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# **DBCT HOLDINGS PTY LTD**

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ACN 096 395 783

## **FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014**

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## **DIRECTORS' REPORT**

The directors submit the following report for the year ended 30 June 2014 made in accordance with a resolution of the Board of Directors.

### **DIRECTORS**

The names of the directors of DBCT Holdings Pty Ltd (DBCTH) in office during or since the end of the financial year are as follows:

<b>Current directors</b>	<b>Appointed</b>
G Bradley (Chairman)	10 August 2012
P Noble	18 August 2011
J Frazer	18 August 2011
K Millman	18 May 2012
L Gordon	10 August 2012

No directors held any interest in shares or options of DBCTH.

### **PRINCIPAL ACTIVITIES**

The principal activity of DBCTH during the year was to act as a corporate vehicle through which the Queensland Government owns and leases the assets comprising the Dalrymple Bay Coal Terminal. There were no significant changes in the nature of the above activities during the financial year.

### **DIVIDENDS**

No dividends were declared or paid during the year (2013: nil).

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

The net profit of DBCTH for the financial year was \$212 810 (2013: \$699 484).

### **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 DBCTH, the results of those operations or the state of affairs of DBCTH in future financial years.

### **LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS**

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

## **PERFORMANCE IN RELATION TO ENVIRONMENTAL LEGISLATION**

The operations of the Dalrymple Bay Coal Terminal are subject to environmental regulation under both Commonwealth and State legislation in relation to its interest in the coal terminal.

The terminal's operations are solely in Queensland, and there are significant environmental compliance requirements in relation to chemical storage, petroleum storage, stockpiling and loading of bulk goods, sewage treatment, waste discharge, noise pollution and air pollution.

In accordance with the Framework Agreement and Port Services Agreement, the risks and benefits and day-to-day management of the Dalrymple Bay Coal Terminal reside with the lessee of the terminal, DBCT Investor Services Pty Ltd as trustee of the DBCT Trust.

The directors of DBCTH maintain monitoring oversight of environmental issues in relation to the Terminal.

The directors are not aware of any significant breaches of environmental regulations, during or since the financial year ended 30 June 2014.

## **DIRECTORS' REMUNERATION**

No income was paid or made available to any director of DBCTH during the year (2013: nil), however independent directors are remunerated as part of their directorship in the parent entity, Queensland Treasury Holdings Pty Ltd.

## **INDEMNIFICATION OF OFFICERS AND AUDITORS**

DBCTH has not, during the financial year, in respect of any person who is, or has been, an officer or auditor of DBCTH 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.

The State has entered into deeds indemnifying the current and a number of the former company officers for certain liabilities which they may incur by reason of acting as an officer of DBCTH.

The auditor of DBCTH for the year ended 30 June 2014 is the Auditor-General of Queensland.

## **INSURANCE PREMIUMS**

DBCTH has procured Directors' and Officers' liability run-off insurance for the prior directors through to 22 October 2018.

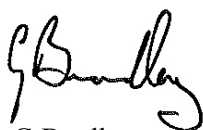
**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 6.

**ROUNDING OF AMOUNTS**

DBCTH is a kind of entity referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded to the nearest thousand dollars, unless stated to be otherwise.

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



G Bradley  
Chairman

05 August 2014

**AUDITOR'S INDEPENDENCE DECLARATION**

To the directors of DBCT Holdings 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 DBCT Holdings 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 KEANE CA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

**DBCT HOLDINGS PTY LTD**  
ACN 096 395 783

**STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 30 June 2014**

	<b>Notes</b>	<b>2014 \$000</b>	<b>2013 \$000</b>
<b>Income</b>			
Interest revenue	3	8 216	9 043
Net gain on investments held at fair value through profit or loss		-	399
Amortisation of unearned revenue		310	304
Lease income		37	36
<b>Total income</b>		<b>8 563</b>	<b>9 782</b>
<b>Expenses</b>			
Interest expense	4	7 860	8 611
Other finance costs		11	13
Operating lease rentals		347	340
Administration expenses	5	132	119
<b>Total expenses</b>		<b>8 350</b>	<b>9 083</b>
<b>Net profit for the year</b>		<b>213</b>	<b>699</b>
<b>Total comprehensive income attributable to the owners of DBCT Holdings Pty Ltd</b>		<b>213</b>	<b>699</b>

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

**BALANCE SHEET**

**As at 30 June 2014**

	Notes	2014 \$000	2013 \$000
<b>Current Assets</b>			
Cash and cash equivalents	6	10 541	10 465
Lease receivables	7	9 217	9 954
Prepayments	8	133	140
Other receivables		2	164
<b>Total Current Assets</b>		<b>19 893</b>	<b>20 723</b>
<b>Non-Current Assets</b>			
Lease receivables	7	148 303	157 520
<b>Total Non-Current Assets</b>		<b>148 303</b>	<b>157 520</b>
<b>TOTAL ASSETS</b>		<b>168 196</b>	<b>178 243</b>
<b>Current Liabilities</b>			
Payables		193	189
Interest-bearing liabilities	9	9 217	9 954
Deferred income	10	320	313
<b>Total Current Liabilities</b>		<b>9 730</b>	<b>10 456</b>
<b>Non-Current Liabilities</b>			
Interest-bearing liabilities	9	148 303	157 520
Deferred income	10	3 368	3 685
<b>Total Non-Current Liabilities</b>		<b>151 671</b>	<b>161 205</b>
<b>TOTAL LIABILITIES</b>		<b>161 401</b>	<b>171 661</b>
<b>NET ASSETS</b>		<b>6 795</b>	<b>6 582</b>
<b>Equity</b>			
Contributed equity	11	-	-
Retained earnings		6 795	6 582
<b>TOTAL EQUITY</b>		<b>6 795</b>	<b>6 582</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 2014**

	<b>Total Equity \$000</b>
Balance at 1 July 2012	5 883
Profit for the year	699
<b>Balance at 30 June 2013</b>	<b>6 582</b>
Balance at 1 July 2013	6 582
Profit for the year	213
<b>Balance at 30 June 2014</b>	<b>6 795</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 2014**

	Notes	2014 \$000	2013 \$000
<b>Cash flows from operating activities</b>			
Interest received – lease and novation		7 860	8 610
Interest paid – lease and novation		(7 860)	(8 610)
Interest received on investments		356	312
Receipts from customers		37	36
Payments to suppliers and employees		(317)	(647)
<b>Net cash provided by / (used in) operating activities</b>	12	<b>76</b>	<b>(299)</b>
<b>Cash flows from investing activities</b>			
Lease payments received		1 064	1 022
Novation payments received		8 891	18 416
Redemptions of long-term investments		-	10 371
<b>Net cash provided by investing activities</b>		<b>9 955</b>	<b>29 809</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings – QTC		(9 955)	(19 438)
<b>Net cash used in financing activities</b>		<b>(9 955)</b>	<b>(19 438)</b>
Net increase in cash and cash equivalents held		76	10 072
Cash and cash equivalents at beginning of financial year		10 465	393
<b>Cash and cash equivalents at end of financial year</b>	6	<b>10 541</b>	<b>10 465</b>

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

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**Notes to and forming part of the financial statements for the year ended 30 June 2014**

**1. General Information**

The financial report of DBCT Holdings Pty Ltd (DBCTH) for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 5 August 2014.

DBCTH acts as a corporate vehicle through which the Queensland Government owns and leases the assets comprising the Dalrymple Bay Coal Terminal. DBCTH is wholly owned by Queensland Treasury Holdings Pty Ltd (QTH).

DBCTH is a for profit company incorporated and domiciled in Brisbane, Australia. The address of its registered office is Level 6, 123 Albert Street, Brisbane.

DBCTH has entered into the following long term leases with Brookfield Infrastructure Partners LP:

- Plant Lease
- Onshore Sub-lease
- Offshore Sub-sub-lease
- Road Sub-sub-lease

Brookfield Infrastructure Partners LP accounts for the majority of the revenue earned by DBCTH in the form of interest payments received on rental and novation leases.

**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 the 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**

The financial statements have been prepared using the historical cost convention other than by the revaluation of financial assets at fair value through profit or loss.

**Functional and presentation currency**

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

**Use of judgments and assumptions**

DBCTH has made judgements and assumptions around the deferral and proportional amortisation of revenue. Refer note 2(j).

**Comparative figures**

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

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**Notes to and forming part of the financial statements for the year ended 30 June 2014**

**2. Summary of significant accounting policies (continued)**

**(b) Cash and cash equivalents**

For the purposes 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.

**(c) Recognition and derecognition of financial assets and liabilities**

Financial assets and financial liabilities are recognised on the Balance Sheet when DBCTH becomes party to the contractual provisions of the financial instrument.

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by DBCTH.

A financial liability is removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expires.

**(d) Leases**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

**Operating leases**

Payments made under operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item are recognised as an expense on a straight-line basis over the term of the lease.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

**Finance leases**

Leases where DBCTH transfers substantially all the risks and rewards of ownership of the leased item to the lessee are classified as finance leases. A receivable at an amount equal to the present value of the lease payments is recognised.

The difference between the gross receivable and the present value of the receivable is finance income which is recognised over the term of the lease using the effective interest method.

**(e) Receivables**

**Finance lease receivable**

Finance leases, in which DBCTH is the lessor, are recognised in the Balance Sheet as receivables. They are recorded on the commencement of the lease at the net investment in the lease, being the present value of the minimum lease payments receivable.

The revenue attributable to finance leases is brought to account in the Statement of Comprehensive Income based on a constant periodic rate of return on the net investment in the finance lease.

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**Notes to and forming part of the financial statements for the year ended 30 June 2014**

**2. Summary of significant accounting policies (continued)**

**(e) Receivables continued**

**Novation receivable**

The novation receivable whereby DBCTH purchased the rights and obligations under the User Agreements for the provision of coal handling services is recorded at commencement of the arrangement being the present value of the minimum novation payments receivable.

The revenue attributable to the novation receivable is brought to account in the Statement of Comprehensive Income based on a constant periodic rate of return on the net investment in the novation.

**(f) Financial assets at fair value through profit or loss**

Financial assets held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs on financial assets at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

**(g) Impairment**

The carrying amounts of DBCTH's financial assets, other than financial assets at fair value through profit or loss, are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's carrying amount is written down to the asset's estimated recoverable amount.

**(h) Payables**

These amounts represent liabilities for goods and services provided to DBCTH 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.

**(i) Interest-bearing liabilities**

Borrowings are initially measured at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial liability.

Borrowing costs are expensed as incurred.

**(j) Deferred income**

The deferred income represents the gain on the leasing arrangements for Dalrymple Bay Coal Terminal which was deferred and is amortised in proportion to the related lease payments.

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**Notes to and forming part of the financial statements for the year ended 30 June 2014**

**2. Summary of significant accounting policies (continued)**

**(k) 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.

**(l) Income tax**

The directors have obtained professional advice that DBCTH has a tax-exempt status, and these financial statements have been prepared on this basis.

**(m) 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 which 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.

**(n) 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 2014. The adoption of these standards or interpretations did not have any significant impact on the financial statements or the performance of DBCTH.

Certain new accounting standards and interpretations have been published that are effective for annual periods beginning after 1 July 2014 and have not been applied in preparing these financial statements. DBCTH's assessment of 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 performance of DBCTH. However, the pronouncements may result in changes to how information is currently disclosed in the financial statements. DBCTH does not plan to early adopt any of these standards.

**Notes to and forming part of the financial statements for the year ended 30 June 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
<b>3. Interest revenue</b>		
Interest - QTC Cash Fund	356	312
Interest - QIC Growth Fund	-	120
Interest - other corporations	7 860	8 611
	<b>8 216</b>	<b>9 043</b>
<b>4. Interest expense</b>		
Interest expense – novation loan	2,454	3,162
Interest expense – lease loan	5,406	5,449
	<b>7 860</b>	<b>8 611</b>
<b>5. Administration expenses</b>		
Audit fees	10	10
Professional fees	48	48
Company secretariat and accounting services – QTC	49	46
Insurance	9	9
Other	16	6
	<b>132</b>	<b>119</b>
<b>6. Cash and cash equivalents</b>		
Cash at Bank	1	2
QTC Cash Fund	10 540	10 463
	<b>10 541</b>	<b>10 465</b>
<b>7. Lease receivables</b>		
<b>Current</b>		
Lease receivable	1 116	1 064
Novation receivable	8 101	8 890
	<b>9 217</b>	<b>9 954</b>
<b>Non-Current</b>		
Lease receivable	110 838	111 954
Novation receivable	37 465	45 566
	<b>148 303</b>	<b>157 520</b>
<b>Total</b>		
Lease receivable	111 954	113 018
Novation receivable	45 566	54 456
	<b>157 520</b>	<b>167 474</b>

**Notes to and forming part of the financial statements for the year ended 30 June 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>

**7. Lease receivables continued**

**Lease receivable**

*Finance leases*

Minimum lease payments

- Not later than one year	6 471	6 471
- Later than one year and not later than five years	25 882	25 882
- Later than five years	208 403	214 873
Minimum lease commitments receivable at balance date <sup>(a)</sup>	<u>240 756</u>	<u>247 226</u>

Less: future finance charges	(128 802)	(134 208)
Total lease receivable	<u><b>111 954</b></u>	<u><b>113 018</b></u>

Present value of minimum lease payments

- Not later than one year	6 281	6 281
- Later than one year and not later than five years	22 328	22 329
- Later than five years	83 345	84 408
	<u><b>111 954</b></u>	<u><b>113 018</b></u>

- <sup>(a)</sup> These lease commitments receivable represent payments due from the primary lessee under the Plant lease, On-shore sub-lease, Off-shore sub-sub-lease and Road sub-sub-lease. The terms of the Plant lease and On-shore sub-lease are 50 years each, with options to renew for a further 49 years, while the Off-shore sub-sub-lease and Road sub-sub-lease terms are 99 years each. There are no guaranteed residuals for any of the leases.

**Novation receivable**

Minimum lease payments

- Not later than one year	10 143	11 344
- Later than one year and not later than five years	34 728	36 993
- Later than five years	7 375	15 253
Minimum novation payments receivable at balance date <sup>(b)</sup>	<u><b>52 246</b></u>	<u><b>63 590</b></u>

Less: future finance charges	(6 680)	(9 134)
Total novation receivable	<u><b>45 566</b></u>	<u><b>54 456</b></u>

Present value of minimum lease payments

- Not later than one year	9 847	11 014
- Later than one year and not later than five years	30 079	32 042
- Later than five years	5 640	11 400
	<u><b>45 566</b></u>	<u><b>54 456</b></u>

- <sup>(b)</sup> The novation receivable represents payments owing to North Queensland Bulk Ports Corporation Limited from DBCT Management Pty Ltd which has been novated to DBCT Holdings Pty Ltd. The novation payments to be made are set out in the Framework Agreement, with the final payment to be made on 30 June 2020.

**8. Prepayments**

Operating lease rentals	98	96
Insurance	35	44
	<u><b>133</b></u>	<u><b>140</b></u>



**Notes to and forming part of the financial statements for the year ended 30 June 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>

**9. Interest-bearing liabilities**

**Borrowings secured by a fixed and floating charge**

**Current**

Lease loan – QTC <sup>(a)</sup>	1 116	1 064
Novation loan – QTC <sup>(b)</sup>	8 101	8 891
	<b>9 217</b>	<b>9 955</b>

**Non-current**

Lease loan – QTC <sup>(a)</sup>	110 838	111 954
Novation loan – QTC <sup>(b)</sup>	37 465	45 566
	<b>148 303</b>	<b>157 520</b>

- <sup>(a)</sup> The long-term Lease Loan from Queensland Treasury Corporation (QTC), a related party, is for a period of 50 years, unless terminated earlier. Interest on the loan is fixed at 4.8% per annum, calculated on the daily balance and payable in arrears on each date lease payments are made. The increase in the balance outstanding for the current period is due to a reduction in the interest component and a corresponding increase in the principal component of the scheduled repayments over time.

A first ranking registered fixed and floating charge has been granted by DBCTH in favour of QTC over all the assets and undertakings of DBCTH.

- <sup>(b)</sup> The long-term Novation Loan from QTC is for a period of 20 years, unless terminated earlier. Interest on the loan is fixed at 4.8% per annum, calculated on the daily balance and payable in arrears on each date lease payments are made.

A first ranking registered fixed and floating charge has been granted by DBCTH in favour of QTC over all the assets and undertakings of DBCTH.

**10. Deferred income**

**Current**

Sub lease on land	<b>320</b>	<b>313</b>
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**Non-current**

Sub lease on land	<b>3 368</b>	<b>3 685</b>
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**Notes to and forming part of the financial statements for the year ended 30 June 2014**

**11. Contributed equity**

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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Issued and paid up</b>		
2 ordinary class shares	2	2
	<u>2</u>	<u>2</u>

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

	<b>2014</b>	<b>2013</b>
	<b>Number of</b>	<b>Number of</b>
	<b>shares</b>	<b>shares</b>
Beginning of the financial year	2	2
Issued during the year	-	-
End of the financial year	<u>2</u>	<u>2</u>

**(c) Terms and conditions of contributed equity**

**Ordinary shares**

Ordinary shareholders have the right to receive dividends as declared and, in the event of a winding up of DBCTH, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person, or by proxy, at a meeting of DBCTH.

**12. Reconciliation of profit to cash flows from operating activities**

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
Net profit for the year	213	699
<b>Adjusted for non-operating activities</b>		
Amortisation of unearned income	(310)	(304)
Net fair value movement on investment - QIC Growth Fund	-	(399)
Net investment - QIC Growth Fund	-	(120)
<b>Changes in assets and liabilities</b>		
Decrease/(increase) in prepayments	7	(6)
Decrease/(increase) in other receivables	162	(163)
Increase/(decrease) in payables	4	(6)
<b>Net cash provided by/(used in) operating activities</b>	<u>76</u>	<u>(299)</u>

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**Notes to and forming part of the financial statements for the year ended 30 June 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
<b>13. Expenditure commitments</b>		
<b>Lease expenditure commitments</b>		
<i>Operating leases:</i>		
Minimum lease payments		
- Not later than one year	394	376
- Later than one year and not later than five years	1 576	1 503
- Later than five years	14 677	14 382
Aggregate lease expenditure contracted for at balance date	<b>16 647</b>	<b>16 261</b>

These commitments represent payments due for the On-shore lease, Off-shore sub-lease, Road sub-lease and Land leases. The payments have not been discounted and exclude any future year escalations for CPI increases or projected outgoings which are provided for under the terms of each lease.

**14. Related party transactions**

**(a) Ultimate controlling entity**

Queensland Treasury Holdings Pty Ltd (QTH) is the sole shareholder of DBCTH. The ultimate parent entity of DBCTH 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 DBCTH, being members of the board of directors.

**(c) Compensation - directors**

Compensation includes income paid or payable, or otherwise made available, in respect of the financial year, to all directors of DBCTH. No income was paid to or made available to any director of DBCTH during the financial year, however independent directors are remunerated in the parent company, Queensland Treasury Holdings Pty Ltd.

**(d) Compensation – other officers**

DBCTH does not employ any other officers. All administration is out-sourced to Queensland Treasury Corporation (QTC), a related party. QTC charges a fee for these services (refer to note 14 (e)).

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**Notes to and forming part of the financial statements for the year ended 30 June 2014**

**14. Related party transactions continued**

**(e) Other related party transactions**

During the year the following transactions were undertaken between DBCTH and related parties. All transactions were at normal commercial terms and conditions unless otherwise stated.

**Queensland Treasury Corporation (QTC)**

- QTC has a 40% shareholding in Queensland Treasury Holdings Pty Ltd (QTH), the sole Shareholder of DBCTH.
- At 30 June 2014 an amount of \$111 953 504 (2013: \$113 017 601) remains outstanding on the Lease Loan. Interest on the Lease Loan is fixed at 4.8% per annum. The term of the Lease Loan is 50 years, unless terminated earlier. Interest charged on the Lease Loan during the year ended 30 June 2014 amounted to \$5 406 409 (2013: \$5 448 592).
- At 30 June 2014, an amount of \$45 566 355 (2013: \$54 456 808) remains outstanding on the Novation Loan. Interest is fixed on the loan at a rate of 4.8% per annum. The term of the Novation Loan is 20 years, unless terminated earlier. Interest charged on the loan during the year amounted to \$2 453 866 (2013: \$3 161 902).
- QTC provides company secretariat and accounting services to DBCTH in accordance with a Service Level Agreement. Total fees of \$49 330 (2013: \$45 662) (plus GST) were charged for these services during the year ended 30 June 2014.
- Funds invested with the QTC Cash Fund as at 30 June 2014 totaled \$10 540 347 (2013: \$10 463 395) and interest income received during the year totaled \$355 682 (2013: \$312 354).

**15. Remuneration of auditor**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Amount paid, or due and payable, to the Auditor-General of Queensland for:		
Audit of accounts	<b>9 500</b>	<b>9 500</b>

**Notes to and forming part of the financial statements for the year ended 30 June 2014**

**16. Financial risk management**

DBCTH's activities expose it to a variety of financial risks including market risk, liquidity risk and credit risk. DBCTH manages these exposures in accordance with internal financial risk management policies.

**(a) Market risk**

***Interest rate risk***

DBCTH is exposed to interest rate risk through its investment in the QTC Cash Fund. DBCTH is not exposed to interest rate risk through its borrowings with QTC, as these are fixed rate loans (refer note 9).

**(b) Liquidity risk**

Liquidity risk is the risk that DBCTH will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

DBCTH is exposed to liquidity risk in the normal course of business and through its borrowings from Queensland Treasury Corporation however this is mitigated by back to back arrangements whereby DBCTH's debt obligations are matched by the receipt of lease payments from the primary lessee (refer notes 7 & 9).

The following table analyses the financial liabilities held by DBCTH into relevant maturity periods based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows, except for payables which are shown at their carrying value.

<b>Contractual payments</b>	<b>0 to 1 year \$000</b>	<b>1 to 5 years \$000</b>	<b>Over 5 years \$000</b>	<b>Total contractual cash flows \$000</b>	<b>Carrying amount \$000</b>
<b>As at 30 June 2014</b>					
<b>Financial Liabilities</b>					
Payables	193	-	-	193	<b>193</b>
Interest-bearing liabilities	16 613	60 610	215 779	293 002	<b>157 520</b>
	<b>16 806</b>	<b>60 610</b>	<b>215 779</b>	<b>293 195</b>	<b>157 713</b>

**As at 30 June 2013**

<b>Financial Liabilities</b>					
Payables	189	-	-	189	<b>189</b>
Interest-bearing liabilities	17 815	62 875	230 126	310 816	<b>177 428</b>
	<b>18 004</b>	<b>62 875</b>	<b>230 126</b>	<b>311 005</b>	<b>177 617</b>

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**Notes to and forming part of the financial statements for the year ended 30 June 2014**

**16. Financial risk management continued**

**(c) Credit risk**

Credit risk is the risk of financial loss in the event a counterparty to a financial instrument fails to meet its contractual obligations. The maximum credit risk exposure of DBCTH is represented by the carrying amounts of assets recognised in the Balance Sheet.

DBCTH's primary exposure to credit risk is through its investment in the QTC Cash Fund. The lease receivable is backed by a deposit held in the QTC Cash Fund on behalf of the primary lessee to meet its obligations under the lease.

**(d) Fair values of assets and liabilities**

The fair value of financial assets and financial liabilities held at balance date are represented by their carrying values.

The fair values of Interest-bearing liabilities and Lease receivables offset due to back to back arrangements whereby DBCTH's debt obligations are matched by lease payments received from the primary lessee.

**(e) Fair value hierarchy**

The fair value hierarchy has not been produced as no valuation techniques have been applied. Financial assets held at balance date represent short term receivables or the realisation of 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.

**17. 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 DBCTH, the results of those operations or the state of affairs of DBCTH in future years.

## **DIRECTORS' DECLARATION**

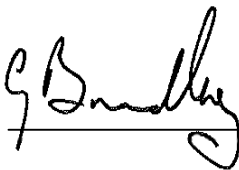
The directors of DBCT Holdings Pty Ltd declare that:

The financial statements and notes set out on pages 7 to 22 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 as at 30 June 2014 and of its performance for the financial 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 directors and is signed for and on behalf of the directors by:



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G Bradley  
Brisbane  
05 August 2014

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of DBCT Holdings Pty Ltd

### Report on the Financial Report

I have audited the accompanying financial report of DBCT Holdings Pty Ltd, which comprises the balance sheet as at 30 June 2014, 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 DBCT Holdings Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.



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*Opinion*

In my opinion, the financial report of DBCT Holdings 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 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.



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



Queensland Audit Office  
Brisbane