

QICP Pty Ltd

ABN 18 075 744 151

**Annual financial statements and directors' report
for the year ended 30 June 2020**

The directors present their report together with the audited financial statements of QICP Pty Ltd (the 'company'), for the year ended 30 June 2020.

Directors

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

Mr D J Asplin
Mrs C M Blake
Mr D J Frawley
Mr D E Clarke (provided notice to resign effective 28 August 2020)
Mr M O'Brien (appointed: 10 February 2020)

Principal activities

During the year the principal continuing activities of the company consisted of providing property management services.

Dividends

No dividends were declared or paid during the year ended 30 June 2020 or during the prior financial year.

Review of operations

The loss from ordinary activities, after related income tax expense, amounts to \$0.5 million (2019 \$0.8 million).

Significant changes in the state of affairs

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

The novel coronavirus (COVID-19) outbreak has developed rapidly in 2020, with devastating consequences for communities across the globe. Measures taken to contain the COVID-19 pandemic have affected economic activity, which in turn has implications for financial reporting. Management have been monitoring the impacts of the COVID-19 pandemic on the company's financial performance, financial position and cash flows through, and subsequent to, the reporting period. These impacts are included in the amounts disclosed throughout the financial statements and the accompanying notes. Management have assessed that there are no material uncertainties that cast doubt on the company's ability to continue as a going concern. Refer to notes A2 and A3.

Matters subsequent to the end of the financial year

Melbourne has reported increasing numbers of COVID-19 cases since early July 2020. The Victorian government subsequently announced a stage 4 lockdown from 2 August 2020. The company acts as a property manager for real estate properties within the Melbourne region. The company has continued to assess the impacts on asset values (including receivables from QIC trusts that own these properties), liabilities and the going concern of the company. Based on these assessments, there are no material impacts identified.

Mr D E Clarke provided a notice to resign as director effective 28 August 2020.

No other matters or circumstances have arisen since 30 June 2020 that have significantly affected, or may significantly affect, the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

Except as disclosed elsewhere in the Director's report and the financial statements, no other developments have arisen since the end of the year ended 30 June 2020 that have significantly affected or are expected to significantly affect the company's operations in future financial years and the expected results of those operations.

Company secretary

Mr W T Burton is the company secretary. He is solicitor of the Supreme Court of Queensland and the High Court of Australia.

Insurance of officers

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

Environmental regulation

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

Auditor's independence declaration

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

Rounding of amounts

The company is of a kind referred to in 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.



Mrs C M Blake
Director

Brisbane
27 August 2020

AUDITOR'S INDEPENDENCE DECLARATION

To the directors of QICP Pty Ltd

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

Independence Declaration

As lead auditor for the audit of QICP Pty Ltd for the year ended 30 June 2020, 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.



Paul Christensen
Director
(as Delegate of the Auditor-General of Queensland)

24 August 2020

Queensland Audit Office
Brisbane

QICP Pty Ltd

ABN 18 075 744 151

Annual financial report - 30 June 2020

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Statement of profit or loss and other comprehensive income

	Notes	2020 \$'000	2019 \$'000
Revenue from contracts with customers	B1	92,054	97,005
Total revenue and other income		92,054	97,005
Employee benefits expense		59,802	62,635
Service fees		28,300	29,118
Travel expenses		1,629	3,029
Professional services		545	620
Staff development and recruitment		464	626
Computer operating costs		421	140
Depreciation and amortisation expense	C6	370	-
Communication expenses		211	297
Auditor's remuneration	F2	46	44
Interest expense on lease liabilities	C6	2	-
Operating lease costs		-	403
Other expenses		913	1,141
Total expenses		92,703	98,053
Loss before income tax		(649)	(1,048)
Income tax benefit	B2	(174)	(298)
Total loss after income tax for the year attributable to owners		(475)	(750)
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Other comprehensive income for the year (net of tax)		-	-
Total comprehensive loss for the year attributable to owners		(475)	(750)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes on pages 9 to 32.

Statement of financial position

	Notes	2020 \$'000	2019 \$'000
ASSETS			
Current assets			
Financial assets at fair value through profit or loss	C4	2,000	-
Financial assets at amortised cost	C5	28,037	25,445
Current tax assets		939	7,807
Prepayments		315	60
Total current assets		31,291	33,312
Non-current assets			
Deferred tax assets	B2	6,312	6,386
Total non-current assets		6,312	6,386
Total assets		37,603	39,698
LIABILITIES			
Current liabilities			
Payables	C7	10,200	13,571
Employee benefits	D1	14,710	18,581
Provisions		-	166
Refund liability	B1	3,980	-
Total current liabilities		28,890	32,318
Non-current liabilities			
Refund liability	B1	226	-
Employee benefits	D1	2,234	2,652
Total non-current liabilities		2,460	2,652
Total liabilities		31,350	34,970
Net assets		6,253	4,728
EQUITY			
Contributed equity	E1	2,000	-
Retained earnings		4,253	4,728
Equity attributable to owners of QICP Pty Ltd		6,253	4,728
Total equity		6,253	4,728

The above statement of financial position should be read in conjunction with the accompanying notes on pages 9 to 32.

Statement of changes in equity

	Notes	Attributable to owners of QICP Pty Ltd		Total equity \$'000
		Contributed equity \$'000	Retained earnings \$'000	
Balance at 1 July 2018		-	5,478	5,478
Loss after income tax		-	(750)	(750)
Other comprehensive income		-	-	-
Total comprehensive loss for the year		-	(750)	(750)
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	E2	-	-	-
Balance at 30 June 2019		-	4,728	4,728
Balance at 1 July 2019		-	4,728	4,728
Loss after income tax		-	(475)	(475)
Other comprehensive income		-	-	-
Total comprehensive loss for the year		-	(475)	(475)
Transactions with owners in their capacity as owners:				
Issue of ordinary shares	E1	2,000	-	2,000
Dividends provided for or paid	E2	-	-	-
		2,000	-	2,000
Balance at 30 June 2020		2,000	4,253	6,253

The above statement of changes in equity should be read in conjunction with the accompanying notes on pages 9 to 32.

QICP Pty Ltd
For the year ended 30 June 2020

Statement of cash flows

	2020	2019
Notes	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	101,083	95,859
Payments to suppliers and employees	(107,661)	(94,980)
Interest paid on lease liabilities	(2)	-
Compensation received from tax consolidated parent entity	7,116	24
Net cash provided by operating activities	536	903
Cash flows from financing activities		
Proceeds from issues of shares	E1 2,000	-
Principal elements of lease payments	C3 (536)	-
Dividends paid to shareholders	E2 -	(903)
Net cash used in financing activities	1,464	(903)
Net increase in cash and cash equivalents	2,000	-
Cash and cash equivalents at the end of the financial year	2,000	-

The above statement of cash flows should be read in conjunction with the accompanying notes on pages 9 to 32.

A BASIS OF PREPARATION

A1 Reporting entity

The financial statements are for the entity QICP Pty Ltd (the 'company'). The company is a wholly owned subsidiary of QIC Limited (the 'parent entity').

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

QICP Pty Ltd
Level 5
66 Eagle Street
Brisbane QLD 4000

QICP Pty Ltd is a for-profit entity and is primarily involved in the provision of property management services.

A2 Going concern

The company has prepared an assessment of its ability to continue as a going concern, taking into account all available information for a period of 12 months from the date of issuing the financial statements.

The COVID-19 pandemic has had widespread economic impacts to the company. Although these impacts continue to evolve, the directors remain confident that the company will be able to continue as a going concern. This assumes the company will be able to continue trading and realise assets and discharge liabilities in the ordinary course of business for at least 12 months from the date of issuing the financial statements. In determining this position, the directors have considered the following factors:

- The company has a net current asset surplus of \$2.4 million and a current ratio of 1.08 as at 30 June 2020;
- The company has cash and cash equivalents of \$2.0 million as at 30 June 2020;
- The company received a letter of financial support dated 29 June 2020 from QIC Limited confirming they will provide financial support to the company, to pay its debts as and when they become due and payable for a period of at least 12 months from the date of signing this financial report;
- Management continue to monitor cash flows, taking into consideration the economic impacts of the COVID-19 pandemic, over the next 18 months, and
- Management continue to manage the company's market, credit and liquidity risk in accordance with the company's financial risk management policies. Refer to note C10 for further details.

As a result of the above, the directors conclude that the company's financial position is stable, and it will be able to meet its debts as and when they fall due for at least a period of 12 months from the date of issuing the financial statements.

A3 Coronavirus (COVID-19) impact

In March 2020, the World Health Organisation (WHO) declared COVID-19 a world-wide pandemic. Subsequent measures introduced to contain COVID-19 have impacted the company's financial performance. Management has considered the impact of COVID-19 and other market volatility when preparing the company's financial statements.

Specific areas of accounting estimates and judgement are disclosed in note A7, however, the impacts of COVID-19 have resulted in increased estimation uncertainty and the application of further judgement using the best available information at reporting date.

A BASIS OF PREPARATION (continued)

A3 Coronavirus (COVID-19) impact (continued)

In preparing these financial statements, management have:

- Re-evaluated whether there were any additional areas of judgement or estimation uncertainty;
- Updated the economic outlook for inputs into the impairment analysis of financial and non-financial asset classes and financial risk management disclosures;
- Reviewed external market communications to identify other COVID-19 related impacts;
- Conducted several internal processes to ensure consistency in the application of the expected impact of COVID-19 across all asset classes, and
- Considered the impact of COVID-19 on the company's financial statement disclosures.

Key statement of profit or loss and other comprehensive income items that were impacted by COVID-19 are as follows:

- Revenue from contracts with customers: property management fees have been impacted by a combination of lower asset valuations and social restrictions impacting shopping centre trading. Refer to note B1 for further details.

Key statement of financial position items that were impacted by COVID-19 are as follows:

- Financial assets at fair value through profit or loss: The company holds an investment in an unlisted unit trust which, in accordance with the company's accounting policies, are measured at fair value through profit or loss (FVTPL). Refer to note C4 for further details.
- Financial assets at amortised cost: Due to the economic impacts of COVID-19, management have undertaken a more detailed analysis when assessing the recoverability and potential impairment of receivables. Refer to note C5 for further details.
- Refund liability: COVID-19 has played a significant role on the variability of property management fee revenue. As a result, management have recognised a refund liability arising from rent relief initiatives at the company's managed shopping centres. Refer to note B1 for further details.

A4 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) and the provisions of the *Corporations Act 2001*. The financial statements of the company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The 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 2020. The directors have the power to amend and reissue the financial statements.

A5 Functional and presentation currency

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

A6 Foreign currency translation

(i) Transactions and balances

Transactions in foreign currency are translated to the functional currency at the date of transaction using the exchange rate on that date.

A BASIS OF PREPARATION (continued)

A6 Foreign currency translation (continued)

(i) Transactions and balances (continued)

On reporting date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. These foreign currency differences are recognised in the statement of profit or loss and other comprehensive income. Non-monetary items that are measured based on historical cost in a foreign currency remain translated at the exchange rate at the date of the transaction.

A7 Accounting estimates and judgements

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

Accounting estimates and judgements	Note
Revenue recognition	B1
Taxation	B2
Leases	C6
Employee benefits	D1

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

The potential impacts of the COVID-19 pandemic on the accounting estimates and judgements disclosed in the financial statements are detailed in the notes as relevant. In arriving at these estimates and judgements, management have used the best available data in relation to the impacts of the pandemic.

A8 Accounting Standards and Interpretations adopted by the company for the first time

A number of new accounting standards and interpretations that are first effective in the current financial year have been adopted by the company from 1 July 2019. Except for AASB 16 *Leases* (AASB 16), the remaining accounting standards and interpretations did not have any impact on the company's financial statements on adoption. The impacts from adoption of AASB 16 are detailed below.

(i) AASB 16 *Leases*

On 1 July 2019 the company adopted AASB 16, the new accounting standard for recognition and measurement of leases. The company had to change its accounting policies as a result of adopting AASB 16. AASB 16 replaces 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*. The company applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for prior year is not restated.

AASB 16 introduces a single lessee accounting model which takes away the requirement for lessees to classify their leases as operating or finance leases. The new standard requires lessees to recognise all leases with a term of more than 12 months as assets and liabilities on their statement of financial position, unless the underlying asset is of 'low value'. Accordingly, a lessee is required to recognise a right-of-use (ROU) asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

On adoption of AASB 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the company's incremental borrowing rate as of 1 July 2019. The company's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 0.93%.

A BASIS OF PREPARATION (continued)

A8 Accounting Standards and Interpretations adopted by the company for the first time (continued)

(i) AASB 16 Leases (continued)

Practical expedients applied

In applying AASB 16 for the first time, the company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 July 2019
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

Measurement of lease liabilities

	2020 \$'000
Undiscounted operating lease commitments disclosed as at 30 June 2019	538
Discounted using the lessee's incremental borrowing rate of 0.93% as at the date of initial application	(2)
Present value of operating lease commitments as at 30 June 2019	536
Lease liability recognised as at 1 July 2019	536
Which are classified as:	
Current lease liabilities	536
Non-current lease liabilities	-
	536

Measurement of right-of-use assets

The right-of use assets on 1 July 2019 were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments and lease incentives received relating to that lease recognised in the statement of financial position as at 30 June 2019.

Adjustments recognised in the statement of financial position on 1 July 2019

The change in accounting policy affected the following items in the statement of financial position on 1 July 2019:

- Recognition of right-of-use assets of \$0.4 million
- Recognition of lease liabilities of \$0.5 million
- Derecognition of lease incentive provision of \$0.1 million
- Recognition of deferred tax assets by \$0.1 million
- Recognition of deferred tax liabilities by \$0.1 million

There was no adjustment to retained earnings required on 1 July 2019.

A BASIS OF PREPARATION (continued)

A8 Accounting Standards and Interpretations adopted by the company for the first time (continued)

(i) AASB 16 Leases (continued)

In addition, the following tables illustrate the amounts by which each financial statement line item is affected in the current reporting period due to accounting under AASB 16 in this financial year.

	2020 Accounting under AASB 117 \$'000	2020 AASB 16 impact \$'000	2020 As presented \$'000
Condensed statement of profit or loss and other comprehensive income			
Total revenue and other income	92,054	-	92,054
Operating lease costs	422	(422)	-
Depreciation and amortisation costs	-	370	370
Interest expense on lease liabilities	-	2	2
Other expenses	863	50	913
Total expenses	92,703	-	92,703
Loss before income tax	(649)	-	(649)
Income tax benefit	(174)	-	(174)
Total comprehensive loss for the period attributable to owners	(475)	-	(475)

	2020 Accounting under AASB 117 \$'000	2020 AASB 16 transition impact \$'000	2020 AASB 16 impact \$'000	2020 As presented \$'000
Condensed statement of financial position				
Current assets				
Right-of-use assets	-	370	(370)	-
Non-current assets				
Deferred tax asset	6,312	-	-	6,312
Total assets	37,603	370	(370)	37,603
Current liabilities				
Provision - lease incentive	-	166	(166)	-
Lease liabilities	-	(536)	536	-
Total liabilities	31,350	(370)	370	31,350
Net assets	6,253	-	-	6,253
Equity				
Total equity	6,253	-	-	6,253

A BASIS OF PREPARATION (continued)

A8 Accounting Standards and Interpretations adopted by the company for the first time (continued)

(i) AASB 16 Leases (continued)

	2020 Accounting under AASB 117 \$'000	2020 AASB 16 impact \$'000	2020 As presented \$'000
Condensed statement of cash flows			
Cash flows from operating activities			
Payments to suppliers and employees	(108,199)	538	(107,661)
Interest paid on lease liabilities	-	(2)	(2)
Net cash provided by operating activities	-	536	536
Cash flows from financing activities			
Principal elements of lease payments	-	(536)	(536)
Net cash used in financing activities	2,000	(536)	1,464
Net increase in cash and cash equivalents	2,000	-	2,000
Cash and cash equivalents at the end of the financial year	2,000	-	2,000

The company did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of AASB 16, as the company did not have any leases as lessor at 30 June 2019.

B PERFORMANCE FOR THE YEAR

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

B1 Revenue from contracts with customers

The fees below are presented on a disaggregated basis by categories that depict the nature, timing and uncertainty of revenue affected by economic factors.

	2020 \$'000	2019 \$'000
Revenue from contracts with customers over time		
Property management and other fees	84,010	89,519
Administration fees	6,795	7,417
Other revenue	334	61
Service fees from associated entities	915	8
Total revenue from contracts with customers recognised over time	92,054	97,005

Recognition and measurement

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

Revenue is recognised on the following basis:

(i) Property management and other fees

Property management fees are recognised over time as the service is performed as set out in the relevant service level agreements, net of the amounts of goods and services tax payable. COVID-19 has played a significant role in the variability of property management fee revenue across the company's shopping centre management portfolio, which may increase due to the increased risk of tenants being unable to meet their current obligations as per the management agreement.

(ii) Administration fees

Administration fees are recognised over time at agreed amounts as the service is performed, net of the amounts of goods and services tax payable.

(iii) Offsetting

Revenue and expenses are offset in the financial statements of the company where offsetting the transactions accurately reflects the substance of the transaction and where not offsetting would detract from the ability of users to clearly understand the nature of the transaction and operations of the company. The company has offset expenses paid on behalf of related parties and clients with revenues receivable on behalf of related parties and clients, in relation to product and client related costs where the company acts as agent.

Key estimates and judgements

In recognising property management fee revenue, significant management judgement and estimation is required in determining the amount and timing of revenue recognition.

B PERFORMANCE FOR THE YEAR (continued)

B1 Revenue from contracts with customers (continued)

Key estimates and judgements (continued)

(i) Property management fees - refund liability

The company has specific management agreements that dictate several factors contributing to the quantum of property management fee revenue it is entitled to receive. COVID-19 has played a significant role in the variability of this property management fee revenue across the company's shopping centre management portfolio. The company has continued to invoice per contractual agreements, however due to the recognition of a provision for bad and doubtful debts relating to rent being recognised at the centres, some of this consideration may need to be refunded. As a result, the company have recognised a refund liability on property management fee revenue due to the expectation that this amount may be contractually obliged to be refunded to its customers per the management agreement.

At 30 June 2020, a refund liability of \$4.2 million (2019: \$nil) is recognised in the statement of financial position.

B2 Taxation

(i) Reconciliation of income tax benefit

	2020 \$'000	2019 \$'000
Loss before income tax	(649)	(1,048)
Tax benefit at the Australian tax rate of 30.0% (2019: 30.0%)	(195)	(315)
Non-deductible entertainment	21	18
Non-deductible sundry items	-	(1)
Income tax benefit	(174)	(298)
Current tax on profits for the year	(248)	(649)
Deferred tax	74	351
	(174)	(298)

(ii) Movement in deferred tax balances

2020 \$'000	Net balance at 1 July	Tax effect on adoption of new accounting standards	Charged to P&L	Net balance at 30 June	DTA	DTL
Employee benefits	6,310	-	(1,287)	5,023	5,023	-
Property, plant and equipment ⁽¹⁾	11	-	1	12	12	-
Refund liability	-	-	1,262	1,262	1,262	-
Other	65	(50)	-	15	15	-
Lease liability	-	161	(161)	-	-	-
Right-of-use asset	-	(111)	111	-	-	-
Tax assets / (liabilities) before set-off	6,386	-	(74)	6,312	6,312	-
Net tax assets	6,386	-	(74)	6,312	6,312	-

B PERFORMANCE FOR THE YEAR (continued)

B2 Taxation (continued)

(ii) Movement in deferred tax balances (continued)

2019 \$'000	Net balance at 1 July	Charged to P&L	Net balance at 30 June	DTA	DTL
Employee benefits	6,656	(346)	6,310	6,310	-
Property, plant and equipment ⁽¹⁾	16	(5)	11	11	-
Other	65	-	65	65	-
Tax assets / (liabilities) before set-off	6,737	(351)	6,386	6,386	-
Net tax assets	6,737	(351)	6,386	6,386	-

(1) Low value pool assets

Recognition and measurement

(i) Income tax

As a State trading body under the *Income Tax Assessment Act 1997*, the company is exempt from the Commonwealth income tax. However, pursuant to the *Government Owned Corporations Act 1993* and the National Tax Equivalents Regime, the company 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.

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

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

B PERFORMANCE FOR THE YEAR (continued)

B2 Taxation (continued)

Recognition and measurement (continued)

(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.

Key estimates and judgements

(i) Income taxes

The company is subject to the National Tax Equivalents Regime in Australia. 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 company estimates its tax liabilities based on management's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(ii) 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. Management have given consideration to the additional uncertainty around future taxable profit due to the economic impacts from the COVID-19 pandemic in assessing recoverability of any deferred tax assets at reporting date.

C ASSETS AND LIABILITIES

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

C1 Cash and cash equivalents

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

	Notes	2020 \$'000	2019 \$'000
Investment - QIC Cash Enhanced Fund	C4	2,000	-
Balance per statement of cash flows		2,000	-

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 QIC Cash Enhanced Fund. These investments are readily able to be converted to known amounts of cash on call and are highly liquid.

(ii) Fair value

The carrying amount for cash and cash equivalents assets equals the fair value. The company's exposure to liquidity risk is discussed in note C10(c).

C2 Reconciliation of cash flow from operating activities

	2020 \$'000	2019 \$'000
Loss after income tax	(475)	(750)
Change in operating assets and liabilities:		
Depreciation and amortisation	370	-
Net change in financial assets at amortised cost	(2,592)	(8,711)
Net change in current tax assets	6,868	(624)
Net change in prepayments	(255)	17
Net change in deferred tax assets	74	351
Net change in employee benefits	(4,289)	(1,136)
Net change in payables	(3,371)	12,150
Net change in refund liability	4,206	-
Net change in provisions	-	(394)
Net cash provided by operating activities	536	903

C ASSETS AND LIABILITIES (continued)

C3 Changes in liabilities arising from financing activities

	Leases \$'000	Total \$'000
Opening balance as at 1 July 2018	-	-
Closing balance as at 30 June 2019	-	-
Opening balance as at 1 July 2019	-	-
Recognised on adoption of AASB 16	536	536
Cash flows - Principal elements of lease payments	(536)	(536)
Closing balance as at 30 June 2020	-	-

C4 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss (FVTPL) include the following:

	2020 \$'000	2019 \$'000
Investment - QIC Cash Enhanced Fund	2,000	-
Total current financial assets at FVTPL	2,000	-

Changes in fair values of financial assets at FVTPL are recorded in the statement of profit or loss and other comprehensive income, which are due to market changes.

Recognition and measurement

A financial asset is classified in this category if it's held within a business model that acquires financial assets principally for the purpose of selling in the short-term, if they are managed on a fair value basis in accordance with the company's investment strategy, or if it is an equity investment.

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.

For investments in products managed by the company, 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. Management have assessed that the unit price of the trusts incorporate fair value impacts to the underlying investments due to the COVID-19 pandemic. Accordingly, the company and parent entity classify financial assets at FVTPL as level 2 and level 3 (see note C10(d)).

C ASSETS AND LIABILITIES (continued)

C5 Financial assets at amortised cost

	2020 \$'000	2019 \$'000
Receivable from property trusts	28,036	25,396
Other receivables	1	9
Property management and other fees receivable	-	40
Total current other financial assets at amortised cost	28,037	25,445

Recognition and measurement

(i) *Property management and other fees receivable*

Receivables arise when the company provides property management services directly to clients in exchange for cash consideration. These receivables are held to collect and have been assessed to contain solely payments of principal and interest under AASB 9. 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) *Impairment of receivables*

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off. Provision for impairment of receivables is established using the simplified approach under AASB 9 when there is historical evidence or supportable forward looking information that the company will not be able to collect all amounts due according to the original terms of receivables. Management have reviewed the assumptions used in assessing recoverability of receivables in light of the economic impacts due to the COVID-19 pandemic. Based on this assessment, there were no impairment amounts at 30 June 2020 (2019: \$nil).

As at 30 June 2020, receivables of \$2.2 million (2019: \$7.0 million) were past due but not impaired. These relate to a number of related party property trusts for whom there is no history of credit default. Management have assessed that the outstanding balance does not result in any material impairment amounts at 30 June 2020.

C6 Leases

A new accounting standard AASB 16 *Leases* came into effect on 1 July 2019, resulting in significant changes to the company's accounting for leases for which it is lessee. The transitional impacts of the new standard are disclosed in note A8.

Right-of-use assets and lease liabilities were recognised in the statement of financial position on implementation of AASB 16 on 1 July 2019. These lease contracts expired through the financial year, resulting in a \$nil balance at 30 June 2020. Since expiry, the company did not renew these contracts and entered into a short-term lease recognised in the statement of profit or loss and other comprehensive income, disclosed in other expenses.

Right-of-use assets

	Leases \$'000
2020	
Opening balance at 1 July 2019	370
Depreciation charge	(370)
Closing balance as at 30 June 2020	-

C ASSETS AND LIABILITIES (continued)

C6 Leases (continued)

Lease liabilities

At 30 June 2020, the company had no lease liabilities.

Recognition and measurement

(i) Accounting treatment of leasing activities

The company leased various offices, typically for fixed periods of between three to 12 years, but may have extension options as described in note C6(ii) below.

Contracts may contain both lease and non-lease components. For leases of real estate for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as operating leases, see note C9 for details. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the company under residual value guarantees, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the company's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The company is subject to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and interest expense. The interest expense is charged to the statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

C ASSETS AND LIABILITIES (continued)

C6 Leases (continued)

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

(ii) Extension and termination options

Extension and termination options are included in a number of property leases across the company. These are used to maximise operational flexibility in terms of managing the assets used in the company's operations. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

(iii) Amounts recognised in the statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	2020 \$'000	2019 \$'000
Depreciation charge on right-of-use assets	370	-
Expense relating to short-term leases ⁽¹⁾	50	-
Interest expense on lease liabilities	2	-
Total cash outflow for leases	(536)	-

(1) Disclosed in other expenses

C7 Payables

	2020 \$'000	2019 \$'000
Accounts payable	842	877
Amounts due to parent entity	9,249	12,236
Accrued expenses	109	458
Total current payables	10,200	13,571

Recognition and measurement

(i) Payables

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

Payables are initially measured at fair value which is reflected by the transaction price, and subsequently measured at amortised cost.

The company derecognises a payable when they are paid or the obligation is extinguished.

(ii) Fair value

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

C8 Contingent liabilities

The company had no contingent liabilities at 30 June 2020 (2019: \$nil).

C ASSETS AND LIABILITIES (continued)

C9 Commitments

The company 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. As a result of the introduction of AASB 16 the below disclosure is in relation to 2019 only.

	2020 \$'000	2019 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	-	835
Later than one year but not later than five years	-	371
	-	<u>1,206</u>

Recognition and measurement

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) were charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease. On 1 July 2019, the company adopted AASB 16 *Leases*. Operating leases are recognised on the statement of financial position as lease liabilities and a corresponding right-of-use asset.

C10 Financial risk management

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

The company uses different methods to measure 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 company 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 company primarily arises from price risk in relation to investments in unit trusts held by the company.

(i) Price risk

Exposure

The company is exposed to price risk. This arises from investments in unit trusts held by the company and classified in the statement of financial position as financial assets at FVTPL. The company 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.

C ASSETS AND LIABILITIES (continued)

C10 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

Exposure (continued)

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.

Sensitivity

A sensitivity analysis was conducted on the impact of a movement in the unit price of the company's investment in current financial assets at FVTPL held at 30 June 2020 (and in the prior year), with all other variables held constant, which indicated that the price risk is not material.

(b) Credit risk

(i) Risk management

Credit risk is managed on a company 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 company is \$30.0 million (2019: \$25.4 million).

The company seeks to limit its exposure to credit risk in terms of outstanding trade receivables, by dealing with QIC managed centres and QIC managed investment entities and by ensuring that a high percentage of these clients pay their property management and service fees on a monthly basis within an agreed timeframe.

(c) Liquidity risk

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

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

All of the company's financial liabilities have contractual maturity of less than a year. The amounts due are the contractual undiscounted cash flows.

(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 company has classified its financial instruments into the levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

C ASSETS AND LIABILITIES (continued)

C10 Financial risk management (continued)

(d) Fair value measurements (continued)

(i) Fair value hierarchy (continued)

Fair value measurements At 30 June 2020	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets					
Financial assets at fair value through profit or loss					
Unlisted unit trusts	C4	-	2,000	-	2,000
Total financial assets		-	2,000	-	2,000
Financial liabilities					
Total financial liabilities		-	-	-	-
Fair value measurements at 30 June 2019		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets					
Total financial assets		-	-	-	-
Financial liabilities					
Total financial liabilities		-	-	-	-

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

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading 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 company 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. Where such equity investments are in QIC managed trusts, the underlying assets are valued independently at least annually in accordance with QIC's Investment Valuation Policy.

D EMPLOYEE BENEFITS AND RELATED PARTIES

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

D1 Employee benefits

	2020 \$'000	2019 \$'000
Payables	1,915	3,020
Provisions	12,795	15,561
Total current employee benefits	14,710	18,581
Provisions	2,234	2,652
Total non-current employee benefits	2,234	2,652

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 presented 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 company 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 which is expected to be settled within 12 months after the reporting year.

(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 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.

D EMPLOYEE BENEFITS AND RELATED PARTIES (continued)

D1 Employee benefits (continued)

Recognition and measurement (continued)

(iv) Post-employment benefits

Post-employment benefits include superannuation contributions.

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

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

(v) Termination benefits

Termination benefits are payable when employment is terminated by the company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits at the earlier of the following dates: (a) when the company 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 using a corporate bond rate that most closely matches the terms of the benefit.

When the company recognises costs for a restructuring that is within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination 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
- 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 a corporate bond at balance date, which 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

D EMPLOYEE BENEFITS AND RELATED PARTIES (continued)

D2 Key management personnel

(i) Directors

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

Director	Position	Term
D J Asplin	Non-executive Director	Open term
C M Blake	Non-executive Director	Open term
D J Frawley	Non-executive Director	Open term
D E Clarke	Non-executive Director (provided notice to resign effective 28 August 2020)	Open term
M O'Brien	Non-executive Director (appointed 10 February 2020)	Open term

There was no income received, or due and receivable, by any director from the company during the current or previous financial year. No director of the company has received or become entitled to receive any benefit by reason of a contract made by the company.

D3 Related party information

(i) Parent entity

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

(ii) Transactions with key management personnel

Directors of QICP Pty Ltd

From time to time, the company may purchase or provide goods and services to/from entities related to key management personnel related entities. The terms and conditions of the transactions were 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:

2020 \$	State of Queensland	Parent entity	Other related parties
Property management and other fees	-	-	91,743,017
Purchase of goods and services	1,318,353	-	-
Service and administration fee expense	-	22,149,208	6,151,063
Refund of income tax	-	7,116,235	-
Current payables	-	9,248,812	-
Current receivables	-	-	28,035,647
Current tax assets	-	938,823	-

D EMPLOYEE BENEFITS AND RELATED PARTIES (continued)

D3 Related party information (continued)

(iii) Transactions with other related parties (continued)

2019 \$	State of Queensland	Parent entity	Other related parties
Property management and other fees	-	-	96,944,417
Purchase of goods and services	1,418,666	-	-
Service and administration fee expense	-	22,415,815	6,702,568
Refund of income tax	-	23,976	-
Payment of dividends	-	902,838	-
Current payables	-	12,235,960	-
Current receivables	-	-	25,396,456
Current tax assets	-	7,807,362	-

(iv) Terms and conditions

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

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

E CAPITAL STRUCTURE

This section provides information relating to the company capital structure.

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

E1 Issued capital

	2020 Shares	2019 Shares	2020 \$	2019 \$
Ordinary Shares	2,000,001	1	2,000,001	1

(i) *Movements in ordinary share capital*

During the year, the company issued 2,000,000 shares to the parent entity. The parent entity holds all the issued ordinary shares and is entitled to 100% of the voting rights attaching thereto. In the event of winding up the company, ordinary shareholders are fully entitled to any proceeds of liquidation, only after all creditors. Holders of ordinary shares are entitled to receive dividends as declared.

(ii) *Risk management*

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

With the exception of payables, provisions and current tax liabilities incurred in the normal course of business, the company does not undertake borrowings or hold debt.

E2 Dividends

(i) Ordinary shares

No dividends were declared or paid during the year ended 30 June 2020 or during the prior financial year.

Recognition and measurement

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

F OTHER

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

F1 Subsequent events

Melbourne has reported increasing numbers of COVID-19 cases since early July 2020. The Victorian government subsequently announced a stage 4 lockdown from 2 August 2020. The company acts as a property manager for real estate properties within the Melbourne region. The company has continued to assess the impacts on asset values (including receivables from QIC trusts that own these properties), liabilities and the going concern of the company. Based on these assessments, there are no material impacts identified.

Mr D E Clarke provided a notice to resign as director effective 28 August 2020.

No other matters or circumstances have arisen since 30 June 2020 that have significantly affected, or may significantly affect, the company's operations, the results of those operations, or the company's state of affairs in future financial years.

F2 Remuneration of auditors

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

	2020 \$	2019 \$
<i>Queensland Audit Office</i>		
Audit and review of financial reports	45,500	43,800
Total remuneration for audit services	45,500	43,800

F3 Standards and interpretations issued but not yet effective

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

In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 32 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the entity's financial position as at 30 June 2020 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note A4 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 the directors.



Mrs C M Blake
Director

Brisbane
27 August 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of QICP Pty Ltd

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of QICP Pty Ltd.

In my opinion, the financial report:

- a) gives a true and fair view of the company's financial position as at 30 June 2020, 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.

The financial report comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including 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 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 company 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 Auditing Standards*. I am also independent of the entity 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.

Other information

Other information comprises financial and non-financial information (other than the audited financial report).

The directors are 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.

Responsibilities of the company 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 company'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 company 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the company.
- Conclude on the appropriateness of the company'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 company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the 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.



Paul Christensen
as delegate of the Auditor-General

28 August 2020

Queensland Audit Office
Brisbane