordance with AIFRS, financial assets shall be measured at their fair value. The fair value of financial instruments traded in active markets is based on quoted market prices at the yearend date. However, under AASB 139.46 investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured shall be measured at cost. qutbluebox has therefore chosen to measure its investments in other entities at cost, as the shares of these entities are not publicly traded.

A significant and prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. Cumulative impairment losses are transferred from equity as a reclassification adjustment to the Statement of Profit or Loss and Other Comprehensive Income, even though the financial asset has not been derecognised.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**1 Summary of Significant Accounting Policies continued**

**(f) Intangibles**

Costs incurred with respect to the establishment and maintenance of patents and trademarks are expensed as incurred.

**(g) Property, plant and equipment**

Property plant and equipment are measured at historical cost less depreciation. Historical cost includes expenditure directly attributable to the initial acquisition of these items. In accordance with the asset guidelines set by Queensland Treasury, all assets below the \$5,000 threshold are expensed in the year of acquisition to the Statement of Profit or Loss and Other Comprehensive Income.

*Depreciation*

Depreciation is calculated on a straight line basis on all property plant and equipment. Depreciation is calculated based on the following useful lives:

<i>Asset Class</i>	<i>Useful life</i>
Computer Equipment	2.5 years
Leasehold Improvements	5 years
Office Equipment	4 years

**(h) Impairment of Assets**

At each reporting date the trust reviews the carrying values of its tangible and intangible assets (excluding financial assets referred to in note (e)), to determine whether there is any indication that those assets have been impaired. If such impairment exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell, and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

**(i) Trade and other payables**

Liabilities for trade creditors are unsecured and usually paid within 30 days of invoice date. These and other amounts are carried at fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the trust. All trade creditors are shown as current liabilities unless settlement is expected more than 12 months after balance date.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**1 Summary of Significant Accounting Policies continued**

**(j) Third Party Interests**

Consistent with Queensland University of Technology policy, once an investment in shares and securities is sold, the net revenues received are to be split three equal ways as follows:

- Inventors;
- The central University fund;
- The Trust.

Therefore, two thirds of each investment represents a liability. These liabilities are recorded at cost as they cannot be reliably measured in accordance with AASB139.

In respect to other commercialisation revenue (e.g. milestone payments, royalties, etc.) subject to Queensland University of Technology policy, third party interests are expensed in the current year and recognised as Cost of Sales in the Statement of Profit or Loss and Other Comprehensive Income.

**(k) Employee benefits**

qutbluebox policy allows employees to carry forward annual leave balances from year to year. Provision is made for the Trust's liability for employee benefits arising from services rendered by employees to balance date. 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.

Long Service Leave has been accrued for all employees regardless of their length of service. Current employee salaries have been increased at a rate of 3% per annum, and then discounted back to present value from the likely leave date (estimated to be 10 years after the employee's start date) at a rate sourced from Australian Government bonds of a comparable maturity. A probability of each employee reaching 10 years' service has then been assigned to that discounted figure to provide an estimated value of their leave. At balance date, the longest serving employee had just over 9 years' service and the average length of service for all employees was 2.87 years.

**(l) Revenue Recognition**

Revenue is measured at the fair value of consideration received or receivable, net of discounts. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

*Interest*

Control of the right to receive the interest payment has been attained.

*Research and Licence Fees*

Revenue is recognised when the research or project is completed to the extent that the client is legally required to pay qutbluebox under the terms of the contract. Licence Fees are recognised when qutbluebox has an absolute entitlement to the licence fee or payment.

*Royalties*

Royalties are recognised at the time of invoice when the client is legally required to pay certain royalties to the qutbluebox under the terms of the contract or when they can be reliably estimated.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**1 Summary of Significant Accounting Policies continued**

**(m) Profit Recognition**

A key part of the Trusts' business is the licensing and transfer of technology to other companies. In return qutbluebox may receive shares and other securities in these companies. The value of these shares is included in revenue. It is the current policy of the University that two-thirds of the net revenue is to be set aside for the benefit of the University and the inventors. This two-thirds is represented in the current and non-current liabilities of the trust, while the remaining one-third is included in the profit of the trust.

A secondary part of the trust business is the entering into Research and Development agreements whereby qutbluebox may earn revenue per the terms and conditions of the agreement with other companies. qutbluebox may elect to convert the recognised revenue into equity in the company. It is the current policy of the University that 90% of the net R & D revenue is to be set aside for the benefit of the University.

This 90% is represented in the liabilities of the trust, current if held with an intention to dispose of shares within 12 months, non-current for all other holdings while the remaining 10% is included in the profit of the trust.

**(n) Goods and Services Tax (GST)**

Revenues, expenses, and assets are recognised net of the amount of goods and services tax, except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net GST recoverable from or payable to the Australian Taxation Office is included as part of Trade and Other Receivables or Payables.

**(o) Income Tax**

A trust that is not a public trading trust (such as the qutbluebox trust) is a flow through Trust for taxation purposes. This means the trustee is not taxed on the income if at the end of the financial year there is a beneficiary who is presently entitled to a share of the income of the trust. Instead the assessable income of the beneficiary includes that share of the net income (taxable income) of the trust estate.

Clause 5.4 of the qutbluebox Trust Deed provides:

"The Beneficiary has a vested and indefeasible interest in all of the Income for an Accounting Period regardless of whether or not the Trustees determine to distribute it to the Beneficiary".

The beneficiary of qutbluebox is QUT Enterprise Holdings Pty Ltd as trustee of the QUT Enterprise Holdings Trust. Therefore, as QUT Enterprise Holdings Trust is by virtue of s95A(2) of the *Income Tax Assessment Act 1997* deemed to be presently entitled to 100% of the income of qutbluebox as at 31 December each year, regardless of whether it actually receives any money, qutbluebox will not pay tax on the amount. Further, QUT is presently entitled to 100% of the income of QUT Enterprise Holdings Trust as at 31 December in each year and it is a tax exempt entity.

**(p) Leases**

The Trust only holds operating leases. The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and depreciated over the estimated useful lives of the improvements.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**1 Summary of Significant Accounting Policies continued**

**(q) Comparative Amounts**

The financial statements are presented in Australian dollars and rounded to the nearest one dollar.

**(r) Critical Accounting Estimates and Judgements**

The director's evaluation, estimates, and judgements incorporated into the financial statements are based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the trust. There were no key adjustments during the year which required accounting estimates or judgements.

**(s) Authorisation for Issue**

These Financial Statements were authorised for issue on the 15 February 2017 by a resolution of the Board of Directors of the qutbluebox Trust.

**(t) New Accounting Standards and Interpretations**

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Trust has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Trust follows:

- AASB 9 'Financial Instruments'. This is one of a series of amendments that are expected to eventually completely replace AASB 139. It simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value. The available for sale investments will be classified as fair value through OCI and will no longer be subject to impairment testing. The impairment loss recognised in the current year financial statements was nil. This amendment will be applicable to periods beginning on or after 1 January 2018. Other impacts on the reported financial position and performance have not yet been determined.
- AASB 15 'Revenue from Contracts with Customers' establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces existing revenue recognition guidance including AASB 118 Revenue. This amendment will be applicable to periods beginning on or after 1 January 2018, with early adoption permitted. The Trust is assessing the potential impact on its financial statements resulting from the application of this standard.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**2 Materials, Services and Finance Costs**

	2016	2015
	\$	\$
Accounting fees	7,390	25,650
Premises - Contractual amounts	113,191	109,935
Advertising	(10,744)	54,701
Sponsorships	4,605	7,193
Conference/Seminar costs	33,315	15,157
Subscriptions and reports	16,810	4,674
Legal fees and specific accounting advice	84,253	93,360
Consultants	32,441	49,380
Computer and IT costs	7,054	46,718
Telephone and fax	14,260	11,131
QAO Audit of the financial report	21,500	15,000
Fringe benefits tax	3,736	826
Entertainment - non deductible	13,795	15,277
Memberships	14,517	11,902
Printing and stationery	14,374	13,224
Training costs	15,526	6,559
General Office expenses	7,308	6,056
Business meals	9,565	4,674
Account fees	3,356	3,042
Commission to agents	-	4,268
Foreign exchange loss/(gain)	4,840	4,580
Postage and courier	1,359	1,336
Equipment < \$5000	8,469	10,726
Electricity, cleaning and water	41,437	38,563
Equipment Hire	750	-
	<b>463,107</b>	<b>553,932</b>

**3 Cash and cash equivalents**

Cash at bank	1,111,934	2,300,963
Cash on hand	1,565	1,571
	<b>1,113,499</b>	<b>2,302,534</b>

**4 Trade & Other Receivables**

Trade receivables	-	23,005
GST receivable	49,293	46,272
	<b>49,293</b>	<b>69,277</b>

Trade receivables are non-interest bearing and are generally 14 day terms.

**qutbluebox Pty Ltd as Trustee of the qutbluebox Trust**

**Notes to the Financial Statements  
For the Year Ended 31 December 2016**

**5 Other Assets**

	2016	2015
	\$	\$
<b>Current</b>		
Prepayments	12,993	12,697
Interest receivable	-	2,021
Other debtors	3,417	31,650
	<b>16,410</b>	<b>46,368</b>

**6 Financial Assets**

**Non-Current**

Available-for-sale financial assets comprise investments in ordinary issued capital of an entity. There are no fixed returns or fixed maturity dates attached to these investments.

Those investments held as available-for-sale which are not shares held in a listed entity, are generally held at their cost less any provision for impairment. Where an investment designated as available-for-sale is able to be fairly valued, the investment is held at fair value with subsequent movements in that value charged to trust capital until such time as the asset is designated as impaired or derecognised.

Those non-current available for sale financial assets are not intended to be sold in the short term.

**Details of Shareholdings**

	2016	2015	2016	2015	2016	2015	Class of
	%	%	Volume	Volume	\$	\$	Share
Adalta Pty Ltd	0.90	3.02	898,116	153,215	-	-	Ordinary
Rail Innovation Australia Pty Ltd	2.63	2.63	569	569	-	-	Ordinary
Vald Performance Pty Ltd	17.82	23.08	150,000	150,000	150,000	150,000	Ordinary
Hypometer Technologies Pty Ltd	9.00	10.00	750	750	75,000	75,000	Ordinary
Sinaclear IP Pty Ltd	5.00	-	9	-	25,000	-	Ordinary
Daybean Pty Ltd	5.00	-	25,000	-	25,000	-	Ordinary
					<b>275,000</b>	<b>225,000</b>	

Management has determined that the Trust has no significant influence over Vald Performance Pty Ltd, and as such it is treated as a financial asset not an associate.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**7 Property, plant and equipment**

	2016	2015
	\$	\$
<b>Office equipment</b>		
At cost	13,284	13,284
Accumulated depreciation	(13,284)	(13,284)
Total office equipment	-	-
<b>Computer equipment</b>		
At cost	13,226	13,226
Accumulated depreciation	(13,226)	(13,226)
Total computer equipment	-	-
<b>Leasehold Improvements</b>		
At cost	182,904	182,904
Accumulated depreciation	(182,904)	(182,904)
Total leasehold improvements	-	-

**8 Trade and other payables**

<b>Current</b>		
Other creditors	-	404,557
Trade creditors	19,038	136,609
Monies held on behalf of qutbluebox Pty Ltd	2	2
Superannuation	-	28,331
PAYG withholding tax	33,297	37,608
Accrued project expense	80,665	106,161
Accrued expenses	206,587	190,001
Income received in advance	-	22,433
	<b>339,589</b>	<b>925,702</b>

**9 Provisions**

<b>Current</b>		
Provision for employee annual leave entitlements	119,401	89,721
	<b>119,401</b>	<b>89,721</b>
<b>Non-Current</b>		
Provision for employee long service leave entitlements	45,616	71,442
	<b>45,616</b>	<b>71,442</b>



**qutbluebox Pty Ltd as Trustee of the qutbluebox Trust**

**Notes to the Financial Statements  
For the Year Ended 31 December 2016**

**10 Trust Capital**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Trust contribution from QEH Trust	<b>26,127,273</b>	23,119,267
Settlor's funds	<b>10</b>	10
	<b>26,127,283</b>	23,119,277

**Movement in Trust Capital**

Balance at the beginning of the financial year	<b>23,119,277</b>	19,933,293
Trust contributions received from QEH Trust	<b>3,008,006</b>	3,185,984
Balance at the end of the financial year	<b>26,127,283</b>	23,119,277

**11 Available-for-sale financial assets**

Balance at the beginning of the financial year	-	300,343
Transfer of revaluation reserves to retained losses	-	(300,343)
Balance at the end of the financial year	-	-

**12 Cash Flow Information**

**(a) Cash and Cash Equivalents**

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	-	-
National Australia Bank cheque account	<b>361,439</b>	748,204
National Australia Bank account - Proof of Concept	<b>750,495</b>	300,305
National Australia Bank account - Term Deposits	-	1,250,000
Bank of Queensland	-	2,454
Petty cash and cash on hand	<b>1,565</b>	1,571
	<b>1,113,499</b>	2,302,534

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**12 Cash Flow Information continued**

**(b) Reconciliation of loss after related income tax expense to net cash provided by/(used in) operating activities**

	2016	2015
	\$	\$
Profit/(Loss) for the year	(3,614,723)	(3,295,427)
Non-cash items included in changes to net assets:		
- net (gain)/loss on sale of financial assets	-	(461,035)
- available for sale financial asset reserve transferred to retained losses	-	300,343
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	19,588	235,240
- (increase)/decrease in interest receivable	2,021	(2,021)
- (increase)/decrease in other assets	31,352	40,498
- increase/(decrease) in trade and other payables	(589,134)	(147,323)
- increase/(decrease) in provisions	3,855	59,397
Cash flows from/(used in) operating activities	<u>(4,147,041)</u>	<u>(3,270,328)</u>

**13 Contingencies**

The trust entity has no known contingent assets or liabilities as at 31 December 2016 (31 December 2015: \$Nil).

**14 Economic Dependence**

During the last financial year, the trust has been substantially reliant on funding from the QEH Trust to enable it to carry out its operations and meet its objectives. Similarly, the QEH Trust was substantially reliant on funding from Queensland University of Technology, which adopts a budget framework on a triennial basis to facilitate the alignment with organisational areas' strategic plans reflecting the University's methodologies and policies relating to the distribution of revenue and capital inflows.

A new triennial budget framework methodology and policies has been completed during 2016 and provides for the future funding needs of the QEH Trust and the trust for the period 2017 to 2019. The approved budget for Triennial period for QEH and its' subsidiaries is \$16.5 million.

**15 Significant Events after the Balance Date**

The trust has no significant events after 31 December 2016.

**16 Commitments**

The trust has no significant capital commitments at 31 December 2016.

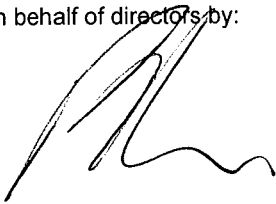
**qutbluebox Pty Ltd as Trustee of the qutbluebox Trust**

**Directors' of qutbluebox Pty Ltd as Trustee of the qutbluebox Trust Declaration**

The directors of qutbluebox Pty Ltd as trustee of the qutbluebox Trust declare that:

1. the financial statements and notes for the year ended 31 December 2016 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards, and
  - b. give a true and fair view of the financial position and performance of the qutbluebox Trust;
2. In the Trustee's opinion there are reasonable grounds to believe that the qutbluebox Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the Board of Directors of qutbluebox Trust, and is signed for and on behalf of directors by:



**Peter Andrews**  
Director

Dated at Brisbane this 21<sup>st</sup> day of February 2017

## INDEPENDENT AUDITOR'S REPORT

To the Trustee and Members of QUTbluebox Trust

### Opinion

I have audited the financial report of QUTbluebox Trust, which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the directors of QUTbluebox Pty Ltd as trustee.

In accordance with the trust deed of QUTbluebox Trust dated 2 May 2006

- (a) I have received all the information and explanations which I have required;
- (b) In my opinion, the accompanying financial report presents fairly, in all material respects, the financial position of QUTbluebox Trust as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1.

### Basis of Opinion

I conducted the audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the entity in accordance with the *Auditor-General Act 2009* and the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the trustee's financial reporting responsibilities under the trust deed. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

### Responsibilities of the Trustee for the Financial Report

The trustee is responsible for the preparation and fair presentation of the financial report and has determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the trust deed of the QUTbluebox Trust dated 2 May 2006 and is appropriate to meet the needs of the members. The trustee's responsibility also includes such internal control as the trustee determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the trustee is responsible for assessing the entity'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 management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If 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 entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

  
J F WELSH FCPA

(as delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane