

QIC Private Capital Pty Ltd

ABN 83 076 279 528

Annual financial statements and directors' report for the year ended 30 June 2014

Directors' report

The directors present their report together with the financial report of QIC Private Capital Pty Ltd ('the company'), for the year ended 30 June 2014.

Directors

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

Mr P Forbes

Mr K D MacDonald was a director from the beginning of the financial year until his resignation on 30 September 2013

Mr D R Luke, Mr A E King and Mr B C Bowton were appointed as directors on 29 May 2014 and continue in office at the date of this report.

Principal activities

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

Dividends

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

	2014	2013
	\$'000	\$'000
Dividends provided for and declared	<u>45,294</u>	<u>30,575</u>

Operating result

The profit for the company, after related income tax expense, amounts to \$45.3 million (2013: \$30.6 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.

Effective 12 December 2013 Mr D R Luke was appointed Chairman of the ultimate parent, QIC Limited.

The Australian Securities and Investment Commission approved QIC Limited to withdraw and replace the eligible undertaking dated 5 February 2013. On 25 June 2014 QIC Limited irrevocably agrees to pay QIC Private Capital Pty Ltd an amount up to \$14.0 million (2013: \$8.0 million) (in aggregate) on written demand pursuant to an Australian Financial Services Licence

Matters subsequent to the end of the financial year

No other matters or circumstances has arisen since 30 June 2014 that has significantly affected, or may significantly affect, the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

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

Company secretary

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

Insurance of officers

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

Environmental regulation

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

Auditor's independence declaration

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

Rounding of amounts

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

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



Mr D R Luke
Chairman

Brisbane
29 August 2014

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of QIC Private Capital Pty Ltd

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

Independence Declaration

As lead auditor for the audit of QIC Private Capital Pty Ltd for the year ended 30 June 2014, 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.



M J KEANE CA
Director
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

QIC Private Capital Pty Ltd ABN 83 076 279 528
Annual report - 30 June 2014

Contents

	Page
Financial statements	
Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	29
Independent auditor's report	30

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

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

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

The financial statements were authorised for issue by the directors on 29 August 2014. The directors have the power to amend and reissue the financial statements.

QIC Private Capital Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Revenue	4	138,394	108,844
Employee benefits expense		(41,151)	(42,786)
Service fees		(27,693)	(16,973)
Professional services		(2,063)	(2,098)
Travel		(1,274)	(1,483)
Staff development and recruitment		(326)	(242)
Communication expenses		(159)	(225)
Information and research services		(130)	(73)
Computer operating costs		(121)	(127)
Auditors' remuneration	18	(54)	(59)
Motor vehicle expenses		(41)	(59)
Insurance		(1)	(257)
Other expenses		(669)	(768)
Expenses		(73,682)	(65,150)
Profit before income tax		64,712	43,694
Income tax expense	5	(19,418)	(13,119)
Total profit for the year		45,294	30,575
Other comprehensive income		-	-
Total comprehensive income for the year	14(a)	45,294	30,575
Total comprehensive income for the year is attributable to: Owners of QIC Private Capital Pty Ltd	14(a)	45,294	30,575

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

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

QIC Private Capital Pty Ltd
Statement of financial position
As at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
ASSETS			
Current assets			
Receivables	6	110,026	84,363
Total current assets		<u>110,026</u>	<u>84,363</u>
Non-current assets			
Deferred tax assets	7	8,644	6,097
Total non-current assets		<u>8,644</u>	<u>6,097</u>
Total assets		<u>118,670</u>	<u>90,460</u>
LIABILITIES			
Current liabilities			
Payables	8	84,215	60,955
Provisions	9	1,850	2,131
Current tax liabilities	10	15,970	9,492
Total current liabilities		<u>102,035</u>	<u>72,578</u>
Non-current liabilities			
Deferred tax liabilities	11	2,654	-
Provisions	12	7,919	11,820
Total non-current liabilities		<u>10,573</u>	<u>11,820</u>
Total liabilities		<u>112,608</u>	<u>84,398</u>
Net assets		<u>6,062</u>	<u>6,062</u>
EQUITY			
Contributed equity	13	-	-
Retained earnings	14(a)	6,062	6,062
Equity attributable to owners of QIC Private Capital Pty Ltd		<u>6,062</u>	<u>6,062</u>
Total equity		<u>6,062</u>	<u>6,062</u>

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

QIC Private Capital Pty Ltd
Statement of changes in equity
For the year ended 30 June 2014

	Notes	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2012		6,062	6,062
Profit for the year		30,575	30,575
Other comprehensive income		-	-
Total comprehensive income for the year		30,575	30,575
Transactions with owners in their capacity as owners:			
Dividends provided for or paid	15	(30,575)	(30,575)
Balance at 30 June 2013		6,062	6,062
 Balance at 1 July 2013		 6,062	 6,062
Profit for the year		45,294	45,294
Other comprehensive income		-	-
Total comprehensive income for the year		45,294	45,294
Transactions with owners in their capacity as owners:			
Dividends provided for or paid	15	(45,294)	(45,294)
Balance at 30 June 2014		6,062	6,062

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

QIC Private Capital Pty Ltd
Statement of cash flows
For the year ended 30 June 2014

	2014	2013
Notes	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	137,854	117,767
Payments to suppliers and employees	(94,447)	(75,310)
Compensation paid to tax consolidated parent entity	(12,832)	(12,816)
Dividends received	-	42
Net cash inflow from operating activities	22 <u>30,575</u>	<u>29,683</u>
Cash flows from investing activities		
Net cash inflow from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Dividends paid to shareholders	15 <u>(30,575)</u>	<u>(29,683)</u>
Net cash from financing activities	<u>(30,575)</u>	<u>(29,683)</u>
Net increase in cash and cash equivalents	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>-</u>	<u>-</u>

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

Contents of the notes to the financial statements

	Page
1 Summary of significant accounting policies	10
2 Changes in accounting policies	15
3 Critical accounting estimates and judgements	17
4 Revenue	17
5 Income tax expense	18
6 Current assets - Receivables	19
7 Non-current assets - Deferred tax assets	19
8 Current liabilities - Payables	19
9 Current liabilities - Provisions	20
10 Current liabilities - Current tax payable	20
11 Non-current liabilities - Deferred tax liabilities	21
12 Non-current liabilities - Provisions	21
13 Contributed equity	22
14 Reserves and retained earnings	22
15 Dividends	22
16 Financial risk management	22
17 Key management personnel disclosures	25
18 Remuneration of auditors	26
19 Contingencies	26
20 Related party transactions	26
21 Events occurring after the reporting period	28
22 Cash flow information	28

1 Summary of significant accounting policies

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

(a) Basis of preparation

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

(i) Compliance with IFRS

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

(ii) Historical cost convention

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

(iii) New and amended standards adopted by the company

The company has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2013:

- AASB 2012-10 *Amendments to Australian Accounting Standards - Transition Guidance and other Amendments* which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period
- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*
- AASB 119 *Employee Benefits (September 2011)* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle* and
- AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. The standards only affected the disclosures in the notes to the financial statements, except for AASB 119 the impact of which is disclosed in Note 2.

(iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

1 Summary of significant accounting policies (continued)

(b) Revenue recognition

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

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

Revenue for other business activities is recognised on the following basis:

(i) *Investment management fees*

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

(ii) *Performance fees*

Performance fees and rebates are recognised 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 company.

Performance fees are subject to specific criteria being met over the performance period. Revenue may not be recognised where the performance criteria is subject to uncertain future events outside the control of the company.

Where the achievement of criteria are uncertain a contingent asset will be recognised.

(iii) *Service and administration fees*

Service and administration fees are recognised on an accrual basis at agreed amounts, net of amounts of goods and services tax payable.

(iv) *Trust recovery fees*

Trust related cost recoveries are offset in revenue on a cash basis, net of amounts of goods and services tax payable. Any costs which cannot be recovered will be recognised as an expense.

(v) *Offsetting*

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

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

1 Summary of significant accounting policies (continued)

(d) Income tax

(i) Income tax equivalents

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

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

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

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

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

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

(ii) Tax consolidation legislation

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

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

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable or payable to other entities in the group. Details about the tax funding agreement are disclosed in note 5.

(iii) Taxation of Financial Arrangements (TOFA)

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

(e) Receivables

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. There were no impairment amounts at 30 June 2014 (2013: \$nil).

1 Summary of significant accounting policies (continued)

(f) Investments and other financial assets

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

(g) Payables

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

(h) Provisions

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

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

(i) Employee benefits

(i) Short-term obligations

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

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

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

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

(ii) Long-term obligations

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. Provisions for employee benefits that are not expected to be settled within 12 months are discounted using the rates attaching to Commonwealth Government securities at balance date, which most closely match the terms of maturity of the related liability. In determining the provision, consideration has been given to future increases in salary rates and prior experience with staff departures. Related on-costs have also been included.

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.

1 Summary of significant accounting policies (continued)

(i) Employee benefits (continued)

(iii) Retirement benefit obligations

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

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

(iv) Termination benefits

Termination benefits are payable when employment is terminated 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 entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of termination 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.

(j) Contributed equity

Ordinary shares are classified as equity.

(k) Dividends

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

(l) Rounding of amounts

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

(m) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the company. The company's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments*

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting.

The company has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the company's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the company enters into, it is not expected that any of the company's financial assets will meet the criteria in AASB 9 to be measured at amortised cost.

There will be no impact on the company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the company does not have any such liabilities.

1 Summary of significant accounting policies (continued)

(m) New accounting standards and interpretations (continued)

- (ii) AASB 1031 *Materiality*, AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments, Part B Materiality* (effective 1 January 2014), and AASB 2014-1 *Amendments to Australian Accounting Standards, Part C Materiality* (effective 1 July 2014)

The AASB decided to withdraw AASB 1031. Part B of AASB 2013-9 deletes references to AASB 1031 in various Australian Accounting Standards (including Interpretations). Part C of AASB 2014-1 deletes references to AASB 1031 in various other Australian Accounting Standards. Once all references to AASB 1031 have been deleted from all Australian Accounting Standards, AASB 1031 will be withdrawn. The adoption of the new rules will not impact the financial statements of the company. Early adoption is not permitted

- (iii) AASB 2014-1 *Amendments to Australian Accounting Standards, Part A Annual Improvements 2010-2012 and 2011-2013 Cycles* (effective 1 July 2014)

Part A of AASB 2014-1 makes various amendments and editorial corrections to a number of Australian Accounting Standards. The adoption of the amendments will not impact the financial statements of the company.

- (iv) IFRS 15 *Revenue from Contracts with Customers*

The IASB issued IFRS 15 in May 2014 with an effective date of 1 January 2017. The AASB is expected to issue an equivalent Australian standard shortly. IFRS 15 contains a single model that applies to revenue arising from contracts with customers. The model features a five step model analysis of transactions to determine whether, how much and when revenue is recognised.

The AASB's version of IFRS 15 is expected to supersede (to the extent relevant to the company) AASB 118 *Revenue*. The adoption of this standard will result in additional disclosures including additional information on performance obligations and judgements and estimates. The company is currently assessing the impact on revenue recognition and measurement, at this stage the company is unable to quantify the impact of this new standard. The company is likely to early adopt the standard in the year preceding its mandatory status.

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

2 Changes in accounting policies

As explained in note 1(a) above, the company has adopted a number of new or revised accounting standards this year. None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(a) Employee benefits

The adoption of the revised AASB 119 *Employee Benefits* has changed the accounting policy for the company's annual leave obligations. As the company does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. The measurement of these obligations has changed, as the entire obligation is now measured on a discounted basis. However, the impact of this change was immaterial since the majority of the leave is still expected to be taken within a short period after the end of the reporting period.

The new accounting policy was adopted on 1 July 2013 and has been applied to amounts recognised in the current period.

2 Changes in accounting policies (continued)

(b) Fair value measurement

AASB 13 *Fair Value Measurement* sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements apply to all of the company's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The impacts of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets and liabilities.

AASB 13 has required an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. For those fair value measurements of assets or liabilities that substantially are based on data that is not 'observable', the amount of information disclosed has not significantly increased. Notwithstanding the above, the change had no significant impact on the measurements of the company's assets and liabilities.

(c) Company acting as agent - voluntary change in accounting policy

The financial report has been prepared on the basis of a retrospective application of a voluntary change in the accounting policy relating to revenue and the parent entity acting as agent for Trust related recoveries.

The company incurs a number of audit, custodian, administration and professional service fees on behalf of Trusts for which it or one of its subsidiaries is trustee. AASB 118 *Revenue* provides that the company is acting as principal where the company it is exposed to the significant risks and rewards associated with the sale of goods or the rendering of services. The primary responsibility for the acceptability of the services purchased by the company rests with the service provider. The latitude in setting prices and the credit risk associated with these services also rests with the service provider. The company recovers these third-party costs directly from the Trusts and does not charge an additional margin or fee. Accordingly, in relation to these fees, the company is not acting as principal, but rather as an agent. Therefore, the expense and the recovery of these fees does not meet the definition of revenue.

The previous accounting policy was to recognise these costs as expenses and to recognise their subsequent recovery as revenue. The changed accounting policy results in the recovery being removed from the company's financial statements.

The new accounting policy was adopted on 1 July 2013 and has been applied retrospectively. Management judges that the change in policy will result in the financial report providing more relevant and no less reliable information because it leads to a more transparent treatment of product recoveries.

The impact of this change in accounting policy on the statement of profit or loss and other comprehensive income is a decrease in revenue of \$3.7 million (2013: \$2.7 million) and a corresponding decrease in expenses of \$3.7 million (2013: \$2.7 million). Overall there was a nil net effect on the profit results of the company in the current financial year (2013: Nil).

No impact on the statement of financial position and on the statement of cash flows.

3 Critical accounting estimates and judgements

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

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

(a) Significant estimates and judgements

- Income taxes
- Provisions
- Accrued revenue

(i) Income taxes

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

(ii) Provisions

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

(iii) Accrued revenue

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

4 Revenue

	2014 \$'000	2013 \$'000
From continuing operations		
Management, performance and other fees	111,913	96,628
Service fees from associated entities	25,637	11,729
Product administration fees	79	159
Other	765	328
	138,394	108,844

5 Income tax expense

(a) Income tax expense

	2014 \$'000	2013 \$'000
Current tax	19,311	13,356
Deferred tax	107	(237)
	<u>19,418</u>	<u>13,119</u>
Income tax expense is attributable to:		
Profit from continuing operations	<u>19,418</u>	<u>13,119</u>

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2014 \$'000	2013 \$'000
Profit from continuing operations before income tax expense	64,713	43,694
Tax expense at the Australian tax rate of 30.0% (2013 - 30.0%)	19,414	13,108
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible entertainment	4	11
Income tax expense	<u>19,418</u>	<u>13,119</u>

(c) Tax consolidation legislation

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

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

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

The amounts receivable/payable under the tax funding agreement are due upon payment by the parent entity of those liabilities, and subject to the parent entity providing to the wholly-owned entities satisfactory evidence of that payment, the wholly-owned entities shall promptly pay to the parent entity that contribution amount and the parent entity shall promptly pay to the relevant wholly-owned entities, amounts receivable by them under the funding arrangement (see note 20(d)).

6 Current assets - Receivables

	2014 \$'000	2013 \$'000
Trade receivables		
Management, performance and other fees receivable	41,200	32,024
Net related party receivables		
Receivable from parent and associated entities	68,505	52,190
Prepayments		
Prepayments	321	149
	<u>110,026</u>	<u>84,363</u>

These are non-interest bearing.

7 Non-current assets - Deferred tax assets

	2014 \$'000	2013 \$'000
The balance comprises temporary differences attributable to:		
Employee benefits provided for or payable	8,462	5,828
Accrued expenses	16	20
Depreciation	8	7
Sundry items	158	242
	<u>8,644</u>	<u>6,097</u>

8 Current liabilities - Payables

	2014 \$'000	2013 \$'000
Current liabilities		
Dividends	45,294	30,575
Employee benefits payable	26,948	27,141
Accounts payables	11,529	1,573
Accrued expenses	444	1,666
	<u>84,215</u>	<u>60,955</u>

These are non-interest bearing.

9 Current liabilities - Provisions

	2014 \$'000	2013 \$'000
Employee benefits	<u>1,850</u>	<u>2,131</u>

(a) Movements in provisions

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

2014	Total \$'000
Carrying amount at the start of the year	2,131
Additional provisions recognised	1,112
Amounts used during the year	(1,338)
Amounts moved from non-current liabilities - Provisions	16
Amounts transferred to related parties	(40)
Amounts moved to payables	(31)
Carrying amount at end of year	<u>1,850</u>
2013	Total \$'000
Carrying amount at the start of the year	2,345
Additional provisions recognised	1,119
Amounts used during the year	(1,650)
Amounts moved from non-current liabilities - Provisions	158
Amounts transferred from related parties	159
Carrying amount at end of year	<u>2,131</u>

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

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

	2014 \$'000	2013 \$'000
Annual leave obligations expected to be settled after 12 months	<u>125</u>	<u>218</u>
	125	218

10 Current liabilities - Current tax payable

	2014 \$'000	2013 \$'000
Tax related amounts payable to the parent entity	<u>15,970</u>	<u>9,492</u>

11 Non-current liabilities - Deferred tax liabilities

	2014 \$'000	2013 \$'000
The balance comprises temporary differences attributable to:		
Performance fees	2,653	-
Prepayments	1	-
	<u>2,654</u>	<u>-</u>

12 Non-current liabilities - Provisions

	2014 \$'000	2013 \$'000
Employee benefits - long service leave	<u>7,919</u>	11,820

(a) Movements in provisions

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

2014	Total \$'000
Carrying amount at start of year	11,820
Additional provisions recognised	4,366
Amounts moved to payables	(8,089)
Amounts transferred to related parties	(162)
Amounts moved to current	(16)
Carrying amount at end of year	<u>7,919</u>
2013	Total \$'000
Carrying amount at start of year	14,202
Additional provisions recognised	14,508
Amounts moved to payables	(16,925)
Amounts transferred from related parties	193
Amounts moved to current	(158)
Carrying amount at end of year	<u>11,820</u>

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

13 Contributed equity

(a) Share capital

	2014 Shares	2013 Shares	2014 \$'000	2013 \$'000
Ordinary shares Fully paid	1	1	-	-

14 Reserves and retained earnings

(a) Retained earnings

Movements in retained earnings were as follows:

	2014 \$'000	2013 \$'000
Balance 1 July	6,062	6,062
Net profit for the year	45,294	30,575
Dividends	(45,294)	(30,575)
Balance 30 June	6,062	6,062

15 Dividends

(a) Ordinary shares

	2014 \$'000	2013 \$'000
Final dividend for the year ended 30 June 2014 of 100% (2013: 100%) of operating profit after tax recognised as a payable (note 8)	45,294	30,575

16 Financial risk management

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

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

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

16 Financial risk management (continued)

The company holds the following financial instruments:

	Notes	Financial assets at amortised cost \$'000	Total \$'000
Financial assets			
2014			
Net trade receivables *	6	41,200	41,200
Net related party receivables	6	68,505	68,505
		<u>109,705</u>	<u>109,705</u>
Notes			
 2013			
Net trade receivables *	6	32,024	32,024
Net related party receivables	6	52,190	52,190
		<u>84,214</u>	<u>84,214</u>

* excluding prepayments

	Notes	Liabilities at amortised cost \$'000	Total \$'000
Financial liabilities			
2014			
Payables	8	84,215	84,215
		<u>84,215</u>	<u>84,215</u>
Notes			
 2013			
Payables	8	60,955	60,955
		<u>60,955</u>	<u>60,955</u>

(a) Credit risk

(i) Risk management

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

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

The carrying amount of net trade financials represents the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date for the company is \$41,200,173 (2013: \$32,024,144). All other receivables are related party receivables.

16 Financial risk management (continued)

(a) Credit risk (continued)

(ii) Past due but not impaired

As at 30 June 2014, trade receivables of \$41,200,173 (2013: \$32,024,144) are within trading terms.

(b) Liquidity risk

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

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

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

	2014			2013		
	Less than 1 year \$'000	> 1 year \$'000	Total \$'000	Less than 1 year \$'000	>1 year \$'000	Total \$'000
Payables	84,215	-	84,215	60,955	-	60,955

(c) Fair value measurements

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

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

17 Key management personnel disclosures

(a) Directors

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

Director	Position	Term	Expiry date
D R Luke ⁽¹⁾	Chairman (appointed 29 May 2014)	2 years	30 September 2016
B C Bowton ⁽¹⁾	Director (appointed 29 May 2014)	2 Years	30 September 2016
A E King ⁽¹⁾	Director (appointed 29 May 2014)	2 years	30 September 2016
P Forbes	Director	Open term	-
P F Young AM ⁽²⁾	Chairman (resigned 21 November 2013)	4 years	21 November 2013
K D MacDonald ⁽³⁾	Director (resigned 30 September 2013)	2 years	30 September 2013

Notes:

(1) Term of appointment: from 29 May 2014 to 30 September 2016, 2 years, 4 months and 3 days. (2) Term of appointment: from 16 November 2009 to 21 November 2013, 4 years and 6 days. (3) Term of appointment: from 20 January 2012 to 30 September 2013, 1 year, 8 months and 11 days.

(b) Remuneration of directors

Directors		Board and Board Committees			Total Directors' fees	Post employment	
Name	Position	QIC Board \$'000	Board Committees \$'000	Subsidiary Boards \$'000		Super \$'000	Total \$'000
Reporting Period		1 July 2013 - 30 June 2014					
D R Luke ⁽¹⁾	Chairman	-	-	-	-	-	-
B C Bowton ⁽¹⁾	Director	-	-	-	-	-	-
A E King ⁽¹⁾	Director	-	-	-	-	-	-
P Forbes	Director	67	-	-	67	6	73
P F Young AM ⁽¹⁾	Chairman	-	-	-	-	-	-
K D MacDonald ⁽¹⁾	Director	-	-	-	-	-	-
Total remuneration	1 July 2013 - 30 June 2014	67	-	-	67	6	73
Previous Period		1 July 2012 - 30 June 2013					
P Forbes	Director	67	-	-	67	6	73
P F Young AM ⁽¹⁾	Chairman	-	-	-	-	-	-
K D MacDonald ⁽¹⁾	Director	-	-	-	-	-	-
Total remuneration	1 July 2012 - 30 June 2013	67	-	-	67	6	73

Notes:

(1) Director fees for P F Young AM, K D MacDonald, D R Luke, B C Bowton and A E King are paid by the parent entity.

18 Remuneration of auditors

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

	2014 \$	2013 \$
<i>Queensland Audit Office</i>		
Audit and review of financial reports	54,000	59,433
Total remuneration for audit services	<u>54,000</u>	<u>59,433</u>

19 Contingencies

(a) Trustee obligations

As at 30 June 2014, QIC Private Capital Pty Ltd or its controlled entities were trustee of:

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

In their capacity as trustee, the company is potentially liable for liabilities of the Trusts. However, under the Trust Deeds, the company is entitled to be indemnified out of the assets of the Trusts against any losses or outgoings sustained in their role as trustee, provided the trustee has acted within the terms of the Trust Deeds. As at 30 June 2014, total assets exceed total liabilities in the Trusts.

(b) Financial undertakings

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

In accordance with an eligible undertaking dated 25 June 2014, QIC Limited irrevocably agrees to pay QIC Private Capital Pty Ltd an amount up to \$14.0 million (2013: \$8.0 million) (in aggregate) on written demand pursuant to an Australian Financial Services Licence.

(c) Performance fees

The company has exposure to potential payables in relation to performance fee clawback provisions. These payments are contingent upon the occurrence of negative performance, relative to certain conditions. No negative performance has been recorded, accordingly performance fee clawbacks have not been recognised as expenses by the company for the year ended 30 June 2014.

20 Related party transactions

(a) Parent entity

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

20 Related party transactions (continued)

(b) Other transactions with key management personnel

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

(i) Directors of QIC Private Capital Pty Ltd

The directors, Mr D R Luke, Mr A E King, Mr K D MacDonald and Mr P W Forbes and former chairman Mr P F Young AM are or were directors of QIC Investments No.1 Pty Ltd. During the year, QIC Private Capital Pty Ltd provided investment management services to QIC Investments No.1 Pty Ltd. These transactions occur at agreed amounts.

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

The former Chairman, Mr P F Young AM, former director, Mr K D MacDonald, chairman, Mr D R Luke and directors Mr P W Forbes, Mr A E King and Mr B C Bowton are or were directors of QIC Retail Pty Ltd. During the year, QIC Private Capital Pty Ltd provided investment management services to QIC Retail Pty Ltd. These transactions occur at agreed rates.

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

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

(c) Transactions with other related parties

The following transactions occurred with related parties:

	30 June 2014 \$'000	30 June 2013 \$'000
<i>Sales of goods and services</i>		
Service and administration fees from associated entities	25,637	11,729
<i>Purchases of goods and services</i>		
Service fees to parent entity and associated entities	27,693	16,973
<i>Tax consolidation legislation</i>		
Amounts paid to parent entity under the tax sharing and funding agreement	12,832	12,816

20 Related party transactions (continued)

(d) Outstanding balances

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

	2014 \$'000	2013 \$'000
<i>Current receivables (loans)</i>		
Parent entity and associated entities	68,505	52,190
<i>Current payables (tax funding agreement)</i>		
Parent entity	15,970	9,492
<i>Current payables (payment of dividends)</i>		
Parent entity	45,294	30,575

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

(e) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates, except transactions with QIC Investments No.1 Pty Ltd and QIC Retail Pty Ltd. These transactions occur at agreed amounts.

Outstanding balances are unsecured and are repayable in cash.

21 Events occurring after the reporting period

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

22 Cash flow information

	2014 \$'000	2013 \$'000
Profit for the year	45,294	30,575
Change in operating assets and liabilities:		
Increase in receivables	(25,663)	(2,090)
Increase in deferred tax assets	(2,547)	(382)
Increase in payables	8,541	3,491
Increase in current tax liabilities	6,478	686
Increase (decrease) in deferred tax liabilities	2,654	(1)
Decrease in provisions	(4,182)	(2,596)
Net cash inflow from operating activities	30,575	29,683

In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 28 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 2014 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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



Mr D R Luke
Chairman

Brisbane
29 August 2014

Independent auditor's report to the members of QIC Private Capital Pty Ltd

Report on the Financial Report

I have audited the accompanying financial report of QIC Private Capital Pty Ltd, which comprises the statement of financial position as at 30 June 2014, 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 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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

Opinion

In my opinion -

- (a) the financial report of QIC Private Capital Pty Ltd is in accordance with the *Corporations Act 2001*, including -
 - (i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Other Matters - Electronic Presentation of the Audited Financial Report

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



M J KEANE CA
Director
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane