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# **QUEENSLAND LOTTERY CORPORATION PTY LTD**

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ACN 124 921 311

## **FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012**

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## **DIRECTORS' REPORT**

The Directors submit the following report for the year ended 30 June 2012 made in accordance with a resolution of the Board of Directors.

### **DIRECTORS**

The names of the Directors of Queensland Lottery Corporation Pty Ltd (QLC) in office during or since the financial year.

I Munro  
R Somerville <sup>(1)</sup>

<sup>(1)</sup> R Somerville is an alternate director for I Munro

No Directors held any interests in shares and 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 (2011: nil).

### **REVIEW AND RESULTS OF OPERATIONS**

The net profit after tax of QLC for the financial year was \$65 474 (2011: \$68,298).

Other than interest revenue on cash holdings, there were no significant sources of income for the year.

### **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**

No income was paid or made available to any Director of QLC during the year.

## INDEMNIFICATION OF OFFICERS AND AUDITORS

QLC has not, during the 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 2012 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

20 August 2012

## AUDITOR'S INDEPENDENCE DECLARATION

To the Directors 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 2012, 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 2012**

	Notes	2012 \$	2011 \$
<b>Revenue</b>			
Interest	3	134 775	135 690
<b>Total revenue</b>		<b>134 775</b>	<b>135 690</b>
<b>Expenses</b>			
Licence fees	4	33 700	32 500
Audit fees		4 465	2 750
Management Fee - QTC		2 689	2 612
Other		387	260
<b>Total expenses</b>		<b>41 241</b>	<b>38 122</b>
<b>Profit before income tax</b>		<b>93 534</b>	<b>97 568</b>
Income tax expense	5	28 060	29 270
<b>Profit for the year after income tax</b>		<b>65 474</b>	<b>68 298</b>
<b>Total comprehensive income attributable to equity holders of Queensland Lottery Corporation Pty Ltd</b>		<b>65 474</b>	<b>68 298</b>

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

## BALANCE SHEET

As at 30 June 2012

	Notes	2012 \$	2011 \$
<b>Current assets</b>			
Cash and cash equivalents	6	2 649 638	2 584 637
Prepayments		8 500	8 200
Receivables		-	9
<b>Total current assets</b>		<b>2 658 138</b>	<b>2 592 846</b>
<b>TOTAL ASSETS</b>		<b>2 658 138</b>	<b>2 592 846</b>
<b>Current liabilities</b>			
Payables	7	3 800	3 000
Tax liabilities	8	5 815	6 797
<b>Total current liabilities</b>		<b>9 615</b>	<b>9 797</b>
<b>TOTAL LIABILITIES</b>		<b>9 615</b>	<b>9 797</b>
<b>NET ASSETS</b>		<b>2 648 523</b>	<b>2 583 049</b>
<b>Equity</b>			
Retained profits	9	2 648 522	2 583 048
Contributed equity		1	1
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2 648 523</b>	<b>2 583 049</b>

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

**STATEMENT OF CHANGES IN EQUITY**

**For the year ended 30 June 2012**

	<b>Contributed Equity</b>	<b>Retained Profits</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2010	1	2 514 750	2 514 751
Profit for the year	-	68 298	68 298
<b>Balance at 30 June 2011</b>	<b>1</b>	<b>2 583 048</b>	<b>2 583 049</b>
Balance at 1 July 2011	1	2 583 048	2 583 049
Profit for the year	-	65 474	65 474
<b>Balance at 30 June 2012</b>	<b>1</b>	<b>2 648 522</b>	<b>2 648 523</b>

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 2012**

	<b>Notes</b>	<b>2012</b> \$	<b>2011</b> \$
<b>Cash flows from operating activities</b>			
Interest received		134 775	135 689
Payments to suppliers		(41 149)	(38 147)
Income tax paid		(29 041)	(28 077)
GST received		416	225
<b>Net cash provided by operating activities</b>	<b>14</b>	<b>65 001</b>	<b>69 690</b>
 Net increase in cash and cash equivalents held		<b>65 001</b>	<b>69 690</b>
 Cash and cash equivalents at beginning of financial year		<b>2 584 637</b>	<b>2 514 947</b>
 <b>Cash and cash equivalents at end of financial year</b>	<b>6</b>	<b>2 649 638</b>	<b>2 584 637</b>

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 2012**

**1. General Information**

The financial report of Queensland Lottery Corporation Pty Ltd (QLC) for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 20 August 2012.

QLC is wholly owned by Queensland Treasury Holdings Pty Ltd and is a public sector entity. 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 14, 61 Mary 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 to changes in presentation in the current year. No comparative figures were amended in the current year.

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**Notes to and forming part of the financial statements for the year ending 30 June 2012**

**(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***

Interest 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 2012**

**(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 2012. 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 2012 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.

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**Notes to and forming part of the financial statements for the year ending 30 June 2012**

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**3. Revenue**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Interest	134 775	135 690
	<b>134 775</b>	<b>135 690</b>

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**4. Licence fee expense**

Licence fee	33 700	32 500
	<b>33 700</b>	<b>32 500</b>

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**5. Income tax expense**

Current tax expense	<b>28 060</b>	<b>29 270</b>
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**Numerical reconciliation of income tax expense to prima facie tax payable:**

Profit from continuing operations before income tax expense	93 534	97 568
Tax at the Australian tax rate of 30%	28 060	29 270
Profit excluding income tax	<b>65 474</b>	<b>68 298</b>

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**6. Cash and cash equivalents**

Cash at bank	9 172	7 747
QTC Cash Fund	2 638 247	2 574 765
QTC Working Capital Facility	2 219	2 125
	<b>2 649 638</b>	<b>2 584 637</b>

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**7. Payables**

Accrued audit fees	3 800	3 000
	<b>3 800</b>	<b>3 000</b>

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**8. Tax liabilities**

Income tax liability	5 815	6 797
	<b>5 815</b>	<b>6 797</b>

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**Notes to and forming part of the financial statements for the year ending 30 June 2012**

**9. Contributed equity**

**(a) Issued and paid up capital**

	2012	2011
	\$	\$
<b>Issued and Paid up</b>		
Ordinary class shares	1	1
	<u>1</u>	<u>1</u>

**(b) Movements in shares on issue**

	Number of shares
Shares at the beginning of the year	1
Issued during the year	-
End of the financial year	<u>1</u>

**10. 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**

No income was paid to or made available to any Director of QLC during the financial year.

**ii. Other officers**

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

**iii. Other transactions**

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

**(c) Other related party transactions**

**Queensland Treasury Corporation**

As at 30 June 2012:

- Funds invested in the QTC Cash Fund totalled \$2 638 247 (2011: \$2 574 765)
- Funds invested in the QTC Working Capital Facility totalled \$2 219 (2011 : \$2 125)
- Interest income received or receivable during the year totalled \$134 775 (2011: \$135 690)
- QTC Cash Fund management fees paid or payable during the year totalled \$2 689 (2011: \$2 612)
- QTC provides administration services to QLC at no cost.

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**Notes to and forming part of the financial statements for the year ending 30 June 2012**

**11. Remuneration of auditor**

	2012 \$	2011 \$
Amount received, or due and receivable, by the Auditor-General of Queensland for:		
<b>Audit of accounts</b>	<b>3 800</b>	<b>3 000</b>

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

**12. Contingent assets / liabilities**

As at 30 June 2012, QLC had no contingent assets or liabilities.

**13. Commitments**

As at 30 June 2012, QLC had no material capital or other expenditure commitments.

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

	2012 \$	2011 \$
Profit after income tax	65 474	68 298
Changes in assets and liabilities		
(Increase) in prepayments	(300)	(300)
(Decrease)/increase in tax payable	(982)	1 193
Increase in payables	800	500
Decrease / (Increase) in receivables	9	(1)
<b>Net cash provided by operating activities</b>	<b>65 001</b>	<b>69 690</b>

**15. Financial risk management**

**(a) Interest rate risk**

QLC is exposed to interest rate risk through its investments in the QTC Cash Fund and the QTC Working Capital Facility. However, movements in interest rates are not expected to have a significant financial effect on QLC.

**(b) Liquidity risk**

QLC has very limited exposure to liquidity risk in the normal course of business. Current assets are valued at \$2 658 138 while current liabilities are valued at \$9 615.

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**Notes to and forming part of the financial statements for the year ending 30 June 2012**

**15. Financial risk management continued**

**(c) Credit risk**

QLC is exposed to credit risk through its investments in the QTC Cash Fund and the QTC Working Capital Facility. These funds are asset management portfolios that invest with a wide variety of high credit rating counterparties. Deposits with the QTC Cash Fund are capital guaranteed while deposits with the QTC Working Capital Facility are not capital guaranteed. However, as all investments have duration of one day and all are required to have a minimum credit rating of A-, the likelihood of a credit failure is remote.

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 are a reasonable approximation of the 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**

Financial instruments measured at fair value have been classified in accordance with the hierarchy described in AASB 7: *Financial Instruments: Disclosures*. The fair value hierarchy reflects the significance of the inputs used to determine the valuation of these instruments.

*Level 1* fair value measurements are those derived directly from quoted market prices (unadjusted) in active markets for identical assets and liabilities.

*Level 2* fair value measurements are those using inputs other than quoted prices included within level 1 that are observable directly or indirectly from market data.

*Level 3* fair value measurements are those derived from unobservable inputs or observable inputs to which significant adjustments have been applied.

Financial instruments at fair value consist of Cash and Cash Equivalents held primarily in the QTC Cash Fund. The fair value is based on the current redemption value and for the purposes of the fair value hierarchy, is classified as Level 2.

**16. Subsequent events**

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 the future.



## Directors' Declaration

The Directors of Queensland Lottery Corporation Pty Ltd declare 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 in Australia (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*, and
- (b) giving a true and fair view of the financial position of the Company as at 30 June 2012 and of its performance as represented by the results of its operations, changes in equity and cash flows for the year ended on that date.

In the Directors' 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 of Directors and is signed for and on behalf of the Directors by:



I Munro  
Director

20 August 2012

## 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 2012, 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 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 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 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*

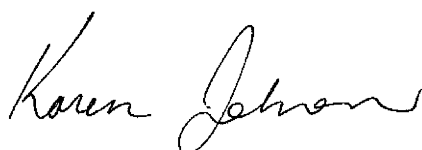
In my opinion, the financial report of Queensland Lottery Corporation Pty Ltd is in accordance with the *Corporations Act 2001*, including –

- (i) giving a true and fair view of the company's financial position as at 30 June 2012 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**

This auditor's report relates to the financial report of Queensland Lottery Corporation Pty Ltd for the year ended 30 June 2012. Where the financial report is included on Queensland Treasury and Trade's website the accountable officer is responsible for the integrity of Queensland Treasury and Trade's website and I have not been engaged to report on the integrity of Queensland Treasury and Trade's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.



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



Queensland Audit Office  
Brisbane