

QIC Private Capital Pty Ltd

ABN 83 076 279 528

**Annual financial statements and directors' report
for the year ended 30 June 2013**

Directors' report

The directors present their report together with the financial report of QIC Private Capital Pty Ltd ('the company'), for the year ended 30 June 2013.

Directors

The following persons were directors of QIC Private Capital Pty Ltd during the whole of the financial year and up to the date of this report:

P F Young AM
K D MacDonald
P Forbes

Principal activities

During the year the principal continuing activities of the company consisted of providing investment management services. The company also acts as trustee of private capital trusts.

Dividends

Dividends paid or declared by the company since the end of the previous financial year were:

	2013	2012
	\$'000	\$'000
Dividends provided for and declared	<u>30,575</u>	29,683

Operating result

The profit for the company, after related income tax expense, amounts to \$30.6 million (2012: \$29.7 million).

Significant changes in the state of affairs

On 31 October 2012 the directors of Queensland BioCapital Funds Pty Ltd ('QBF') resolved to cease operations and transfer remaining employees, assets and liabilities to QIC Private Capital Pty Ltd. QBF's investment revenue activities including the LTAAB agreement transferred to QIC Private Capital Pty Ltd upon QBF ceasing trading on 31 October 2012.

Matters subsequent to the end of the financial year

No other matters or circumstances has arisen since 30 June 2013 that has significantly affected, or may significantly affect, the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

Further information on likely developments in the operations of the company are included in the annual report under the review of operations.

Company secretary

C G Fitzsimon is the company secretary. She is a Chartered Secretary with over twenty years experience. She is a member of Chartered Secretaries Australia, past Chairman of the Queensland Council of Chartered Secretaries Australia and Member of the Australian Institute of Company Directors.

Insurance of officers

During the financial year, QIC Limited, the parent entity, paid insurance premiums on behalf of QIC Private Capital Pty Ltd to insure the directors and officers of the company. Further disclosure of the details of the policy, including the nature of the liability covered or the premium paid, is prohibited by the terms of the contract.

Environmental regulation

The company's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission. In accordance with that Class Order, amounts in the directors' report and financial report have been rounded to the nearest thousand dollars.

This report is made in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'P F Young', written in a cursive style.

P F Young AM
Chairman

Brisbane
30 August 2013

AUDITOR'S INDEPENDENCE DECLARATION

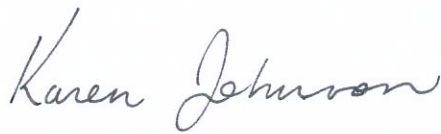
To the Directors of QIC Private Capital Pty Ltd

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence Declaration

As lead auditor for the audit of QIC Private Capital Pty Ltd for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been –

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



K JOHNSON FCA
Assistant Auditor-General
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

QIC Private Capital Pty Ltd ABN 83 076 279 528
Annual report - 30 June 2013

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These financial statements are the financial statements of QIC Private Capital Pty Ltd as an individual entity. The financial statements are presented in the Australian currency.

QIC Private Capital Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

QIC Private Capital Pty Ltd
Level 5 Central Plaza Two
66 Eagle Street
Brisbane QLD 4000

The financial statements were authorised for issue by the directors on 30 August 2013. The directors have the power to amend and reissue the financial statements.

QIC Private Capital Pty Ltd
Statement of profit or loss and comprehensive income
For the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Revenue	3	111,580	118,845
Employee benefits expense		(42,786)	(47,235)
Service fees		(16,973)	(16,997)
Professional services		(4,834)	(8,582)
Travel		(1,483)	(1,652)
Staff development and recruitment		(242)	(349)
Insurance		(257)	(241)
Communication expenses		(225)	(182)
Motor vehicle expenses		(59)	(95)
Computer operating costs		(127)	(77)
Auditors' remuneration	17	(59)	(59)
Information and research services		(73)	(44)
Other expenses		(768)	(918)
Expenses		(67,886)	(76,431)
Profit before income tax		43,694	42,414
Income tax expense	4	(13,119)	(12,731)
Total profit for the year		30,575	29,683
Other comprehensive income		-	-
Total comprehensive income for the year	13(a)	30,575	29,683
Total comprehensive income for the year is attributable to:			
Owners of QIC Private Capital Pty Ltd	13(a)	30,575	29,683

All revenue is from continuing operations. There are no discontinued operations.

The above statement of profit or loss and comprehensive income should be read in conjunction with the accompanying notes.

QIC Private Capital Pty Ltd
Statement of financial position
As at 30 June 2013

	Notes	2013 \$'000	2012 \$'000
ASSETS			
Current assets			
Receivables	5	<u>84,363</u>	82,273
Total current assets		<u>84,363</u>	<u>82,273</u>
Non-current assets			
Deferred tax assets	6	<u>6,097</u>	5,715
Total non-current assets		<u>6,097</u>	<u>5,715</u>
Total assets		<u>90,460</u>	<u>87,988</u>
LIABILITIES			
Current liabilities			
Payables	7	60,955	56,572
Provisions	8	2,131	2,345
Current tax liabilities	9	<u>9,492</u>	8,806
Total current liabilities		<u>72,578</u>	<u>67,723</u>
Non-current liabilities			
Deferred tax liabilities	10	-	1
Provisions	11	<u>11,820</u>	14,202
Total non-current liabilities		<u>11,820</u>	<u>14,203</u>
Total liabilities		<u>84,398</u>	<u>81,926</u>
Net assets		<u>6,062</u>	6,062
EQUITY			
Contributed equity	12	-	-
Retained earnings	13(a)	6,062	6,062
Equity attributable to owners of QIC Private Capital Pty Ltd		<u>6,062</u>	<u>6,062</u>
Total equity		<u>6,062</u>	<u>6,062</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

QIC Private Capital Pty Ltd
Statement of changes in equity
For the year ended 30 June 2013

	Notes	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2011		<u>6,062</u>	<u>6,062</u>
Profit for the year		29,683	29,683
Other comprehensive income		-	-
Total comprehensive income for the year		<u>29,683</u>	<u>29,683</u>
Transactions with owners in their capacity as owners:			
Dividends provided for or paid	14	(29,683)	(29,683)
Balance at 30 June 2012		<u>6,062</u>	<u>6,062</u>
Balance at 1 July 2012		<u>6,062</u>	<u>6,062</u>
Profit for the year		30,575	30,575
Other comprehensive income		-	-
Total comprehensive income for the year		<u>30,575</u>	<u>30,575</u>
Transactions with owners in their capacity as owners:			
Dividends provided for or paid	14	(30,575)	(30,575)
Balance at 30 June 2013		<u>6,062</u>	<u>6,062</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

QIC Private Capital Pty Ltd
Statement of cash flows
For the year ended 30 June 2013

	2013 \$'000	2012 \$'000
<p>Cash flows from operating activities</p> <p>Receipts from customers</p> <p>Payments to suppliers and employees</p> <p>Compensation paid to tax consolidated parent entity</p> <p>Dividends received</p> <p>Net cash inflow from operating activities</p>	<p></p> <p>117,767</p> <p>(75,310)</p> <p>(12,816)</p> <p>42</p> <hr/> <p>29,683</p>	<p>104,346</p> <p>(70,078)</p> <p>(11,113)</p> <p>21</p> <hr/> <p>23,176</p>
<p>Cash flows from investing activities</p> <p>Net cash inflow from investing activities</p>	<p></p> <hr/> <p>-</p>	<p></p> <hr/> <p>-</p>
<p>Cash flows from financing activities</p> <p>Dividends paid to shareholders</p> <p>Net cash from financing activities</p>	<p></p> <p>(29,683)</p> <hr/> <p>(29,683)</p>	<p>(23,176)</p> <hr/> <p>(23,176)</p>
<p>Net increase in cash and cash equivalents</p> <p>Cash and cash equivalents at end of year</p>	<p></p> <hr/> <p>-</p>	<p></p> <hr/> <p>-</p>

The above statement of cash flows should be read in conjunction with the accompanying notes.

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1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the entity QIC Private Capital Pty Ltd the 'company'). The company is a wholly-owned subsidiary of QIC Limited (the 'parent entity').

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the provisions of the *Government Owned Corporations Act 1993* and the *Corporations Act 2001*. QIC Private Capital Pty Ltd is a for-profit entity for the purpose of preparing the financial statements. QIC Private Capital Pty Ltd is a for profit entity.

(i) Compliance with IFRS

The financial statements of the QIC Private Capital Pty Ltd company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the company

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to *AASB 101 Presentation of Financial Statements* effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met. This will not have a material impact on this entity.

(iii) Historical cost convention

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

(iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Investment management fees

Management fees are recognised on an accruals basis at agreed rates, net of the amounts of goods and services tax payable.

(ii) Performance fees

Performance fees and rebates are recognised as revenue when they can be reliably measured and the inflow or outflow of economic benefits is considered to be probable.

1 Summary of significant accounting policies (continued)

(b) Revenue recognition (continued)

(iii) Offsetting

Revenue and expenses are offset in the financial statements of the company where offsetting the transactions accurately reflects the substance of the transaction and where not offsetting would detract from the ability of users to clearly understand the nature of the transaction and operations of the company. These transactions do not generate revenue and are incidental to the main revenue generating activities. In the current year the company has offset costs and recoveries incurred in relation to due diligence expenses and investment acquisition costs.

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST 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 ATO is included as a current asset or liability in the statement of financial position.

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

(d) Income tax

(i) Income tax equivalents

As a State trading body under the *Income Tax Assessment Act 1997*, QIC Limited and its wholly-owned Australian controlled entities are exempt from the Commonwealth income tax. However, pursuant to the *Government Owned Corporations Act 1993* and the National Tax Equivalents Regime, the group is required to make payments to the Queensland Government, equivalent to the amount of any Commonwealth income tax for which an exemption is received.

The income tax equivalent expense (referred to as income tax expense) for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

In compliance with *AASB 112 Income Taxes* the company uses a 'Balance Sheet approach' for calculating income tax balances. This approach recognises deferred tax balances when there is a difference between the carrying value of an asset or liability and its tax base. The differences are recognised at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

Deferred tax assets are recognised for deductible temporary differences and unused losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Tax consolidation legislation

QIC Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

1 Summary of significant accounting policies (continued)

(d) Income tax (continued)

(ii) Tax consolidation legislation (continued)

The parent entity, QIC Limited, and the controlled entities in the tax consolidation group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable or payable to other entities in the group. Details about the tax funding agreement are disclosed in note 4.

(iii) Taxation of Financial Arrangements (TOFA)

Compliance with the TOFA legislation is mandatory for the tax consolidated group for tax years beginning on or after 1 July 2010. The group has, apart from the foreign exchange retranslation election in relation to qualifying foreign exchange accounts, accepted the default method of accruals or realisation and has not made the election regarding transitional financial arrangements or any other elective timing methods.

(e) Receivables

Receivables are recognised at fair value and less provision for impairment. Trade receivables are due for settlement in no more than 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. There were no impairment amounts at 30 June 2013 (2012: \$nil).

(f) Investments and other financial assets

The company classifies its investments as financial assets at fair value through profit or loss and receivables. Management determines the classification of its investments at initial recognition and re-evaluates this designation at the end of each reporting date.

(g) Payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(h) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the estimated expenditure required to settle the present obligation at the balance date. The discount rates used to determine the present value are the rates attaching to Commonwealth Government securities at balance date.

(i) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are recognised in payables in respect of employee's services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Remuneration includes a mix of fixed remuneration and payments for performance, attraction and retention. The majority of these payments are dependent on the satisfaction of performance conditions and are defined as 'at risk'. The maximum 'at risk' amount payable varies with individual roles to the extent that each role impacts on investment and corporate performance.

1 Summary of significant accounting policies (continued)

(i) Employee benefits (continued)

(i) Short-term obligations (continued)

A liability for payments for performance, attraction and retention, annual leave and redundancies is measured at the amount expected to be paid when settled and, is included in employee benefits payable. The liability is classified as either short-term or long-term obligations depending on when it is expected to be settled.

No provision for sick leave benefits has been made as benefits do not vest with employees.

(ii) Long-term obligations

Long service leave benefits have been measured at the present value of the estimated future cash outflows resulting from services rendered by employees at balance date. Provisions for employee benefits which are not expected to be settled within 12 months are discounted using the rates attaching to Commonwealth Government securities at balance date, which most closely match the terms of maturity of the related liability. In determining the provision, consideration has been given to future increases in salary rates and prior experience with staff departures. Related on-costs have also been included.

(iii) Retirement benefit obligations

The company contributes to superannuation funds for the purpose of providing benefits for employees and their dependents on retirement, disability or death. Contributions are charged as expenses when incurred.

In relation to contributions to the QSuper defined benefit plan, employer contributions for superannuation are as determined by the Treasurer on the advice of the State Actuary. No liability is shown for superannuation benefits in the statement of financial position, as the liability is held on a Whole of Government basis and reported in the Whole of Government financial statements prepared in accordance with *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.

(j) Contributed equity

Ordinary shares are classified as equity.

(k) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the company, on or before the end of the financial year but not distributed at balance date.

(l) Rounding of amounts

Amounts in the financial report have been rounded to the nearest thousand dollars, or in certain cases, the nearest dollar. When necessary, comparative amounts for the previous period have been adjusted to facilitate valid comparison.

(m) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods and have not been early adopted by the group. The company's assessment of the impact of these new standards and interpretations is set out below.

- (i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2015)*

AASB 9 addresses the classification and measurement of financial assets and is unlikely to affect the company's accounting for its financial assets. The standard is not applicable until 1 January 2015 but is available for early adoption. The company does not expect that any adjustments will be necessary as a result of applying the revised rules.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income taxes

The company is subject to the National Tax Equivalents Regime in Australia and income taxes in other jurisdictions where it has foreign operations. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company estimates its tax liabilities based on management's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(ii) Provisions

Provisions are held in respect of a range of obligations, including employee entitlements. Some of the provisions involve significant judgement about the likely outcome of various events and estimated future cash flows.

(iii) Accrued revenue

Revenue has been accrued in respect of investment performance fees outstanding but not yet invoiced at the end of the financial year. Some of the investment performance fees accrued involved significant judgement about the likely outcome of client negotiations and estimated future cash flows. Accrued revenue is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably. The accrued revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

3 Revenue

	2013 \$'000	2012 \$'000
From continuing operations		
Management, performance and other fees	107,356	114,803
Product administration fees	2,895	2,403
Service fees from associated entities	1,001	-
Dividends from controlled entities	-	42
Other	328	1,597
	111,580	118,845

Management and performance fees arise from fiduciary activities relating to the provision of investment management services.

4 Income tax expense

(a) Income tax expense

	2013 \$'000	2012 \$'000
Current tax	13,356	12,830
Deferred tax	(237)	(99)
	13,119	12,731

Income tax expense is attributable to:

Profit from continuing operations	13,119	12,731
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(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2013 \$'000	2012 \$'000
Profit from continuing operations before income tax expense	43,694	42,414
Tax expense at the Australian tax rate of 30.0% (2012 - 30.0%)	13,108	12,724
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment	11	8
Non-deductible sundry items	-	11
Non-assessable dividend income	-	(12)
Income tax expense	13,119	12,731

(c) Tax consolidation legislation

QIC Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The accounting policy in relation to this legislation is set out in note 1(d).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which limits the joint and several liability of the wholly-owned entities in the case of a default by the parent entity, QIC Limited.

The company has also entered into a tax funding agreement under which the wholly-owned entities fully compensate QIC Limited for any current tax payable assumed and are compensated by QIC Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to QIC Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon payment by the parent entity of those liabilities, and subject to the parent entity providing to the wholly-owned entities satisfactory evidence of that payment, the wholly-owned entities shall promptly pay to the parent entity that contribution amount and the parent entity shall promptly pay to the relevant wholly-owned entities, amounts receivable by them under the funding arrangement (see note 19(d)).

5 Current assets - Receivables

	2013 \$'000	2012 \$'000
Trade receivables		
Management, performance and other fees receivable	32,024	25,833
Net related party receivables		
Receivable from parent and associated entities	52,190	56,301
Dividends due from controlled entities	-	42
Prepayments		
Prepayments	149	97
	84,363	82,273

During March 2012 ownership of QIC US Management, Inc. and its subsidiaries, was transferred from QIC Private Capital Pty Ltd to QIC Limited. The subsidiaries of QIC US Management, Inc. were dormant at the time of transfer. Accordingly, there are no dividend due from controlled entities for 2013.

These are non-interest bearing.

6 Non-current assets - Deferred tax assets

	2013 \$'000	2012 \$'000
The balance comprises temporary differences attributable to:		
Employee benefits provided for or payable	5,828	5,357
Accrued expenses	20	28
Depreciation	7	9
Sundry items	242	321
	6,097	5,715

7 Current liabilities - Payables

	2013 \$'000	2012 \$'000
Dividends	30,575	29,683
Employee benefits payable	27,141	24,574
Accrued expenses	1,666	632
Accounts payables	1,573	1,683
	60,955	56,572

These are non-interest bearing.

8 Current liabilities - Provisions

	2013 \$'000	2012 \$'000
Employee benefits	2,131	2,345

(a) Movements in provisions

Movements in each class of provision during the financial year, are set out below:

	Total \$'000
2013	
Carrying amount at the start of the year	2,345
Additional provisions recognised	1,119
Amounts used during the year	(1,650)
Amounts moved from non-current	158
Amounts transferred from/(to) related parties	159
Carrying amount at end of year	2,131
2012	
Carrying amount at the start of the year	2,754
Additional provisions recognised	1,095
Amounts used during the year	(1,752)
Amounts moved from non-current	238
Amounts transferred from/(to) related parties	10
Carrying amount at end of year	2,345

8 Current liabilities - Provisions (continued)

(b) Amounts not expected to be settled within 12 months

The current provision for employee benefits includes accrued annual leave and long service leave. Long service leave covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The current provision amount reflects leave that is expected to be taken or paid within the next 12 months.

	2013	2012
	\$'000	\$'000
Leave obligations expected to be settled after 12 months	218	259
	218	259

9 Current liabilities - Current tax liabilities

	2013	2012
	\$'000	\$'000
Tax related amounts payable to the parent entity	9,492	8,806
	9,492	8,806

10 Non-current liabilities - Deferred tax liabilities

	2013	2012
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Prepayments	-	1
	-	1

11 Non-current liabilities - Provisions

	2013	2012
	\$'000	\$'000
Employee benefits - long service leave	11,820	14,202
	11,820	14,202

The non-current provision for employee benefits reflects the net present value of long service leave conditional entitlements where employees have not yet completed the required service period.

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

11 Non-current liabilities - Provisions (continued)

(a) Movements in provisions (continued)

2013	Total \$'000
Carrying amount at start of year	14,202
Additional provisions recognised	14,508
Amounts transferred from/(to) related parties	193
Amounts moved to current	(17,083)
Carrying amount at end of year	11,820
2012	Total \$'000
Carrying amount at start of year	6,897
Additional provisions recognised	20,306
Amounts used during the period	79
Amounts transferred from/(to) related parties	-
Amounts moved to current	(13,080)
Carrying amount at end of year	14,202

The non-current provision for employee benefits reflects the net present value of long service leave conditional entitlements where employees have not yet completed the required service period.

12 Contributed equity

(a) Share capital

	2013 Shares	2012 Shares	2013 \$'000	2012 \$'000
Ordinary shares Fully paid	1	1	-	-

13 Reserves and retained earnings

(a) Retained earnings

Movements in retained earnings were as follows:

	2013 \$'000	2012 \$'000
Balance 1 July	6,062	6,062
Net profit for the year	30,575	29,683
Dividends	(30,575)	(29,683)
Balance 30 June	6,062	6,062

14 Dividends

(a) Ordinary shares

	2013 \$'000	2012 \$'000
Final dividend for the year ended 30 June 2013 of 100% (2012: 100%) of operating profit after tax recognised as a payable (note 8)	30,575	29,683

15 Financial risk management

The company's activities expose it to a variety of financial risks; credit risk and liquidity risk. The company's financial risk management activities focus on minimising potential adverse effects of financial risks on the financial performance of the company.

The company uses different methods to measure different types of risk to which it is exposed. For the purposes of financial statements disclosures, these methods include ageing analysis for credit and liquidity risks.

The responsibility for operational management resides with the company's directors and management and is supported by a central compliance and risk management policy for the company, which ensures consistency and oversight in line with policies approved by the QIC Limited Board of Directors.

The company holds the following financial instruments:

	2013 \$'000	2012 \$'000
Financial assets		
Net trade receivables	32,024	25,833
Net related party receivables	52,190	56,343
	84,214	82,176
Financial liabilities		
Payables	60,955	56,572
	60,955	56,572

(a) Credit risk

Credit risk is managed on a company basis. Credit risk arises from cash and cash equivalents and credit exposures to wholesale investment clients, including outstanding receivables.

The company seeks to limit its exposure to credit risk in terms of outstanding receivables, by dealing with reputable wholesale investment clients and by ensuring that a high percentage of clients pay their fees within an agreed timeframe. Where the company has a significant concentration of credit risk, this is only in relation to clients that are part of the Queensland Government.

15 Financial risk management (continued)

(a) Credit risk (continued)

The following details an ageing analysis of trade receivables.

	Within trading terms \$'000	Days overdue		
		31 - 60 \$'000	61 - 90 \$'000	Over 90 \$'000
2013	32,024	-	-	-
2012	25,833	-	-	-

No collateral is held over these balances. The company has not provided against overdue balances as there has not been a significant change in credit quality and these amounts are still considered recoverable.

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its cash outflows as they fall due because of lack of liquid assets.

To ensure that the company has sufficient funds available on a timely basis in the form of cash and liquid assets, to meet its liquidity requirements, the company maintains a loan account from the parent entity.

The following table details the company's remaining contractual maturity for its financial liabilities, on an undiscounted basis.

	2013			2012		
	Less than 1 year \$'000	> 1 year \$'000	Total \$'000	Less than 1 year \$'000	>1 year \$'000	Total \$'000
Payables	60,955	-	60,955	56,572	-	56,572

(c) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value of cash, accounts receivable, other receivables and accounts payable are assumed to approximate their fair values due to their short term nature.

16 Key management personnel disclosures

(a) Directors

The following persons were directors of QIC Private Capital Pty Ltd for the whole of the current and prior financial years, except where indicated otherwise below:

Director	Position	Term	Expiry date
P F Young AM	Chairman	Open term	-
K D MacDonald	Director	Open term	-
P Forbes	Director	Open term	-

(b) Remuneration of directors

Directors		Board and Board Committees			Total Directors' fees	Post employment	
Name	Position	QIC Board \$'000	Board Committees \$'000	Subsidiary Boards \$'000		Super \$'000	Total \$'000
Reporting Period	1 July 2012 - 30 June 2013						
P F Young AM ⁽¹⁾	Chairman	-	-	-	-		-
K D MacDonald ⁽¹⁾	Director	-	-	-	-		-
P Forbes	Director	67	-	-	67	6	73
Total remuneration	1 July 2012 - 30 June 2013	67	-	-	67	6	73
Previous Period	1 July 2011 - 30 June 2012						
P F Young AM ⁽¹⁾	Chairman	-	-	-	-	-	-
K D MacDonald ⁽¹⁾	Director	-	-	-	-	-	-
P Forbes	Director	67	-	-	67	6	73
Total remuneration	1 July 2011 - 30 June 2012	67	-	-	67	6	73

Notes:

(1) Director fees for P F Young AM and K D MacDonald are paid by the parent entity.

17 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the external auditor.

	2013 \$	2012 \$
<i>Queensland Audit Office</i>		
Audit and review of financial reports	59,433	59,060
Total remuneration for audit services	<u>59,433</u>	<u>59,060</u>

18 Contingencies

(a) Trustee obligations

As at 30 June 2013, QIC Private Capital Pty Ltd or its controlled entities were trustee of:

QIC Property Fund	QIC International Property Fund	QIC US Power Trust No. 1
QIC Private Equity Fund No. 1	QIC Private Equity Fund No. 2	QIC Private Equity Fund No.3
QIC Treasury Infrastructure Fund	QIC Tollroads Fund No. 2	QIC Infrastructure Mandate No. 1 Trust
QIC Diversified Infrastructure Fund No. 1	QIC PPP Trust	QIC Infrastructure Mandate No. 2 Trust
QIC Infrastructure Mandate No. 2B Trust	QS Property Trust No.1	QIC US Regional Mall Fund No. 1

In their capacity as trustee, the company is potentially liable for liabilities of the Trusts. However, under the Trust Deeds, the company is entitled to be indemnified out of the assets of the Trusts against any losses or outgoings sustained in their role as trustee, provided the trustee has acted within the terms of the Trust Deeds. As at 30 June 2013, total assets exceed total liabilities in the Trusts.

(b) Financial undertakings

In accordance with a loan facility agreement dated 16 July 2013, QIC Investments No.1 Pty Ltd agrees to pay QIC Private Capital Pty Ltd an amount up to \$3.0 million (in aggregate) on written demand.

In accordance with an eligible undertaking dated 27 November 2006, amended 5 February 2013, QIC Limited irrevocably agrees to pay QIC Private Capital Pty Ltd an amount up to \$8.0 million (2012: \$10.0 million) (in aggregate) on written demand pursuant to an Australian Financial Services Licence.

(c) Performance fees

The company has exposure to potential payables in relation to performance fee clawback provisions. These payments are contingent upon the occurrence of negative performance, relative to certain conditions. No negative performance has been recorded, accordingly performance fee clawbacks have not been recognised as expenses by the company/group for the year ended 30 June 2013.

19 Related party transactions

(a) Parent entity

The ultimate parent entity within the group is QIC Limited. The company is a Queensland Government Owned Corporation, with all shares held by shareholding Ministers on behalf of the State of Queensland.

(b) Other transactions with key management personnel

Aggregate amounts are presented below for transactions with key management personnel of QIC Private Capital Pty Ltd.

(i) Directors of QIC Private Capital Pty Ltd

No director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests in existence at year end.

The Chairman, Mr P F Young AM is a director of Fairfax Media Limited. QIC Private Capital subscribes to publications provided by Fairfax Media Publications Limited. These transactions occur on normal commercial terms and conditions.

The Chairman, Mr P F Young AM and directors, Mr K D MacDonald and Mr P W Forbes are directors of QIC Retail Pty Ltd. During the year, QIC Retail Pty Ltd provided investment management services to QIC Private Capital Pty Ltd. These transactions occur on normal commercial terms and conditions.

19 Related party transactions (continued)

(b) Other transactions with key management personnel (continued)

(i) Directors of QIC Private Capital Pty Ltd (continued)

The Chairman, Mr P F Young AM and director Mr K D MacDonald are directors of QIC Limited. During the year, QIC Limited provided investment management services to QIC Retail Pty Ltd. These transactions occur on normal commercial terms and conditions.

A director, Mr K D MacDonald, was a former partner of Allens Arthur Robinson until 31 December 2007 and is now a consultant employed by Allens Linklaters (previously Allens Arthur Robinson). Allens Linklaters has provided legal services to the company. These transactions occur on normal commercial terms and conditions.

(c) Transactions with other related parties

The following transactions occurred with related parties:

	30 June 2013 \$'000	30 June 2012 \$'000
<i>Sales of goods and services</i>		
Management and other fees from associated entities	10,729	10,381
Service fees from associated entities	1,001	-
<i>Purchases of goods</i>		
Service fees to parent entity and associated entities	16,973	19,130
<i>Tax consolidation legislation</i>		
Amounts payable to parent entity under the tax sharing and funding agreement	12,816	11,113
<i>Dividend revenue</i>		
Controlled Entities	-	42

(d) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2013 \$'000	2012 \$'000
<i>Current receivables (loans)</i>		
Parent entity and associated entities	52,190	56,301
<i>Current payables (tax funding agreement)</i>		
Parent entity	9,492	8,806
<i>Current payables (payment of dividends)</i>		
Parent entity	30,575	29,683

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

19 Related party transactions (continued)

(e) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Outstanding balances are unsecured and are repayable in cash.

20 Events occurring after the reporting period

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material nature likely, to affect significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

21 Reconciliation of profit after income tax to net cash inflow from operating activities

	2013 \$'000	2012 \$'000
Profit for the year	30,575	29,683
Change in operating assets and liabilities:		
(Increase) in trade debtors and bills of exchange	(2,090)	(21,376)
(Increase) in deferred tax assets	(382)	(99)
Increase in trade creditors	3,491	6,355
Increase in provision for income taxes payable	686	1,717
(Decrease) in deferred tax liabilities	(1)	-
(Decrease) increase in provisions	(2,596)	6,896
Net cash inflow (outflow) from operating activities	29,683	23,176

In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 25 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the entity's financial position as at 30 June 2013 and of its performance for the year ended on that date, 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.

Note 1(a) confirms that the financial statements also comply with *International Financial Reporting Standards* as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of directors.



P F Young AM
Chairman

Brisbane
30 August 2013

Independent auditor's report to the members of

QIC Private Capital Pty Ltd

Report on the Financial Report

I have audited the accompanying financial report of QIC Private Capital Pty Ltd, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the Auditor General of Queensland Auditing Standards, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Auditor General Act 2009* promotes the independence of the Auditor General and all authorised auditors. The Auditor General is the auditor of all Queensland public sector entities and can only be removed by Parliament. The Auditor General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor General's opinion are significant.

In conducting the audit, the independence requirements of the *Corporations Act 2001* have been complied with. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of QIC Private Capital Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

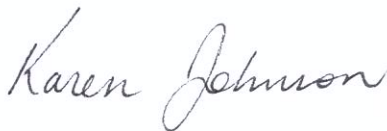
Opinion

In my opinion –

- (a) the financial report of QIC Private Capital Pty Ltd is 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 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



K JOHNSON FCA
Assistant Auditor-General
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane