

The cover features a collage of images and geometric shapes. A large orange triangle on the left contains the company name and report title. A red triangle on the right contains the QIC logo. The background is composed of several images: a dome ceiling with lights, a field of wind turbines under a blue sky, and a blurred image of people walking in a modern building.

QIC LIMITED

ABN 95 942 373 762

Consolidated Annual
Financial Statements and
Directors' Report for
the year ended 30 June 2018

QIC



QIC Limited Directors' report 30 June 2018

The directors present their report on the consolidated entity (referred to hereafter as the group) consisting of QIC Limited and the entities it controlled at the end of, or during, the year ended 30 June 2018.

DIRECTORS

The following persons were directors of QIC Limited during the whole of the financial year and up to the date of this report unless stated otherwise:

Mr D R Luke
Mr J C Battams
Ms G Brown
Professor P Derrington (appointed: 12 October 2017)
Ms S A Desmarchelier
Mr S J P Dunne
Mr P A Gallagher (reappointed: 12 October 2017)
Mr A E King
Mr G B Murdoch (term ended: 30 September 2017)
Ms A J P Staines

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of the group consisted of providing investment management services.

DIVIDENDS

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

	2018	2017
	\$'000	\$'000
Dividends provided for and declared	60,122	41,089

REVIEW OF OPERATIONS

The profit from ordinary activities, after related income tax expense, amounts to \$69.1 million (2017: \$61.1million).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the group during the financial year were as follows:

On 26 March 2018, the group acquired the property management rights, related employees and leasing software for 11 shopping malls in the US from an existing joint venture partner, under a master transaction agreement executed on 2 October 2017. Accounting considerations arising from this transaction are discussed in Note F4.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The group has performance fee arrangements in relation to the QIC Shopping Centre Fund and the QIC Property Fund ('the Funds'). On 2 August 2018, the group received a report on structural issues relating to the car park structure at Westpoint Shopping Centre ('the Centre') which is jointly owned by the Funds. The group is in the process of investigating and determining the impact to the Centre. While the investigation is ongoing, it is not possible to reliably estimate the potential impacts on the fair value of the Centre and therefore the impact, if any, on the performance fee recognised in relation to the outperformance of the Funds in the current year.

No other matters or circumstances have arisen since 30 June 2018 that have significantly affected, or may significantly affect, the group's operations, the results of those operations, or the group's state of affairs in future financial years.

QIC Limited Directors' report 30 June 2018 (continued)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

There are no likely developments or expected results of operations of the group that are likely to materially affect the financial statements of the year ended 30 June 2018.

COMPANY SECRETARY

Mr D E Clarke and Mr W T Burton are the company secretaries. Mr Clarke is a barrister and solicitor of the Supreme Courts of Queensland, New South Wales, Victoria and the High Court of Australia. Mr Burton is a solicitor of the Supreme Court of Queensland and the High Court of Australia.

MEETINGS OF DIRECTORS

The numbers of meetings of QIC Limited's board of directors and of each board committee held during the year ended 30 June 2018 and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees					
			Audit Committee		Risk Committee		HR and Remuneration	
	A	B	A	B	A	B	A	B
Mr D R Luke ⁽¹⁾	8	8	5	6	5	5	5	5
Mr J C Battams	8	8	6	6	5	5	-	-
Ms G Brown	7	8	5	6	5	5	-	-
Professor P Derrington ⁽²⁾	4	5	-	-	-	-	-	-
Ms S Desmarchelier	8	8	-	-	-	-	4	5
Mr S J P Dunne	7	8	-	-	-	-	5	5
Mr P A Gallagher ⁽³⁾	7	8	6	6	5	5	5	5
Mr A E King	7	8	-	-	-	-	4	5
Mr G B Murdoch ⁽⁴⁾	3	3	4	4	2	2	-	3
Ms A J P Staines	8	8	4	6	5	5	-	-

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

(1) = Mr Luke attended meetings of the Audit Committee and Risk Committee in an ex-officio capacity

(2) = Appointed 12 October 2017

(3) = Term ended 30 September 2017, reappointed 12 October 2017

(4) = Term ended 30 September 2017

INSURANCE OF OFFICERS

During the financial year QIC Limited, the parent entity, paid insurance premiums to insure the directors and officers of the group. 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 group'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.

SHARES UNDER OPTION

No options over issued shares or interests in the company or controlled entities were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

QIC Limited Directors' report 30 June 2018 (continued)

ROUNDING OF AMOUNTS

The group is of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission. In accordance with that Instrument, 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.



Mr D R Luke
Chairman

Brisbane
27 August 2018

Auditor's Independence Declaration

To the directors of QIC Limited

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 Limited for the financial year ended 30 June 2018, 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.



Brendan Worrall
Auditor-General

21 August 2018
Queensland Audit Office
Brisbane

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Consolidated statement of profit or loss and other comprehensive income

	Notes	2018 \$'000	2017 \$'000
Revenue from continuing operations	B1	409,967	343,801
Gain on financial assets at fair value through profit or loss		-	3,532
Foreign exchange gains		648	-
Total revenue and other income		410,615	347,333
Employee benefits expense		224,840	181,764
Professional services		24,437	23,172
Operating lease costs		14,056	12,704
Travel expenses		11,439	10,371
Computer operating costs		9,414	5,783
Depreciation and amortisation expense	C7, C8	6,622	6,355
Information and research services		3,656	3,468
Staff development and recruitment		3,455	3,159
Communication expenses		2,999	2,016
Insurance costs		1,790	1,693
Loss on financial assets at fair value through profit or loss		500	-
Auditor's remuneration	G2	437	393
Net loss on disposal of property, plant and equipment		12	95
Foreign exchange losses		-	471
Other expenses		5,668	7,168
Total expenses		309,325	258,612
Profit before income tax		101,290	88,721
Income tax expense	B2	32,168	27,632
Total profit after income tax for the year attributable to owners		69,122	61,089
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		177	-
Other comprehensive income for the year (net of tax)		177	-
Total comprehensive income for the year attributable to owners		69,299	61,089

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes on pages 10 to 48.

Consolidated statement of financial position

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Current assets			
Cash at bank and in hand	C1	4,047	14,123
Financial assets at fair value through profit or loss	C5	117,892	93,755
Receivables	C4	154,563	135,803
Income tax receivable	B2	-	1,057
Prepayments		6,741	6,532
Total current assets		283,243	251,270
Non-current assets			
Financial assets at fair value through profit or loss	C5	30,956	29,844
Property, plant and equipment	C7	17,408	13,859
Intangible assets	C8	18,770	12,315
Deferred tax assets	B2	39,664	40,052
Receivables	C4	1,184	835
Other financial assets	C6	4,672	2,513
Total non-current assets		112,654	99,418
Total assets		395,897	350,688
LIABILITIES			
Current liabilities			
Payables	C9	29,067	24,459
Income tax payable	B2	3,675	798
Dividends	E2	60,122	41,089
Employee benefits	D1	103,940	84,395
Provisions	C10	2,274	803
Deferred revenue	B1	17,325	21,818
Total current liabilities		216,403	173,362
Non-current liabilities			
Employee benefits	D1	13,923	23,334
Provisions	C10	3,379	977
Borrowings	C11	100	100
Total non-current liabilities		17,402	24,411
Total liabilities		233,805	197,773
Net assets		162,092	152,915
EQUITY			
Contributed equity	E1	37,475	37,475
Other reserves		177	-
Retained earnings	E3	124,440	115,440
Equity and reserves attributable to owners of QIC Limited		162,092	152,915
Total equity		162,092	152,915

The above consolidated statement of financial position should be read in conjunction with the accompanying notes on pages 10 to 48.

Consolidated statement of changes in equity

Attributable to owners of QIC Limited				
Notes	Contributed equity \$'000	Other reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2016	37,475	-	95,440	132,915
Profit after income tax	-	-	61,089	61,089
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	61,089	61,089
Transactions with owners in their capacity as owners:				
Dividends provided for or paid E2	-	-	(41,089)	(41,089)
Balance at 30 June 2017	37,475	-	115,440	152,915
Balance at 1 July 2017	37,475	-	115,440	152,915
Profit after income tax	-	-	69,122	69,122
Other comprehensive income	-	177	-	177
Total comprehensive income for the year	-	177	69,122	69,299
Transactions with owners in their capacity as owners:				
Dividends provided for or paid E2	-	-	(60,122)	(60,122)
Balance at 30 June 2018	37,475	177	124,440	162,092

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes on pages 10 to 48.

Consolidated statement of cash flows

	Notes	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Receipts from customers		421,685	389,688
Payments to suppliers and employees		(324,365)	(309,163)
Distributions received		1,267	1,673
Gain/(loss) on cash and cash equivalents		151	(153)
Interest received		171	95
Income taxes paid		(27,846)	(47,490)
Net cash provided by operating activities	C2	71,063	34,650
Cash flows from investing activities			
Payments for property, plant and equipment	C7	(8,025)	(5,398)
Payments for intangible assets	C8	(8,104)	(6,009)
Payments for financial assets at fair value through profit or loss		(12,970)	(33,872)
Payments for other financial assets		(2,159)	(300)
Proceeds from sale of financial assets at fair value through profit or loss		11,151	52,760
Distributions received from investments		3,868	2,261
Proceeds from acquisition of business	F4	533	-
Proceeds from other financial assets		-	2,896
Proceeds from sale of property, plant and equipment		4	12
Dividends received		131	98
Interest received		115	75
Net cash provided by/(used in) investing activities		(15,456)	12,523
Cash flows from financing activities			
Proceeds from borrowings	C3	-	100
Dividends paid to shareholders	E2	(41,089)	(62,424)
Net cash (used in) financing activities		(41,089)	(62,324)
Net increase/(decrease) in cash and cash equivalents		14,518	(15,151)
Cash and cash equivalents at the beginning of the financial year		80,699	95,686
Effects of exchange rate changes on cash and cash equivalents		(512)	164
Cash and cash equivalents at the end of the financial year	C1	94,705	80,699

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes on pages 10 to 48.

Notes to the consolidated financial statements

A BASIS OF PREPARATION

A1 REPORTING ENTITY

These financial statements are the financial statements of the consolidated entity consisting of QIC Limited and its subsidiaries. QIC Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

QIC Limited
Level 5 Central Plaza Two
66 Eagle Street
Brisbane QLD 4000

QIC Limited is a for-profit entity and is primarily involved in the provision of investment management services.

A2 BASIS OF ACCOUNTING AND MEASUREMENT

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the provisions of the *Government Owned Corporations Act 1993* and the *Corporations Act 2001*. The financial statements of the QIC Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historical cost convention, except where otherwise stated.

The financial statements were authorised for issue by the directors on 27 August 2018. The directors have the power to amend and reissue the financial statements.

A3 PRINCIPLES OF CONSOLIDATION

The financial statements incorporate the assets and liabilities of all subsidiaries of QIC Limited ('group' and 'parent entity' respectively) as at 30 June 2018 and the results of all subsidiaries for the year then ended. QIC Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The financial information for the parent entity is disclosed in note F1 and controlled entities in note F2.

A4 FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Australian dollars, which is the group's functional currency. All amounts have been rounded to the nearest thousand, unless indicated otherwise.

A5 FOREIGN CURRENCY TRANSLATION

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

Notes to the consolidated financial statements (continued)

A BASIS OF PREPARATION (continued)

A5 FOREIGN CURRENCY TRANSLATION (continued)

(ii) Group companies

The results and financial position of the group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the balance date
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

A6 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group'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 the following notes:

Accounting estimates and judgements	Note	Page
Revenue recognition	B1	13
Income taxes	B2	16
Employee benefits	D1	33

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 group and that are believed to be reasonable under the circumstances.

B PERFORMANCE FOR THE YEAR

This section provides the information that is most relevant to understanding the financial performance of the group during the financial year and, where relevant, the accounting policies and the critical judgements and estimates made.

B1 REVENUE

	Notes	2018 \$'000	2017 \$'000
From continuing operations			
Management, performance and other fees	G1	382,517	322,470
Product administration fees- related parties		14,526	12,234
Distribution income		5,134	3,939
Interest income		291	182
Dividend income		131	98
Other revenue		7,368	4,878
Total revenue from continuing operations		409,967	343,801

Notes to the consolidated financial statements (continued)

B PERFORMANCE FOR THE YEAR (continued)

B1 REVENUE (continued)

Recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and rebates.

Revenue is recognised on the following basis:

(i) Management, performance and other fees

Management fees are recognised on an accruals basis in line with client agreements, net of the amounts of goods and services tax payable. Performance fees and rebates are recognised on an accruals basis when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the group.

Performance fees are subject to specific criteria being met over the performance period in compliance with individual client contracts. Revenue may not be recognised where the performance criteria is subject to uncertain future events outside the control of the group. Where the achievement of criteria is probable but not virtually certain a contingent asset is disclosed.

Some performance fees are subject to clawback. Performance fee clawbacks are recognised on an accruals basis when there exists a present obligation, the clawback amount can be reliably measured and it is probable that there may be a future outflow of economic benefits from the group. A liability is recognised as deferred revenue and a reduction in revenue recorded.

(ii) Product administration fees - related parties

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

(iii) Dividend income

Dividends are recognised as revenue when the right to receive payment is established.

(iv) Distribution income

Distributions are recognised on an entitlements basis on the date the distribution is declared.

(v) Interest income

Interest income is recognised using the effective interest method.

(vi) Other revenue

Other revenue primarily includes consulting fee revenue and product related cost recoveries.

(vii) Offsetting

Revenue and expenses are offset in the financial statements of the group 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 group. The group has offset revenue and expenses in relation to product and client related costs of \$58.9 million (2017: \$76.6 million) where the group acts as agent.

Notes to the consolidated financial statements (continued)

B PERFORMANCE FOR THE YEAR (continued)

B1 REVENUE (continued)

Recognition and measurement (continued)

Key estimates and judgements

(i) Performance fees – contingent asset

Some performance fees are subject to specific criteria being met over the performance period in compliance with individual client contracts. If the performance criteria are not met over the performance period, no performance fee is receivable.

At year end, based on performance to date, there remains a significant degree of uncertainty over whether the performance targets will be achieved over the performance periods for some performance fee arrangements. Achievement of these targets is influenced by a number of factors over which the group has limited control, including the underlying performance of international markets, movements in interest rates and other risk factors. Revenue is not recognised where the performance criteria are subject to uncertain future events outside the control of the group. While the achievement of criteria is not virtually certain, management's judgement is that an inflow of economic benefits is probable and a contingent asset exists. Due to the degree of uncertainty, at 30 June 2018 it is not possible to estimate the financial effect of the contingent asset.

(ii) Performance fees – deferred revenue

Performance fee clawbacks are potentially payable on a number of performance fee agreements. A clawback is payable where performance of a product falls below benchmark performance over the clawback period. A statistical analysis of the changes in performance fees over time for particular asset classes has been undertaken, resulting in a reasonable data set to estimate the likelihood of negative out-performance and amount of the potential clawback. Other considerations include accumulated excess returns over the benchmark that need to be reversed before a clawback is incurred. Each asset class subject to a clawback has been assessed under a consistent methodology with inputs relative to the individual client contracts.

There are a number of factors that could influence performance including changes in the competitive environment and client agreements, movements in interest rates and other risk factors.

At 30 June 2018, a liability of \$17.3 million (2017: \$21.8 million) is recognised as deferred revenue.

B2 TAXATION

(i) Reconciliation of income tax expense

	2018 \$'000	2017 \$'000
Profit before income tax	101,290	88,721
Tax expense at the Australian tax rate of 30.0% (2017: 30.0%)	30,387	26,616
Non-deductible entertainment	71	81
Non-deductible sundry items	1,276	838
Effect of tax rates in foreign jurisdictions	(152)	(35)
Tax offset for franked dividends and foreign income	(77)	(82)
Adjustments for current tax of prior periods	663	214
Income tax expense	32,168	27,632
Current tax on profits for the year	32,633	28,692
Deferred tax	388	(1,181)
Adjustments for current tax of prior periods	(853)	121
	32,168	27,632

Notes to the consolidated financial statements (continued)

B PERFORMANCE FOR THE YEAR (continued)

B2 TAXATION (continued)

(ii) Movement in deferred tax balances

2018 \$'000	Net balance at 1 July	Charged to P&L	Net balance at 30 June	DTA	DTL
Employee benefits	32,351	1,065	33,416	33,416	-
Property, plant and equipment	1,584	(471)	1,113	1,987	(874)
Performance fees	6,346	(1,588)	4,758	4,758	-
Other	(229)	606	377	377	-
Tax assets / (liabilities) before set-off	40,052	(388)	39,664	40,538	(874)
Set-off DTL against DTA	-	-	-	(874)	874
Net tax assets	40,052	(388)	39,664	39,664	-

2017 \$'000	Net balance at 1 July	Charged to P&L	Net balance at 30 June	DTA	DTL
Employee benefits	33,491	(1,140)	32,351	32,351	-
Property, plant and equipment	1,178	406	1,584	2,367	(783)
Performance fees	2,938	3,408	6,346	6,346	-
Other	1,264	(1,493)	(229)	613	(842)
Tax assets / (liabilities) before set-off	38,871	1,181	40,052	41,677	(1,625)
Set-off DTL against DTA	-	-	-	(1,625)	1,625
Net tax assets	38,871	1,181	40,052	40,052	-

Recognition and measurement

(i) Income tax

As a State trading body under the *Income Tax Assessment Act 1997*, QJC Limited and its wholly-owned Australian controlled entities are exempt from 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.

Current tax is expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amount of assets and liabilities and the corresponding tax base.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax offsets, to the extent that it is probable that sufficient future taxable profits will be available to utilise them.

Notes to the consolidated financial statements (continued)

B PERFORMANCE FOR THE YEAR (continued)

B2 TAXATION (continued)

Recognition and measurement (continued)

(ii) Offsetting deferred tax balances

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

(iii) Tax consolidation legislation

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

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 group 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.

(iv) Taxation of Financial Arrangements (TOFA)

Compliance with the TOFA legislation is mandatory for the tax consolidated group. 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.

(v) Attribution Managed Investment Trust (AMIT)

On 5 May 2016, a new tax regime applying to Managed Investment Trusts ("MITs") was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The AMIT regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. Some of the MITs that the group invests into have amended their trust deeds. Subsequently, the other conditions to adopt the AMIT tax regime have been met effective 1 July 2017. The group's income from MITs will now be taxed based on income that is attributed to the group as opposed to income that is distributed to the group. There are no other accounting impacts to the group due to this change.

Notes to the consolidated financial statements (continued)

B PERFORMANCE FOR THE YEAR (continued)

B2 TAXATION (continued)

Key estimates and judgements

(i) Income taxes

The group 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 tax related balances. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group 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) Recovery of deferred tax assets

Deferred tax assets are only recognised for deductible temporary differences to the extent it is probable that sufficient future taxable profits will be available to utilise them. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profit.

C ASSETS AND LIABILITIES

This section provides information relating to the assets and liabilities of the group. It also provides information on the group's exposure to financial risks, how they affect the group's financial position and performance and how the risks are managed.

C1 Cash and cash equivalents

	2018 \$'000	2017 \$'000
Cash at bank and in hand	4,047	14,123

The below figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

	Notes	2018 \$'000	2017 \$'000
Cash at bank and in hand		4,047	14,123
Investment- QJC Cash Enhanced Fund	C5	78,485	65,275
Investment- USD investment account	C5	12,173	1,301
Balance per consolidated statement of cash flows		94,705	80,699

Recognition and measurement

(i) Cash and cash equivalents

For the purposes of these financial statements, cash and cash equivalents includes cash on hand and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Cash and cash equivalents

include balances in relation to investments in the QJC Cash Enhanced Fund and a US dollar denominated investment account. These investments are readily able to be converted to known amounts of cash on call and are highly liquid.

Notes to the consolidated financial statements (continued)

C ASSETS AND LIABILITIES (continued)

C1 Cash and cash equivalents (continued)

Recognition and measurement (continued)

(ii) Fair value

The carrying amount for cash assets equals the fair value. The weighted average interest rate for cash at bank and in hand was 1.41% (2017: 1.43%). The group's exposure to liquidity risk is discussed in Note C14(iii).

(iii) Amounts held in trust

An amount held in trust of \$nil (2017: \$2.7 million) was recognised in cash and cash equivalents as at 30 June 2018. These monies are recovered funds held on behalf of QIC clients in the group's capacity as trustee.

C2 Reconciliation of cash flow from operating activities

	2018 \$'000	2017 \$'000
Profit after income tax	69,122	61,089
Distribution income reinvested	(3,867)	(2,261)
(Gain)/loss on financial assets at fair value through profit or loss	742	(3,653)
Fair value gains on other assets	(222)	(131)
Interest income reinvested	(117)	(86)
Depreciation and amortisation	6,622	6,355
Net loss on disposal of property, plant and equipment	12	95
Net foreign exchange differences	177	-
Change in operating assets and liabilities:		
Net change in receivables	(19,109)	(5,081)
Net change in prepayments	(209)	(3,143)
Net change in deferred tax assets	388	(1,181)
Net change in payables	4,608	(2,880)
Net change in provisions	3,873	(536)
Net change in employee benefits	9,602	(6,299)
Net change in income tax receivable	1,057	(557)
Net change in income tax payable	2,877	(18,099)
Net change in deferred income	(4,493)	11,018
Net cash provided by operating activities	71,063	34,650

Notes to the consolidated financial statements (continued)

C ASSETS AND LIABILITIES (continued)

C3 Changes in liabilities arising from financing activities

	Borrowing due after 1 year \$'000	Total \$'000
Opening balance as at 1 July 2016	-	-
Cash flows	100	100
Closing balance as at 30 June 2017	100	100
Opening balance as at 1 July 2017	100	100
Closing balance as at 30 June 2018	100	100

C4 Receivables

	2018 \$'000	2017 \$'000
Management, performance and other fees receivable	154,563	135,803
Total current receivables	154,563	135,803
Loan receivable	1,184	835
Total non-current receivables	1,184	835

Recognition and measurement

(i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

Due to the short-term nature of these financial rights, their carrying amounts are estimated to represent their fair values.

(ii) Past due but not impaired

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off. An allowance account (provision for impairment of receivables) is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. There were no impairment amounts at 30 June 2018 (2017: \$nil).

As at 30 June 2018, receivables of \$2.0 million (2017: \$3.8 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of receivables is as follows:

Notes to the consolidated financial statements (continued)

C ASSETS AND LIABILITIES (continued)

C4 Receivables (continued)

(ii) Past due but not impaired (continued)

		Days overdue			
		Within trading terms	31 - 60	61 - 90	Over 90
		\$'000	\$'000	\$'000	\$'000
2018		152,562	613	714	674
2017		132,047	2,292	629	835

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

C5 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss (FVTPL) are all held for trading and include the following:

	2018 \$'000	2017 \$'000
Investment- QIC Cash Enhanced Fund	78,485	65,275
Investment- multiple products (deferred remuneration)	27,234	27,179
Investment- USD investment account	12,173	1,301
Total current financial assets at FVTPL	117,892	93,755
Investment- QIC Infrastructure Portfolio	11,142	10,701
Investment- QIC Global Infrastructure Fund	10,385	9,413
Investment- QIC Direct Opportunities Fund	4,158	5,156
Investment- GFI Absolute Return Bond Fund	2,168	2,086
Investment- Lonsdale Asset Hold Trust	1,744	1,569
Investment- Lonsdale Operations Hold Trust	523	469
Investment- Capital Parking Pty Ltd	222	130
Investment- QIC Private Equity Fund No. 4	195	180
Investment- QIC US Shopping Center Fund, LP	147	140
Investment- South Bay NewCo LLC	136	-
Investment- QIC Private Equity Fund No. 6	136	-
Total non-current financial assets at FVTPL	30,956	29,844

Changes in fair values of financial assets at FVTPL are recorded in the consolidated profit or loss.

Notes to the consolidated financial statements (continued)

C ASSETS AND LIABILITIES (continued)

C5 Financial assets at fair value through profit or loss (continued)

The group has the following investment commitments that are still to be funded:

Investment	Amount \$'000
QJC US Shopping Center Fund, LP	13,405
QJC Global Infrastructure Fund	10,667
Golden Reef Infrastructure Trust	4,026
SVA Diversified Impact Fund	420
QJC Direct Opportunities Fund	404
	28,922

Recognition and measurement

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated on acquisition.

A financial asset is designated if it is managed on a fair value basis in accordance with the group's investment strategy, and reporting is provided on that basis to management. Assets in this category are classified as current assets if they are either cash assets or are expected to be realised within 12 months of the balance date, otherwise they are classified as non-current.

The group's holding in financial assets held at FVTPL is limited to holdings in products managed by the group. The fair value of these holdings was based on the unit price of the relevant trust at the reporting date. The unit price is derived based on observable market data for underlying investments held by the trust. Accordingly, the group and parent entity classify financial assets at FVTPL as level 2 and level 3 (see note C14(d)(i)).

C6 Other financial assets

	2018 \$'000	2017 \$'000
Monies held in escrow	4,069	2,195
Other financial assets	603	318
Total other financial assets	4,672	2,513

Other financial assets include unlisted debt securities of \$0.6 million (2017: \$0.3 million).

Funds are held in an escrow account to fund capital calls in relation to a joint venture with a client. The group committed additional funds to the escrow account during the year, in line with the investment mandate. This money is restricted for use under the terms of the agreement.

Notes to the consolidated financial statements (continued)

C ASSETS AND LIABILITIES (continued)

C7 Property, plant and equipment

	Office equipment, furniture and fittings \$'000	Computer equipment \$'000	Assets in the course of construction \$'000	Total \$'000
2018				
Carrying amount as at 1 July 2017	10,301	3,558	-	13,859
Additions	3,928	3,986	111	8,025
Depreciation expense	(2,509)	(2,328)	-	(4,837)
Disposals at net book value	-	(21)	-	(21)
Net foreign currency exchange differences in net book value	269	107	6	382
Closing net book value at 30 June 2018	11,989	5,302	117	17,408
Cost	33,379	13,300	117	46,796
Accumulated depreciation	(21,390)	(7,998)	-	(29,388)
Net book amount	11,989	5,302	117	17,408
2017				
Carrying amount as at 1 July 2016	10,827	1,881	269	12,977
Additions	2,183	3,215	-	5,398
Depreciation expense	(2,769)	(1,478)	-	(4,247)
Disposals at net book value	(130)	(47)	-	(177)
Reclassifications at net book value ⁽¹⁾	269	-	(269)	-
Net foreign currency exchange differences in net book value	(79)	(13)	-	(92)
Closing net book value at 30 June 2017	10,301	3,558	-	13,859
Cost	29,171	10,699	-	39,870
Accumulated depreciation	(18,870)	(7,141)	-	(26,011)
Net book amount	10,301	3,558	-	13,859

(1) Refers to the reclassification of fitout from work in progress to property, plant and equipment

Recognition and measurement

The cost of an asset is measured as the fair value of the assets given or liabilities incurred at the date of exchange plus costs directly attributable to the acquisition. The carrying value of an asset is measured as the cost of the asset minus depreciation.

Items of property, plant and equipment with a cost in excess of \$1,000 are capitalised in the year of acquisition. Items of lesser value are expensed.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is recognised for the amount by which the asset's carrying amounts exceeds its recoverable amount and the asset's carrying amount is written down immediately to its recoverable amount.

Notes to the consolidated financial statements (continued)

C ASSETS AND LIABILITIES (continued)

C7 Property, plant and equipment (continued)

Recognition and measurement (continued)

All items of property, plant and equipment have limited useful lives and are depreciated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed.

The estimated useful lives used to calculate the depreciation rate for each class of asset are as follows:

Computer equipment	2- 8 years
Office equipment, furniture and fittings	3- 15 years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

C8 Intangible assets

	Computer software \$'000	Intangible assets in the course of construction \$'000	Total \$'000
2018			
Carrying amount as at 1 July 2017	6,656	5,659	12,315
Additions	116	7,988	8,104
Amortisation charge	(1,785)	-	(1,785)
Reclassifications at net book value ⁽¹⁾	5,940	(5,940)	-
Net foreign currency exchange differences in net book value	1	135	136
Closing net book value at 30 June 2018	10,928	7,842	18,770
Cost	31,514	7,842	39,356
Accumulated amortisation	(20,586)	-	(20,586)
Net book amount	10,928	7,842	18,770
2017			
Carrying amount as at 1 July 2016	3,950	4,464	8,414
Additions	323	5,686	6,009
Amortisation charge	(2,108)	-	(2,108)
Reclassifications at net book value ⁽¹⁾	4,491	(4,491)	-
Closing net book value at 30 June 2017	6,656	5,659	12,315
Cost	25,457	5,659	31,116
Accumulated amortisation	(18,801)	-	(18,801)
Net book amount	6,656	5,659	12,315

(1) Refers to the reclassification of software from work in progress to intangible assets

Notes to the consolidated financial statements (continued)

C ASSETS AND LIABILITIES (continued)

C8 Intangible assets (continued)

Recognition and measurement

(i) Intangible assets

Intangible assets of the group comprise purchased software and internally developed software. Intangible assets with a historical cost equal to or greater than \$1,000 are recognised in the financial statements. Items of a lesser value are expensed. Software maintenance costs are expensed as incurred.

The group carries software assets at cost less amortisation and impairment losses, if any.

The estimated useful lives used to calculate the amortisation rate for computer software is 3- 10 years.

Internal and external costs directly incurred in the purchase and development of computer applications, including subsequent upgrades and enhancements, are capitalised where the costs exceed \$100,000. Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation are not capitalised.

Change in accounting estimate

(i) Revision of useful lives of an intangible asset

During the year the estimated total useful life of multiple intangible assets were revised. The net effect of the change in useful life in the current financial year was a decrease in depreciation expense of the group of \$0.4 million.

C9 Payables

	2018 \$'000	2017 \$'000
Accrued expenses	23,188	16,221
Accounts payable	5,879	8,238
Total payables	29,067	24,459

Recognition and measurement

(i) Payables

Payables are recognised when the group becomes obliged to make future payments resulting from the purchase of goods and services.

(ii) Fair value

Due to the short term nature of these financial obligations, their carrying amounts are estimated to represent their fair values.

Notes to the consolidated financial statements (continued)

C ASSETS AND LIABILITIES (continued)

C10 Provisions

	Current \$'000	2018 Non- current \$'000	Total \$'000	Current \$'000	2017 Non- current \$'000	Total \$'000
Lease incentive	970	3,379	4,349	557	977	1,534
Restructuring costs	1,091	-	1,091	-	-	-
Other provisions	213	-	213	246	-	246
	2,274	3,379	5,653	803	977	1,780

Recognition and measurement

(i) Lease incentive

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the term of the lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(ii) Restructuring

A restructuring provision is recognised at 30 June 2018 in relation to a corporate program of work being implemented to more efficiently deliver certain support functions. The restructuring is expected to be completed, and the provision fully utilised, by March 2019. All requirements in relation to AASB 137 Provisions, Contingent Liabilities and Contingent Assets have been met in relation to this restructuring provision.

(iii) Movements in provisions

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

2018	Lease incentive \$'000	Restructuring obligations \$'000	Other \$'000	Total \$'000
Carrying amount at start of year	1,534	-	246	1,780
Charged to profit or loss	-	-	-	-
- additional provisions recognised	3,552	1,091	213	4,856
Amounts used during the year	(737)	-	(246)	(983)
Carrying amount at end of year	4,349	1,091	213	5,653

C11 Borrowings

	2018 \$'000	2017 \$'000
Borrowings	100	100
Total borrowings	100	100

(i) Bank overdraft

QJC Limited had an overdraft facility with a limit of \$10.0 million. The facility was not drawn upon during the year and was cancelled on 11 July 2017.

Notes to the consolidated financial statements (continued)

C ASSETS AND LIABILITIES (continued)

C11 Borrowings (continued)

(ii) Borrowings

QIC Limited has a debt facility with a limit of \$50.0 million.

(iii) Compliance with loan covenants

QIC Limited has complied with the financial covenants of its borrowing facilities during the reporting period.

Recognition and measurement

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument (or, when appropriate, a shorter period) to the net carrying amount of that instrument.

The fair value of borrowings subsequently measured at amortised cost is set out in Note C14(d)(iii).

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise. Borrowings are split between current and non-current liabilities using the principles set out in Section A- Basis of Preparation.

C12 Contingent liabilities

Contingent liabilities for which no provisions are included in these financial statements are as follows:

(i) Trustee obligations

As at 30 June 2018, QIC Limited or its controlled entities were trustee of 137 trusts (the 'Trusts').

The trustee is potentially liable for liabilities of the Trust. However, under the Trust Deeds, each trustee is entitled to be indemnified out of the assets of the Trust against any losses or outgoings sustained in its role as trustee, provided the trustee has acted within the terms of the Trust Deed. As at 30 June 2018, total assets exceed total liabilities in the majority of the Trusts.

The directors have assessed the recoverable amounts of the assets of the trusts and concluded that the trusts have excess assets over liabilities and accordingly the group has not recorded any liability in its financial statements.

In addition, the parent entity operates discrete portfolios on behalf of particular clients. The investments comprising each portfolio are owned by each particular client. In accordance with client agreements governing discrete portfolios, clients are obligated to provide funds to the parent entity to cover any losses or outgoings sustained in operating their particular portfolio(s).

Funds managed by the group in a trustee capacity totalled \$86.1 billion at 30 June 2018 (2017: \$82.0 billion). These figures exclude cross holdings between trusts.

(ii) Subsidiary and associate undertakings

In accordance with the QIC US Management, Inc lease at Fifth Third Building, 600 Superior Avenue East, Cleveland, United States, QIC Limited guarantees the payment of rent and all other amounts required to be paid under the lease for a period of 68 months from the commencement of the lease. The guarantee will expire in November 2023 and the amount guaranteed as at 30 June 2018 is USD\$2.1 million.

In accordance with the QIC Properties US, Inc master vehicle lease agreement, QIC Limited guarantees the prompt and satisfactory performance of all covenants, agreements and obligations contained within the agreement. The guarantee is a continuing guarantee and will remain in full effect until all obligations under the agreement has been extinguished.

(iii) Litigation

Litigation is in progress involving the parent entity and some of its controlled entities, in their capacity as trustee, in relation to disputes pertaining to property, leasing and management activities. The parent entity and its controlled entities are pursuing and/or defending the actions. It is not possible to reliably estimate the financial effects, if any.

Notes to the consolidated financial statements (continued)

C ASSETS AND LIABILITIES (continued)

C13 Commitments

(i) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised in the statement of financial position of the group are as follows:

	2018 \$'000	2017 \$'000
Property, plant and equipment	45	-
Intangible assets	6,610	-

(ii) Investment commitments

Refer to note C5 for investment commitments that are still to be funded.

(iii) Non-cancellable operating leases

The group leases various offices and motor vehicles under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	2018 \$'000	2017 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	7,803	13,561
Later than one year but not later than five years	26,561	11,600
Later than five years	14,119	434
	48,483	25,595

The group has sublet a leased office space. At 30 June 2018, the total of future minimum sublease payments expected to be received under non-cancellable subleases was \$0.8 million (2017: \$3.0 million).

Recognition and measurement

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

Notes to the consolidated financial statements (continued)

C ASSETS AND LIABILITIES (continued)

C14 Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk and liquidity risk. The group's financial risk management activities focus on minimising potential adverse effects of financial risks on the financial performance of the group.

The group uses different methods to measure the different types of financial risk to which it is exposed. For the purposes of financial statements disclosures, these methods include sensitivity analysis in the case of foreign exchange and price risks and ageing analysis for credit and liquidity risks.

The responsibility for operational risk management resides with each of the business units within the group and is supported by a central compliance and risk management group, which ensures consistency and oversight in line with policies approved by the board of directors.

(a) Market risk

Market risk is the risk of loss arising from movements in market variables, including observable variables such as interest rates, exchange rates and equity markets, and indirectly observable variables such as volatilities and correlations. Market risk for the group primarily arises from foreign exchange risk in relation to foreign currency intercompany loans and holdings in foreign subsidiaries and price risk in relation to investments in unit trusts held by the group.

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the group's functional currency. The risk is measured using sensitivity analysis.

Losses in value may result from translating the group's capital invested in overseas operations into Australian dollars at balance date (translation risk) or from adverse foreign currency exchange rate movements on specific cash flow transactions (transaction risk).

The group does not hedge the capital invested in overseas operations, thereby accepting the foreign currency translation risk on invested capital.

Sensitivity

The sensitivity of the group's financial instruments held at 30 June 2018 (and in the prior year) to movements in the British pound, Euro and United States dollar with all other variables held constant has been assessed and is not material. The group's exposure to other foreign exchange movements is not material.

(ii) Cash flow and fair value interest rate risk

The group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk. Interest rate risk is managed in accordance with the Corporate Treasury Risk Management Standard. During 2018, the group's borrowings at variable rates were denominated in Australian dollars.

Sensitivity

The sensitivity of the group's long-term borrowings at 30 June 2018 to movements in the interest rate with all other variables held constant has been assessed and is not material.

(iii) Price risk

Exposure

The group is exposed to price risk. This arises from investments in unit trusts held by the group and classified in the consolidated statement of financial position as financial assets at FVTPL. The group is not exposed to any other price risk. Price risk incorporates market risk, interest rate risk and foreign exchange risk in respect of investments in unit trusts. Investments in unlisted unit trusts are recorded at redemption value per unit as reported by the manager of the trust.

The market risk of an investment holding comprises the risk that the unit price of the trust will change during the next reporting period (price risk). The change in unit price is determined by dividing the hypothetical change in the net asset value ('NAV') of the trust by the number of units on issue at balance date. The hypothetical change in the NAV was determined by undertaking a sensitivity analysis for the key types of market risk that apply to the investments of that trust and aggregating the results of the analysis.

Notes to the consolidated financial statements (continued)

C ASSETS AND LIABILITIES (continued)

C14 Financial risk management (continued)

(a) Market risk (continued)

(iii) Price risk (continued)

Sensitivity

The table below summarises the impact of increases/(decreases) in unit prices on the group's profit for the year.

	2018 \$'000	2017 \$'000
QIC Infrastructure Portfolio- increase 10% (2017: 10%)	1,114	1,070
QIC Infrastructure Portfolio- decrease 10% (2017: 10%)	(1,114)	(1,070)
QIC Global Infrastructure Fund- increase 10% (2017: 10%)	1,038	941
QIC Global Infrastructure Fund- decrease 10% (2017: 10%)	(1,038)	(941)
QIC Direct Opportunities Fund- increase 18% (2017: 20%)	748	1,031
QIC Direct Opportunities Fund- decrease 16% (2017: 18%)	(665)	(928)
Lonsdale Asset Hold Trust- increase 10% (2017: 10%)	174	157
Lonsdale Asset Hold Trust- decrease 10% (2017: 10%)	(174)	(157)
GFI Absolute Return Bond Fund- EUR- increase 2% (2017: 3%)	43	63
GFI Absolute Return Bond Fund- EUR- decrease 2% (2017: 3%)	(43)	(63)
Lonsdale Operations Hold Trust- increase 10% (2017: 10%)	52	47
Lonsdale Operations Hold Trust- decrease 10% (2017: 10%)	(52)	(47)
South Bay New Company- increase 23% (2017: NA)	34	-
South Bay New Company- decrease 19% (2017: NA)	(28)	-
QIC US Shopping Center Fund, LP- increase 20% (2017: 21%)	29	29
QIC US Shopping Center Fund, LP- decrease 17% (2017: 18%)	(25)	(25)
QIC Private Equity Fund No. 6- increase 21% (2017: NA)	29	-
QIC Private Equity Fund No. 6- decrease 19% (2017: NA)	(25)	-
QIC Private Equity Fund No. 4- USD- increase 21% (2017: 21%)	26	24
QIC Private Equity Fund No. 4- USD- decrease 19% (2017: 19%)	(23)	(21)
QIC Private Equity Fund No. 4- EUR- increase 21% (2017: 21%)	14	13
QIC Private Equity Fund No. 4- EUR- decrease 19% (2017: 19%)	(13)	(12)
QIC Private Equity Fund No. 4- AUD- increase 10% (2017: 10%)	-	-
QIC Private Equity Fund No. 4- AUD- decrease 10% (2017: 10%)	-	-

A sensitivity analysis was conducted on the impact of a movement in the unit price of the group's investments in current financial assets at FVTPL held at 30 June 2018 (and in the prior year), with all other variables held constant, which indicated that the price risk is not material.

Notes to the consolidated financial statements (continued)

C ASSETS AND LIABILITIES (continued)

C14 Financial risk management (continued)

(b) Credit risk

(i) Risk management

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and credit exposures to institutional investment clients, including outstanding receivables. Deposits with banks are held only with independently rated parties.

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date for the group is \$313.3 million (2017: \$276.9 million).

The group 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 management fees via unit redemption on a monthly basis within an agreed timeframe. Where the group has a significant concentration of credit risk, this is only in relation to clients that are part of the Queensland Government.

(ii) Guarantees

Credit risk further arises in relation to guarantees given to certain parties (see note C12). Such guarantees are provided in limited circumstances.

(c) Liquidity risk

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

The group invests its working capital in the QIC Cash Enhanced Fund and the USD Investment Account, which are highly liquid.

Notes to the consolidated financial statements (continued)

C ASSETS AND LIABILITIES (continued)

C14 Financial risk management (continued)

(d) Fair value measurements

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Fair value measurements At 30 June 2018	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Assets					
Financial assets at FVTPL					
Unlisted unit trusts	C5	-	120,061	28,788	148,849
Monies held in escrow	C6	4,069	-	-	4,069
Available-for-sale financial assets					
Other financial assets		-	-	585	585
Total financial assets		4,069	120,061	29,373	153,503
Financial Liabilities					
Financial liabilities at FVTPL					
Unlisted unit trusts	C5	-	95,841	27,758	123,599
Monies held in escrow	C6	2,195	-	-	2,195
Available-for-sale financial liabilities					
Other financial liabilities		-	-	300	300
Total financial liabilities		2,195	95,841	28,058	126,094

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting year.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Investments in unlisted debt & equity investments are recorded at the redemption value per unit as reported by the managers of such trusts.

Notes to the consolidated financial statements (continued)

C ASSETS AND LIABILITIES (continued)

C14 Financial risk management (continued)

(d) Fair value measurements (continued)

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 30 June 2018 and 30 June 2017:

	Unlisted unit trusts \$'000	Other financial assets \$'000	Total \$'000
Opening balance 1 July 2016	-	-	-
Transfer from level 2	13,324	-	13,324
Acquisitions	17,348	300	17,648
Disposals	(4,732)	-	(4,732)
Gains recognised in other income *	1,818	-	1,818
Closing balance 30 June 2017	27,758	300	28,058
Acquisitions	969	285	1,254
Gains recognised in other income *	61	-	61
Closing balance 30 June 2018	28,788	585	29,373
* includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period			
2018	61	-	61
2017	1,818	-	1,818

(iii) Fair value disclosures for financial liabilities measured at amortised cost

The fair value of the borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

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

All other financial assets and financial liabilities held by the group are measured at cost, which management have assessed to be not materially different to its fair value at reporting date.

Notes to the consolidated financial statements (continued)

D EMPLOYEE BENEFITS

This section provides a breakdown of the various programs the group uses to reward and recognise employees and key executives, including Key Management Personnel (KMP).

D1 Employee benefits

	2018 \$'000	2017 \$'000
Payables	31,478	24,036
Provisions	72,462	60,359
Total current employee benefits	103,940	84,395
Provisions	13,923	23,334
Total non-current employee benefits	13,923	23,334

Recognition and measurement

Employee benefits are classified as payables when the timing and amount of the future payment is certain. Employee benefits are classified as provisions when the timing or amount of the future payment is uncertain. Employee benefit provisions are further classified as current if they are expected to be settled within 12 months after the end of the period in which the employees render the related service or as non-current if they are not expected to be settled within 12 months after the end of the period in which the employees render the related service.

(i) Employee benefits

The employee benefits liability represents accrued wages and salaries, leave entitlements and other incentives recognised in respect of employees' services up to the end of the reporting period. These liabilities are measured at the amounts expected to be paid when they are settled and include related on-costs, such as workers' compensation insurance, superannuation and payroll tax.

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.

A liability for payments for performance, attraction and retention is recognised when the group has a present obligation to pay resulting from employee services provided.

(ii) Short-term employee benefits

Short-term employee benefits include salaries, annual leave, paid sick leave, at risk performance and retention compensation and any non-monetary benefits provided such as cars or car parking.

(iii) Long-term employee benefits

Long-term employee benefits includes long service leave accrued and at risk long term performance and retention compensation.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other obligations are presented as non-current liabilities.

(iv) Post-employment benefits

Post-employment benefits include superannuation contributions.

The group 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*.

Notes to the consolidated financial statements (continued)

D EMPLOYEE BENEFITS (continued)

D1 Employee benefits (continued)

Recognition and measurement (continued)

(v) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the employee accepts the offer of those benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

When the group recognises costs for a restructuring that is within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of terminations benefits, these are provided for under the restructuring provision.

Key estimates and judgements

(i) Annual leave and long service leave

Annual leave and 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. This calculation requires judgement in determining the following key assumptions:

- Future increase in wages and salary rates;
- Future on-cost rates; and
- Expected settlement dates based on staff turnover history.

Employee benefits that are not wholly expected to be settled within 12 months are discounted using the rates attached to high quality Australian corporate bonds at balance date, which most closely match the terms of maturity of the related liability.

(ii) At risk performance, attraction and retention

A number of factors could impact the amounts eventually paid, including:

- Finalisation of corporate performance
- Finalisation of employees' performance reviews
- Final approval by the board
- Employee remaining in service to the date of payment

Change in accounting estimate

(i) Long service leave

During the period, the corporate leave policy was amended and the amended policy will take effect on 1 July 2018. As a result, the probability weightings applied to the long service leave liability calculation at 30 June 2018 have been revised. The long service leave liability balance at 30 June 2018 has been amended to reflect the change in accounting estimate.

The impact of this change in accounting estimate on the statement of profit and loss is a decrease in expense of \$2.9 million and a corresponding decrease in liability of \$2.9 million on the statement of financial position.

Notes to the consolidated financial statements (continued)

D EMPLOYEE BENEFITS (continued)

D2 Key management personnel

Key management personnel disclosures are made in accordance with the *Supplementary Requirements for Disclosure of Government Owned Corporation Directors' and Chief and Senior Executives' Remuneration* issued by the Queensland Government.

Key management personnel include both directors and senior executives who have authority and responsibility for planning, directing and controlling the activities of the group. The group's shareholding Ministers are identified as part of the group's KMP, consistent with AASB 124 *Related Party Disclosures*. These Ministers are the Honourable Anastacia Palaszczuk MP, Premier and Minister for Trade and the Honourable Jackie Trad MP, Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships. The Honourable Curtis Pitt MP, Speaker of the Queensland Legislative Assembly and former Treasurer, Minister for Trade and Investment and Acting Minister for Energy, Biofuels and Water Supply was the previous shareholding Minister (Term ended: 11 December 2017).

(a) Directors

The following persons were directors of QJC Limited for the whole of the current and prior financial year, except where indicated otherwise below:

Director	Position	Term	Expiry date
D R Luke ⁽¹⁾	Chairman (reappointed 1 October 2016)	3 years	30 September 2019
J C Battams ⁽²⁾	Director (appointed 1 October 2015)	3 years	30 September 2018
G Brown ⁽³⁾	Director (appointed 15 December 2016)	3 years	30 September 2019
P Derrington ⁽⁴⁾	Director (appointed 12 October 2017)	3 years	30 September 2020
S A Desmarchelier ⁽⁵⁾	Director (appointed 1 October 2016)	3 years	30 September 2019
S J P Dunne ⁽⁶⁾	Director (appointed 12 May 2016)	2 years	30 September 2018
P A Gallagher ⁽⁷⁾	Director (reappointed 1 October 2017)	3 years	30 September 2020
A E King ⁽¹⁾	Director (reappointed 1 October 2016)	3 years	30 September 2019
A J P Staines ⁽²⁾	Director (appointed 1 October 2015)	3 years	30 September 2018
B C Bowton	Director (term ended 30 September 2016)	3 years	30 September 2016
G B Murdoch	Director (term ended 30 September 2017)	3 years	30 September 2017
G M Pemberton	Director (term ended 30 September 2016)	3 years	30 September 2016

Notes:

(1) Previous term ended on 30 September 2016. Term of appointment: from 1 October 2016 to 30 September 2019, 3 years. (2) Term of appointment: from 1 October 2015 to 30 September 2018, 3 years. (3) Term of appointment: from 15 December 2016 to 30 September 2019, 2 years, 9 months and 17 days. (4) Term of appointment: from 12 October 2017 to 30 September 2020, 2 years, 11 months and 20 days. (5) Term of appointment: from 1 October 2016 to 30 September 2019, 3 years. (6) Term of appointment: from 12 May 2016 to 30 September 2018, 2 years, 4 months and 20 days. (7) Previous term ended on 30 September 2017. Term of appointment: from 1 October 2017 to 30 September 2020, 3 years.

Notes to the consolidated financial statements (continued)

D EMPLOYEE BENEFITS (continued)

D2 Key management personnel (continued)

(b) Senior Executives

Senior executives are appointed by the QIC Board. The Chief Executive is appointed by the QIC Board with the prior written approval of the shareholding Ministers. During the current and prior financial year, the following persons were senior executives with the greatest authority for the strategic direction and management of the group ('senior executives'):

Name	Position	Term
D J Frawley	Chief Executive	Open term
D Asplin	Managing Director, Global Business Development (appointed 14 August 2017)	Open term
C M Blake	Chief Financial Officer	Open term
D E Clarke	Chief Risk Officer	Open term
G A Jackson	Executive Director, Human Resources	Open term
M D McDonald	Executive Director, Operations and Technology	Open term
B J Delaney ⁽¹⁾	Executive Director, Strategy, Clients and Global Markets (to 14 August 2017)	Open term

Notes:

(1) Mr B J Delaney, formerly Executive Director, Strategy, Clients and Global Markets satisfied the definition of key management personnel until 14 August 2017. Subsequently Mr B J Delaney occupied the position of Senior Managing Director - US, which does not meet the definition of key management personnel.

(c) Remuneration principles

(i) Remuneration of shareholding Ministers

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The group does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2016-2017, which are published as part of Queensland Treasury's Report on State Finances.

(ii) Remuneration of directors

The Governor in Council of the State of Queensland determines the group's directors' fees. Directors receiving directors' fees personally also receive the statutory superannuation contributions. All directors are reimbursed for reasonable expenses incurred while conducting business on behalf of the group. Directors are not entitled to performance based incentive payments and retirement benefits.

(iii) Remuneration of senior executives and employees

Governance of remuneration practices and arrangements occurs through the HR and Remuneration Committee, which oversees all remuneration policies and their implementation. The Committee refers its recommendations relating to remuneration to the QIC Board for approval.

The majority of the group's employees are sourced from the various financial markets and investment sectors in which the group participates. It is important that the group's employment practices are competitive within these markets. Effective remuneration strategies are an essential element in the group's ability to attract and retain investment professionals and other key employees and to ensure their effectiveness in achieving agreed performance benchmarks.

Analysis and advice is obtained from external consultants to ensure that remuneration is benchmarked against market rates for comparable roles. In addition, a number of surveys are used to assess market rates and trends. Remuneration is reviewed at least annually to ensure that it is competitive within the funds management industry.

The group has established a remuneration structure to motivate superior employee performance in order to achieve the organisation's short term performance objectives, to provide sustainable long term performance outcomes for the group and alignment with client and shareholder interests.

Notes to the consolidated financial statements (continued)

D EMPLOYEE BENEFITS (continued)

D2 Key management personnel (continued)

(c) Remuneration principles (continued)

(iii) Remuneration of senior executives and employees (continued)

Fixed remuneration is calculated on a 'total cost' basis, including the cost of employee benefits such as motor vehicles, superannuation and car parking, together with fringe benefits tax applicable to those benefits. Fixed remuneration levels are targeted at the market median, taking into consideration relevant market trends.

Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination. The group may, at its discretion, provide retrenchment payments consistent with industry practice.

(iv) At risk performance, attraction and retention compensation

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. The components of the calculation reflect business objectives and are drawn from the following as appropriate:

- Financial performance, including profitability and revenue growth
- Investment performance, client satisfaction and client retention
- Process, risk and systems management and business improvements
- Leadership and culture, including employee engagement, capability management and collaboration

In addition, the QJC Board may exercise its discretion to make performance based payments to additional employees who are not participants in incentive schemes.

(iv) Remuneration of key management personnel

	2018 \$'000	2017 \$'000
Short-term benefits	7,772	7,064
Long-term benefits	1,243	1,127
Post-employment benefits	323	315
	9,338	8,506

Key management personnel remuneration includes the remuneration of directors and senior executives specified in this note for the periods indicated.

Notes to the consolidated financial statements (continued)

D EMPLOYEE BENEFITS (continued)

D2 Key management personnel (continued)

(v) Remuneration of directors

Directors		Board of Board Committees			Short-term employee benefits	Post- Employment	
Name	Position	QIC \$	Board Committees \$	Subsidiary boards \$	Total \$	Super \$	Total \$
Reporting Period	1 July 2017 - 30 June 2018						
D R Luke ⁽¹⁾	Chairman	161,995	-	-	161,995	15,795	177,790
J C Battams ⁽²⁾	Director	67,911	25,131	10,052	103,094	9,794	112,888
G Brown ⁽³⁾	Director	67,911	24,069	-	91,980	8,738	100,718
P Derrington ⁽⁴⁾	Director	48,925	-	2,648	51,573	-	51,573
S Desmarchelier ⁽⁵⁾	Director	67,911	10,052	10,052	88,015	10,342	98,357
S J P Dunne ⁽⁶⁾	Director	67,911	70,330	10,052	148,293	11,643	159,936
P A Gallagher ⁽⁷⁾	Director	67,912	35,156	-	103,068	-	103,068
A E King ⁽¹⁾	Director	67,911	10,052	10,052	88,015	8,361	96,376
A J P Staines ⁽⁸⁾	Director	67,911	20,104	-	88,015	8,361	96,376
G B Murdoch ⁽⁹⁾	Director	16,978	8,788	-	25,766	2,448	28,214
P W Forbes ⁽¹⁰⁾	Director	-	-	67,911	67,911	6,452	74,363
A C J Solway ⁽¹⁰⁾	Director	-	-	52,145	52,145	5,222	57,367
P J Higgs ⁽¹¹⁾	Director	-	-	52,145	52,145	5,222	57,367
Total remuneration		703,276	203,682	215,057	1,122,015	92,378	1,214,393
Previous Period	1 July 2016 - 30 June 2017						
D R Luke ⁽¹⁾	Chairman	161,995	-	-	161,995	15,795	177,790
J C Battams ⁽²⁾	Director	67,911	22,004	10,052	99,967	9,497	109,464
G Brown ⁽³⁾	Director	37,059	-	-	37,059	3,520	40,579
S Desmarchelier ⁽⁵⁾	Director	50,933	3,799	3,188	57,920	6,806	64,726
S J P Dunne ⁽⁶⁾	Director	67,911	11,430	10,164	89,505	8,503	98,008
P A Gallagher ⁽⁷⁾	Director	67,921	35,156	-	103,077	-	103,077
A E King ⁽¹⁾	Director	67,911	10,052	10,052	88,015	8,361	96,376
A J P Staines ⁽⁸⁾	Director	67,911	20,104	-	88,015	8,361	96,376
B C Bowton ⁽¹²⁾	Director	16,978	5,026	2,513	24,517	2,329	26,846
G B Murdoch ⁽⁹⁾	Director	67,911	35,153	-	103,064	9,791	112,855
G M Pemberton ⁽¹³⁾	Director	16,978	8,796	-	25,774	2,448	28,222
P W Forbes ⁽¹⁰⁾	Director	-	-	67,911	67,911	6,452	74,363
A C J Solway ⁽¹⁰⁾	Director	-	-	50,245	50,245	4,404	54,649
P J Higgs ⁽¹¹⁾	Director	-	-	50,245	50,245	4,404	54,649
Total remuneration		691,419	151,520	204,370	1,047,309	90,671	1,137,980

(1) Reappointed 1 October 2016. Previous term ended 30 September 2016. (2) Appointed 1 October 2015. Chair of the Risk Committee. (3) Appointed 15 December 2016. (4) Appointed 12 October 2017. (5) Appointed 1 October 2016. (6) Appointed 12 May 2016. Board Committee remuneration includes back pay in relation to the 2016-2017 financial year. (7) Appointed 11 December 2014. Chair of the HR and Remuneration Committee and Chair of the Audit Committee from 1 October 2017. (8) Appointed 1 October 2015. (9) Term ended 30 September 2017. Chair of the Audit Committee from 1 July 2017 to 30 September 2017. (10) Director of QIC Limited subsidiary companies only. (11) Appointed 14 April 2015 and Director of QIC Limited subsidiary companies only. (12) Term ended 30 September 2016. (13) Term ended 30 September 2016. Chair of the Risk Committee from 1 July 2015 to 30 September 2016.

Notes to the consolidated financial statements (continued)

D EMPLOYEE BENEFITS (continued)

D2 Key management personnel (continued)

(v) Remuneration of directors (continued)

Senior executives		Short-term employee benefits		Post-employee benefits	Other long-term benefits	Termination benefits	Total remuneration (excluding at-risk performance incentive)
Name	Position	Salary and fees \$	Non-monetary benefits \$	Super \$	Annual and long service leave \$	\$	\$
Reporting Period	1 July 2017 - 30 June 2018						
D J Frawley	Chief Executive	755,073	8,661	36,266	13,868	-	813,868
D Asplin ⁽¹⁾	Managing Director, Global Business Development	417,639	-	24,390	2,584	-	444,613
C M Blake	Chief Financial Officer	297,405	24,548	90,547	3,959	-	416,459
D E Clarke	Chief Risk Officer	465,846	7,933	18,050	(62,675)	-	429,154
G A Jackson	Executive Director, Human Resources	310,605	13,654	30,741	6,397	-	361,397
M D McDonald	Executive Director, Operations and Technology	405,412	-	24,588	(251)	-	429,749
B J Delaney ⁽²⁾	Executive Director, Strategy, Clients and Global Markets	62,890	-	6,457	6,222	-	75,569
Total remuneration		2,714,870	54,796	231,039	(29,896)	-	2,970,809
Previous Period	1 July 2016 - 30 June 2017						
D J Frawley	Chief Executive	705,603	8,564	35,833	37,396	-	787,396
C M Blake	Chief Financial Officer	297,544	24,409	90,547	7,132	-	419,632
D E Clarke	Chief Risk Officer	392,884	-	19,616	21,340	-	433,840
G A Jackson	Executive Director, Human Resources	311,038	13,654	30,308	20,238	-	375,238
M D McDonald	Executive Director, Operations and Technology	380,384	-	19,616	12,593	-	412,593
B J Delaney	Executive Director, Strategy, Clients and Global Markets	529,406	22,308	28,286	28,239	-	608,239
Total remuneration		2,616,859	68,935	224,206	126,938	-	3,036,938

(1) Appointed 14 August 2017. (2) Mr B J Delaney, former Executive Director, Strategy, Clients and Global Markets satisfied the definition of key management personnel until 14 August 2017. Subsequently Mr B J Delaney occupied the position of Senior Managing Director- US, which does not meet the definition of key management personnel.

Notes to the consolidated financial statements (continued)

D EMPLOYEE BENEFITS (continued)

D2 Key management personnel (continued)

(vi) Total performance, attraction and retention remuneration

	2018	2017
Aggregate amounts for performance and retention of employees (\$'000)	69,672	57,580
Aggregate remuneration (including the amounts above) for employees to whom such amounts are paid, payable or provided (\$'000)	186,065	155,578
Number of employees who receive payments for performance and retention purposes	738	635

E CAPITAL STRUCTURE

This section provides information relating to the group capital structure.

The capital structure of the group consists of debt and equity. The directors review the group's capital structure and dividend policy regularly and do so in the context of the group's ability to continue as a going concern, to invest in opportunities that grow the business and enhance shareholder value.

E1 Issued capital

	2018 Shares	2017 Shares	2018 \$'000	2017 \$'000
Ordinary shares	30,300,000	30,300,000	37,475	37,475

(i) Movements in ordinary share capital

There were no movements in the share capital of the group in the current and prior year.

(ii) Risk management

The group's capital management objectives are to:

- ensure sufficient capital resources to support business and operating requirements and manage risks; and
- continue to provide a return to the State of Queensland and benefits for other stakeholders.

Capital levels are monitored and assessed on a regular basis to ensure that these objectives are met.

The group is not currently subject to any legal or other regulatory requirement to have a capital base of any specific size.

Notes to the consolidated financial statements (continued)

E CAPITAL STRUCTURE (continued)

E2 Dividends

(i) Ordinary shares

	2018 \$'000	2017 \$'000
Final dividend for the year ended 30 June 2018 of 100% (2017: 100%) of adjusted consolidated profit after income tax	60,122	41,089

Recognition and measurement

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

E3 Retained earnings

Movements in retained earnings were as follows:

	2018 \$'000	2017 \$'000
Balance as at 1 July	115,440	95,440
Profit after income tax	69,122	61,089
Dividends	(60,122)	(41,089)
Balance as at 30 June	124,440	115,440

Notes to the consolidated financial statements (continued)

F GROUP STRUCTURE

This section explains significant aspects of QIC Limited's group structure, including its controlled entities. It also provides information relating to QIC Limited's related parties, the extent of related party transactions and the impact they had on the group's financial performance and position.

F1 Parent entity disclosures

The ultimate parent entity within the group is QIC Limited. QIC Limited is a Queensland Government Owned Corporation, with all shares held by shareholding Ministers on behalf of the State of Queensland. All State of Queensland controlled entities meet the definition of related parties of QIC Limited.

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2018 \$'000	2017 \$'000
Balance sheet		
Current assets	213,050	231,333
Non-current assets	59,306	55,142
Total assets	272,356	286,475
Current liabilities	149,524	132,944
Non-current liabilities	8,372	11,881
Total liabilities	157,896	144,825
Equity		
Contributed equity	37,475	37,475
Retained earnings	76,985	104,175
Total equity	114,460	141,650
Profit after income tax	32,930	61,355

Notes to the consolidated financial statements (continued)

F GROUP STRUCTURE (continued)

F1 Parent entity disclosures (continued)

(b) Contingent liabilities of the parent entity

QIC Limited has given the following eligible undertakings in respect of Australian Financial Services Licences issued to controlled entities:

Entity	Agreement date	2018	2017
QIC Private Capital Pty Ltd	28 July 2015	\$3.0 million	\$3.0 million

In accordance with deed polls dated 2 February 2004 and 18 March 2005, QIC Limited has agreed to indemnify each subsidiary listed in those deed polls for liabilities incurred by the subsidiary to third parties, arising from the provision of financial services to wholesale clients in respect of dealing (including arranging for a person to deal), providing financial product advice and providing a custodial or depository service.

QIC Limited has received or provided the following loan facility agreements with controlled entities:

Entity	Agreement date	2018	2017
QIC European Investment Services Limited	15 May 2013	GBP 5.0 million	GBP 5.0 million
QIC (UK) Management Limited	15 May 2013	GBP 5.0 million	GBP 5.0 million
QIC US Management, Inc	15 May 2013	USD 5.0 million	USD 5.0 million
QIC Investments No. 1 Pty Ltd	16 July 2013	AUD 8.0 million	AUD 8.0 million

(c) Guarantees

QIC Limited has provided a guarantee to QIC European Investment Services Limited. Under this agreement the parent entity has agreed to supply funding of up to \$1.0 million.

QIC Limited has provided a guarantee to QIC US Management Inc. Under this agreement the parent entity has agreed to supply funding of up to \$3.0 million.

QIC Limited has provided a guarantee to QIC US Investment Services Inc. Under this agreement the parent entity has agreed to supply funding of up to \$1.0 million.

Notes to the consolidated financial statements (continued)

F GROUP STRUCTURE (continued)

F1 Parent entity disclosures (continued)

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2018, there are no capital and expenditure commitments contracted for but not provided in the statement of financial position of QIC Limited.

(e) Transactions with controlled entities

The following transactions occurred with QIC Limited subsidiaries.

	30 June 2018 \$	30 June 2017 \$
Service fees received from controlled entities	75,483,531	59,471,498
Service fees paid to controlled entities	36,707,825	24,465,585
Amounts paid by subsidiaries under the tax funding agreement	29,895,548	47,212,328
Dividend income	37,006,774	65,916,811
Current receivables (loans to controlled entities)	23,520,528	11,607,189
Current receivables (tax funding agreement)	10,433,809	9,736,763
Current receivables (dividend income)	37,006,774	65,916,811
Current payables (loans from controlled entities)	38,563,231	49,074,120

No impairments 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.

Transactions with Queensland Government entities and QIC Limited investment entities are disclosed at a consolidated level, refer note F3.

Notes to the consolidated financial statements (continued)

F GROUP STRUCTURE (continued)

F2 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following material subsidiaries. QIC Limited has a number of other subsidiaries in the group that are non-trading and were effectively dormant during the current and prior year:

Name of entity	Country of incorporation	Class of shares	Equity holding 2018 %	2017 %
QIC (UK) Management Limited	United Kingdom	Ordinary	100	100
QIC Corporate Management, Inc. *	United States	Ordinary	100	100
QIC European Investment Services Limited	United Kingdom	Ordinary	100	100
QIC Global Infrastructure (US), Inc. *	United States	Ordinary	100	100
QIC Infrastructure Management No.2 Pty Ltd	Australia	Ordinary	100	100
QIC Infrastructure Management Pty Ltd	Australia	Ordinary	100	100
QIC Investments No. 1 Pty Ltd	Australia	Ordinary	100	100
QIC Investments No. 2 Pty Ltd	Australia	Ordinary	100	100
QIC Investments No. 3 Pty Ltd	Australia	Ordinary	100	100
QIC Non-Member Manager LLC *	United States	Ordinary	100	-
QIC Private Capital Pty Ltd	Australia	Ordinary	100	100
QIC Properties US, Inc. *	United States	Ordinary	100	100
QIC Retail Pty Ltd	Australia	Ordinary	100	100
QIC US Investment Services Inc *	United States	Ordinary	100	100
QIC US Management, Inc.	United States	Ordinary	100	100
QIC US Private Equity, LLC *	United States	Ordinary	100	100
QIC US Private Equity No. 2 LLC *	United States	Ordinary	100	-
QIC US Regional Shopping Center Fund GP LLC *	United States	Ordinary	100	-
QIC US Shopping Centre Fund No.1 GP LLC *	United States	Ordinary	100	100
QICP Pty Ltd **	Australia	Ordinary	100	100
South Bay Managing Member LLC *	United States	Ordinary	100	-

* Subsidiary of QIC US Management, Inc.

** Previously called QIC Properties Pty Ltd.

F3 Related party information

(i) Transactions with shareholding Ministers

As a Queensland Government Owned Corporation (GOC), QIC Limited's shareholding Ministers are the Honourable Anastacia Palaszczuk MP, Premier and Minister for Trade and the Honourable Jackie Trad MP, Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships (Effective: 12 December 2017). The Honourable Curtis Pitt MP, Speaker of the Queensland Legislative Assembly and former Treasurer, Minister for Trade and Investment and Acting Minister for Energy, Biofuels and Water Supply was the previous shareholding Minister (Term ended: 11 December 2017).

There was no income received, or due and receivable, by the shareholding Minister from the group during the year. No shareholding Minister has received or become entitled to receive any benefit by reason of a contract made by the group.

The group has not made purchases or provided goods or services to/from entities or individuals related to shareholding Ministers.

Notes to the consolidated financial statements (continued)

F GROUP STRUCTURE (continued)

F3 Related party information (continued)

(ii) Transactions with key management personnel

Directors of QIC Limited and Executives of the Group

Transactions with entities related to key management personnel occur on terms and conditions which are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related entities on an arm's length basis.

(iii) Transactions with other related parties

The following transactions occurred with related parties:

2018 \$	State of Queensland	QTC	Other related entities
Investment management and performance fees	19,471,634	80,855,077	156,446,645
Purchase of goods and services	13,801,025	-	-
Payment of income tax	27,282,157	-	-
Payment of dividends	41,089,068	-	-
Current receivables	2,042,221	35,670,788	27,583,068
Current payables	8,943,614	-	-
Dividends payable	60,122,349	-	-
Income tax payable	2,706,111	-	-
2017 \$	State of Queensland	QTC	Other related entities
Investment management and performance fees	16,476,843	74,117,903	138,068,286
Purchase of goods and services	13,146,422	-	-
Payment of income tax	46,620,399	-	-
Payment of dividends	62,423,528	-	-
Current receivables	1,920,329	29,615,919	43,147,647
Current payables	6,474,919	-	-
Dividends payable	41,089,068	-	-
Income tax payable	415,114	-	-

(iv) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of QIC Limited.

(v) Terms and conditions

Loans between entities in the group are interest free and repayable on demand. Outstanding balances are unsecured and are repayable in cash.

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

Notes to the consolidated financial statements (continued)

F GROUP STRUCTURE (continued)

F4 Business combinations

On 26 March 2018, QJC US Management, Inc acquired the property management rights, related employees and leasing software for 11 shopping malls in the US from Forest City Enterprises (FCE), as part of a Master Transaction Agreement (MTA) executed on 2 October 2017. From the perspective of the group, the acquisition is assessed to have met the definition of a business combination under *AASB 3 Business Combinations*.

The business combination has been accounted for under the acquisition method, which requires that the assets acquired and liabilities assumed be recognised at their acquisition date fair value. The total consideration paid by the group to FCE for the acquisition of the business is \$nil. Details of the purchase price allocation are as follows:

- The property management rights acquired by the group have been assessed to have a fair value of \$nil on the acquisition date by an external third-party valuer.
- The transfer of related employees under the MTA included the recognition of employee benefits liability by the group for the leave entitlement balances and accrued bonuses payable under the employee's previous employment with FCE. The group is entitled to a cash payment from FCE for the leave entitlement and bonus payable where the accrual occurred prior to the commencement of employment with the group. The balance of cash received was equal to the value of the liabilities assumed under *AASB 119 Employee Benefits* of \$0.5 million.
- The fair value of the leasing databases acquired have been assessed to be not material at acquisition date.

G OTHER

This section provides details on other required disclosures relating to the group to comply with accounting standards and other pronouncements.

G1 Subsequent events

The group has performance fee arrangements in relation to the QJC Shopping Centre Fund and the QJC Property Fund ('the Funds'). On 2 August 2018, the group received a report on structural issues relating to the car park structure at Westpoint Shopping Centre ('the Centre') which is jointly owned by the Funds. The group is in the process of investigating and determining the impact to the Centre. While the investigation is ongoing, it is not possible to reliably estimate the potential impacts on the fair value of the Centre and therefore the impact, if any, on the performance fee recognised in relation to the outperformance of the Funds in the current year.

No other matters or circumstances have arisen since 30 June 2018 that have significantly affected, or may significantly affect, the group's operations, the results of those operations, or the group's state of affairs in future financial years.

G2 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2018 \$'000	2017 \$'000
<i>Queensland Audit Office</i>		
Audit and review of financial reports	302,000	295,004
Audit of regulatory returns	10,000	10,000
<i>KPMG</i>		
Audit and review of financial reports	125,340	87,861
Total remuneration for audit services	437,340	392,865

Notes to the consolidated financial statements (continued)

G OTHER (continued)

G3 New accounting standards

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2017 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

G4 Standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below. Other than as set out in this note, there are no other standards that are not yet effective and that are expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

(i) AASB 9 Financial Instruments

AASB 9 makes changes to the classification and measurement of financial instruments, introduces a new expected loss model when recognising expected credit losses on financial assets (including trade receivables), and also introduces new general hedge accounting requirements. AASB 9 is effective for periods beginning on 1 January 2018 with early adoption permitted.

Based on the impact assessment undertaken by the group to-date, no material impacts are expected to the group upon adoption of AASB 9 on 1 July 2018.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer- so the notion of control replaces the existing notion of risks and rewards. It contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statements with more informative and relevant disclosures.

In particular, the new standard introduces a higher threshold in recognising variable consideration, such as performance fees and as a result, an adjustment will be made to retained earnings on 1 July 2018 to reflect revenue previously recorded in the statement of profit or loss and other comprehensive income that has yet to meet the new recognition criteria under AASB 15.

The adjustment to retained earnings on 1 July 2018 is \$41.7 million. This amount will subsequently be released back into the statement of profit or loss and other comprehensive income as the new recognition criteria is met.

(iii) AASB 16 Leases

AASB 16 will become effective for reporting periods beginning on or after 1 January 2019. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases- Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Notes to the consolidated financial statements (continued)

G OTHER (continued)

G4 Standards and interpretations issued but not yet effective (continued)

(iii) AASB 16 Leases (continued)

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

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the commencement date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the statement of comprehensive income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

Based on the current operating lease commitments totalling \$36.9 million (refer to note C13(iii)), the group estimates a right of use asset and corresponding lease liability would be recognised in the statement of financial position on transition of \$33.0 million.

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 48 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 consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

Note A2 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.



Mr D R Luke
Director

Brisbane
27 August 2018

Independent Auditor's Report

To the Members of QJC Limited

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of QJC Limited and its controlled entities (the group).
In my opinion, the financial report:

- a) gives a true and fair view of the group's financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended
- b) complies with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards
- c) complies with International Financial Reporting Standards as disclosed in Note A2.

The financial report comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the directors' declaration.

Basis for opinion

I conducted my 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 group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*. I am also independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matter

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit for the financial report as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)

Recognition of performance fees and probability of clawback (\$17.3m)

Refer to Note B1 in the financial report

Key audit matter

Performance fees are material to QIC Limited (QIC).

Performance fees are charged in accordance with individual agreements or trust deeds with each client or trust. Under these agreements or trust deeds, QIC may be entitled to performance fees when the investment performance exceeds a set benchmark. The agreements/trust deeds prescribe how the performance fee is to be calculated. Some agreements/trust deeds also contain clawback clauses that require QIC to refund performance fees received, if certain performance benchmarks are not attained. This occurs if the investment performance falls below the benchmark during a specified future period (the clawback period). Revenue is recognised in the financial statements for performance fees earned less the amount of clawbacks recognised as deferred revenue.

The methodology used in the calculation of the performance fee and potential clawback is complex as it is dependent on:

- estimating the level and volatility of future performance
- using past actual performance to estimate future performance.

Where the agreement/trust deeds performance period is not the same as QIC's financial year, a contingent asset is disclosed for performance fees where there is significant estimation uncertainty at financial year end about whether the performance targets will be achieved at the end of the performance period.

How my audit addressed the key audit matter

My procedures included, but were not limited to:

- Obtaining an understanding of the model, and assessing its design, integrity and appropriateness with reference to common industry practices.
- Assessing management's controls over the performance fee process in line with their model risk standard.
- Verifying the inputs, on a sample basis, to the client agreements or trust deeds.
- Analysing the movements and volatility of the funds' returns and comparing to internal and external benchmarks over the past 3 years.
- Reviewing the calculation of the over-performance buffer and assessing the factors impacting expectations of future performance used to determine the clawback amount.
- Verifying inputs used in the clawback calculations including:
 - current investment values, by confirming to third party investment administrator records
 - past benchmark values, by agreeing to the relevant industry indices
 - past actual performance data, by confirming to third party investment administrator records.
- Re-performing the normal distribution to calculate the probability of a material performance fee at the end of the performance period and using the results to validate QIC's assessment of what is recognised as revenue, deferred revenue and as a contingent asset.

Other information

Other information comprises the information included in the group's annual report for the year ended 30 June 2018 but does not include the financial report and my auditor's report thereon.

The Board is responsible for the other information.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Independent Auditor's Report (continued)

Responsibilities of the Board for the financial report

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Corporations Act 2001*, the *Corporations Regulations 2001* and Australian Accounting Standards, and for such internal control as the company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The company's directors are also responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the group 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 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 expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group'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. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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



Brendan Worrall
Auditor General

30 August 2018
Queensland Audit Office
Brisbane

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