
QUEENSLAND LOTTERY CORPORATION PTY LTD

ACN 124 921 311

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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DIRECTOR'S REPORT

The Director submits the following report for the year ended 30 June 2013 made in accordance with a resolution of the Board.

DIRECTORS

The name of the Director of Queensland Lottery Corporation Pty Ltd (QLC) in office during or since the end of the financial year is:

I Munro
R Somerville ⁽¹⁾

⁽¹⁾ R Somerville is an alternate director for I Munro

The Director did not hold any interests in shares or options of QLC.

PRINCIPAL ACTIVITIES

QLC was formed as part of the sale of Golden Casket Lottery Corporation Limited (GCLC) to Tattersall's Ltd (Tattersall's) in April 2007. QLC holds the Queensland Lottery Licence and Golden Casket brands and trademarks on behalf of the State Government which are licensed to Tattersall's through GCLC.

DIVIDENDS

No dividends were paid during the year (2012: nil).

REVIEW AND RESULTS OF OPERATIONS

The net profit after tax of QLC for the financial year was \$38 357 (2012: \$65 474).

Other than interest revenue on cash holdings, there were no significant sources of income for the year, as all revenue for the licencing agreement with GCLC was received upfront.

EVENTS SUBSEQUENT TO BALANCE DATE

There are no matters or circumstances which have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of QLC.

LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS

There are no known matters or circumstances which are likely to significantly affect the operations or results of QLC in the future.

PERFORMANCE IN RELATION TO ENVIRONMENTAL LEGISLATION

The Board is not aware of any breaches of environmental regulations during or since the end of the financial year.

DIRECTORS REMUNERATION

Remuneration was paid to the independent director of QLC during the financial year.

Details of the nature and amount of each major element of the remuneration of the director is as follows:

	Base Salary 2013 \$	Super 2013 \$	Total 2013 \$	Base Salary 2012 \$	Super 2012 \$	Total 2012 \$
I Munro	4 335	390	4 725	-	-	-
Total	4 335	390	4 725	-	-	-

INDEMNIFICATION OF OFFICERS AND AUDITORS

QLC has not, during the financial year, in respect of any person who is or has been an officer or auditor of QLC or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings, or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

The State has indemnified all company officers for certain liabilities which they may incur by reason of acting as an officer of QLC or related corporations.

The auditor of QLC for the year ended 30 June 2013 is the Auditor-General of Queensland.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the Board of Directors.



I Munro
Director

01 August 2013

AUDITOR'S INDEPENDENCE DECLARATION

To the Director of Queensland Lottery Corporation Pty Ltd

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

Independence Declaration

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

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



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



Queensland Audit Office
Brisbane

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

	Notes	2013 \$	2012 \$
Income			
Interest revenue	3	108 060	134 775
Other		20	-
Total income		108 080	134 775
Expenses			
Licence fees		34 300	33 700
Audit fees		3 800	4 465
Management fee - QTC		2 739	2 689
Company secretarial & accounting services - QTC		7 173	-
Directors remuneration		4 725	-
Other		547	387
Total expenses		53 284	41 241
Profit before income tax		54 796	93 534
Income tax expense	4	16 439	28 060
Profit for the year after income tax		38 357	65 474
Total comprehensive income attributable to equity holders of Queensland Lottery Corporation Pty Ltd		38 357	65 474

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

BALANCE SHEET

As at 30 June 2013

	Notes	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	5	2 684 983	2 649 638
Prepayments		8 600	8 500
Receivables		351	-
Tax asset		872	-
Total current assets		2 694 806	2 658 138
TOTAL ASSETS		2 694 806	2 658 138
Current liabilities			
Payables	6	7 926	3 800
Tax liabilities		-	5 815
Total current liabilities		7 926	9 615
TOTAL LIABILITIES		7 926	9 615
NET ASSETS		2 686 880	2 648 523
Equity			
Retained profits		2 686 879	2 648 522
Contributed equity	7	1	1
TOTAL SHAREHOLDERS' EQUITY		2 686 880	2 648 523

The above Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Contributed Equity	Retained Profits	Total Equity
	\$	\$	\$
Balance at 1 July 2011	1	2 583 048	2 583 049
Profit for the year	-	65 474	65 474
Balance at 30 June 2012	1	2 648 522	2 648 523
Balance at 1 July 2012	1	2 648 522	2 648 523
Profit for the year	-	38 357	38 357
Balance at 30 June 2013	1	2 686 879	2 686 880

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2013

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Interest received		108 060	134 775
Other receipts		20	-
Payments to suppliers and employees		(49 258)	(40 733)
Income tax paid		(23 127)	(29 041)
GST received from the ATO		746	416
GST paid to suppliers		(1 096)	(416)
Net cash provided by operating activities	12	35 345	65 001
 Net increase in cash and cash equivalents held		 35 345	 65 001
 Cash and cash equivalents at beginning of financial year		 2 649 638	 2 584 637
Cash and cash equivalents at end of financial year	5	2 684 983	2 649 638

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements for the year ending 30 June 2013

1. General Information

The financial report of Queensland Lottery Corporation Pty Ltd (QLC) for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the director on 01 August 2013.

QLC is wholly owned by Queensland Treasury Holdings Pty Ltd. It was formed following the sale of the State's shareholding in Golden Casket Lottery Corporation Limited (GCLC) to Tattersall's Limited (Tattersall's). QLC holds the Queensland Lottery Licence and Golden Casket brands and trademarks on behalf of the State Government which are licensed to Tattersall's through GCLC.

Queensland Lottery Corporation Pty Ltd is a for profit company incorporated and domiciled in Brisbane, Australia.

The address of its registered office is Level 6, 123 Albert Street, Brisbane.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented in these financial statements.

(a) Basis of preparation

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Basis of measurement

These financial statements have been prepared on an historical cost basis.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is QLC's functional currency.

Use of judgements and assumptions

QLC has made no judgements or assumptions which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting year.

Comparative information

Comparative figures have been adjusted, where necessary, to conform with changes in presentation in the current year.

Notes to and forming part of the financial statements for the year ending 30 June 2013

(b) Income tax

QLC is subject to the National Tax Equivalents Regime (NTER). Under the NTER, QLC is required to make payments to the State Treasurer equivalent to the amount of Commonwealth income tax.

In calculating the income tax equivalent expense (income tax), tax effect accounting principles are adopted for income received and expenses paid in relation to the activities of QLC. Where applicable, deferred income tax liabilities are recognised for all taxable temporary differences arising from prepayments of expenditure of QLC. Deferred tax assets are recognised where it is probable that future taxable income will be available against which the temporary differences can be utilised.

(c) Cash and cash equivalents

For the purpose of the Balance Sheet and Statement of Cash Flows, cash includes cash at bank and deposits at call. Cash and short term deposits are stated at net realisable value.

(d) Payables

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

(e) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO, is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed inclusive of the amount of GST recoverable from, or payable to, the ATO.

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Interest revenue

Interest revenue is recognised using the effective interest rate method and is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Notes to and forming part of the financial statements for the year ending 30 June 2013

(g) New accounting standards and interpretations

A number of new and amended accounting standards are mandatory for the first time for the year ended 30 June 2013. The adoption of these standards or interpretations did not have any significant impact on the financial statements or the performance of QLC.

Certain new accounting standards and interpretations have been published that are effective for annual periods beginning after 1 July 2013 and have not been applied in preparing these financial statements. QLC's assessment on the impact of standards and interpretations on issue but not yet effective is that they are not expected to have any significant impact on the financial statements or the performance of QLC. However, the pronouncements may result in changes to how information is currently disclosed in the financial statements. QLC does not plan to early adopt any of these standards.

Notes to and forming part of the financial statements for the year ending 30 June 2013

	2013	2012
	\$	\$
3. Interest revenue		
Interest – QTC Cash Fund	107 990	134 689
Interest – QTC Working Capital Facility	70	86
	108 060	134 775
4. Income tax expense		
Current tax expense	16 439	28 060
Numerical reconciliation of income tax expense to prima facie tax payable:		
Profit from continuing operations before income tax expense	54 796	93 534
Tax at the Australian tax rate of 30%	16 439	28 060
Profit after income tax	38 357	65 474
5. Cash and cash equivalents		
Cash at bank	1 497	9 172
QTC Cash Fund	2 681 197	2 638 247
QTC Working Capital Facility	2 289	2 219
	2 684 983	2 649 638
6. Payables		
Accrued audit fees	3 800	3 800
Accrued PAYG	261	-
Creditors - QTC	3 865	-
	7 926	3 800
7. Contributed equity		
(a) Issued and paid up capital		
	2013	2012
	\$	\$
Issued and Paid up		
Ordinary class shares	1	1
	1	1
(b) Movements in shares on issue		
	Number of	
	shares	
Shares at the beginning of the year	1	
End of the financial year	1	

Notes to and forming part of the financial statements for the year ending 30 June 2013

8. Related party transactions

(a) Ultimate controlling entity

Queensland Treasury Holdings Pty Ltd (QTH) is the sole shareholder of QLC. The ultimate parent entity of QLC is the State of Queensland.

(b) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of QLC, being members of the Board of Directors.

i. Compensation

Compensation includes income paid or payable to all independent directors of QLC during the financial year:

	2013 \$	2012 \$
Independent directors		
Short-term employee benefits ⁽¹⁾	4 335	-
Post-employment benefits ⁽²⁾	390	-
Total	4 725	-

⁽¹⁾ Short-term employment benefits include fees paid to directors

⁽²⁾ Post-employment benefits include superannuation payments

In 2011-12, the Director was an employee of the State of Queensland and did not receive any remuneration. In August 2012, the Director ceased employment with the State of Queensland, and has received remuneration as an Independent Director since this date.

ii. Other officers

QLC does not employ any other officers. All administration is outsourced to Queensland Treasury Corporation (QTC), a related party.

iii. Other transactions

There were no loans to or from key management personnel during the financial year.

(c) Other related party transactions

Queensland Treasury Corporation

As at 30 June 2013:

- Funds invested in the QTC Cash Fund totalled \$2 681 197 (2012: \$2 638 247)
- Funds invested in the QTC Working Capital Facility totalled \$2 289 (2012 : \$2 219)
- Interest income received or receivable during the year totalled \$108 060 (2012: \$134 775)
- QTC Cash Fund management fees paid or payable during the year totalled \$2 739 (2012: \$2 689)
- QTC company secretarial & accounting fees paid or payable during the year totalled \$7 173 (2012:Nil). In prior years these services were provided at no charge.

Notes to and forming part of the financial statements for the year ending 30 June 2013

9. Remuneration of auditor

	2013 \$	2012 \$
Amount paid, or due and payable, to the Auditor-General of Queensland for:		
Audit of accounts	3 800	3 800

The Auditor-General of Queensland provides no other services to QLC.

10. Contingent liabilities

As at 30 June 2013, QLC had no contingent liabilities.

11. Commitments

As at 30 June 2013, QLC had no material capital or other expenditure commitments.

12. Reconciliation of profit after income tax to cash flows from operating activities

	2013 \$	2012 \$
Profit after income tax	38 357	65 474
Changes in assets and liabilities		
- (Increase)/decrease in receivables	(350)	9
- Increase in prepayments	(100)	(300)
- Decrease in tax payable	(6 688)	(982)
- Increase in payables	4 126	800
Net cash provided by operating activities	35 345	65 001

13. Financial risk management

QLC has only minimal exposure to financial risk which includes market risk, liquidity risk and credit risk. QLC manages these exposures in accordance with internal financial risk management policies.

(a) Market risk

Interest rate risk

QLC is exposed to interest rate risk through its investments in the QTC Cash Fund, QTC Working Capital Facility and cash held at the Commonwealth Bank. These accounts receive variable interest returns, and QLC aims to maximise deposits in the QTC Cash Fund.

(b) Liquidity risk

QLC has limited exposure to liquidity risk in the normal course of business. Current assets are valued at \$2 694 806 while current liabilities are valued at \$7 926.

Notes to and forming part of the financial statements for the year ending 30 June 2013

13. Financial risk management continued

(c) Credit risk

QLC is exposed to credit risk through its investments primarily in the QTC Cash Fund. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed.

The maximum credit risk exposure of QLC is represented by the carrying amounts of assets recognised in the Balance Sheet.

(d) Fair values of assets and liabilities

The carrying amounts represent fair value of financial assets and liabilities of QLC at balance date. These consist of deposits with QTC at prevailing market rates and short term payables and receivables.

(e) Fair value hierarchy

The fair value hierarchy has not been produced as all financial assets held at balance date represent short term receivables or balances of cash holdings. Cash holdings are primarily in the QTC Cash Fund and fair value is based on the current redemption value. For the purposes of the fair value hierarchy, these financial assets are classified as Level 2.

14. Events subsequent to balance date

There are no matters or circumstances which have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of QLC, the results of those operations or the state of affairs of QLC in future years.

Director's Declaration

The Director of Queensland Lottery Corporation Pty Ltd declares that:

The financial statements and associated notes as set out on pages 6 to 16 are in accordance with the *Corporations Act 2001*, including:

- (a) complying with the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
- (b) give a true and fair view of the financial position of the Company as at 30 June 2013 and of its performance for the financial year then ended on that date.

In the Director's opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board and is signed by:



I Munro
Director

01 August 2013

INDEPENDENT AUDITOR'S REPORT

To the Members of Queensland Lottery Corporation Pty Ltd

Report on the Financial Report

I have audited the accompanying financial report of Queensland Lottery Corporation Pty Ltd, which comprises the balance sheet as at 30 June 2013, the statement of 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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 company'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 company'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 be removed only 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 Queensland Lottery Corporation 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, the financial report of Queensland Lottery Corporation Pty Ltd is in accordance with the *Corporations Act 2001*, including –

- (i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Other Matters - Electronic Presentation of the Audited Financial Report

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



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

