
BRISBANE PORT HOLDINGS PTY LTD

ACN 124 048 522

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

CONTENTS

DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION.....	6
STATEMENT OF COMPREHENSIVE INCOME	7
BALANCE SHEET	8
STATEMENT OF CHANGES IN EQUITY	9
STATEMENT OF CASH FLOWS	10
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	11
DIRECTORS' DECLARATION	18
INDEPENDENT AUDITOR'S REPORT	19

DIRECTORS' REPORT

The directors present their report together with the financial report of Brisbane Port Holdings Pty Ltd (BPH) for the year ended 30 June 2014 in accordance with a resolution of the directors.

BPH, formerly known as the Port of Brisbane Corporation Limited, was a Government Owned Corporation, constituted on 1 July 2007 under the provisions of the *Government Owned Corporations Act 1993* (the GOC Act). Under Section 118 of the GOC Act, the corporation was to act as if it were a statutory body within the meaning given in the *Financial Accountability Act 2009*. BPH's status as a Government Owned Corporation was formally revoked on 16 December 2010 following the completion of the sale of the business of the Port of Brisbane by way of a 99 year lease, with all revenue from these leases received upfront. The long term lease structure allows the State (by maintaining ownership of land and infrastructure in a 'lessor' capacity) to transfer operational responsibilities to the lessee, while ensuring the land is retained for the purposes established in the agreement.

DIRECTORS

The names of the directors of BPH in office during or since the end of the financial year are:

Current directors	Appointed
G Bradley (Chairman)	10 August 2012
P Noble	17 March 2011
J Frazer	17 March 2011
K Millman	18 May 2012
L Gordon	10 August 2012

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

PRINCIPAL ACTIVITIES

BPH's principal activity is to hold port land assets acting as port lessor under a long term leasing arrangement.

REVIEW AND RESULTS OF OPERATIONS

BPH's net profit after tax for the year ended 30 June 2014 was \$389 000 (2013: \$506 000).

No dividends were paid to shareholders during the financial year (2013: Nil).

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 BPH, the results of those operations or the state of affairs of BPH 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 BPH in the future.

PERFORMANCE IN RELATION TO ENVIRONMENTAL LEGISLATION

BPH is subject to various environmental regulations under both Commonwealth and State legislation. The Board is not aware of any breaches of environmental regulations during or since the end of the financial year.

In accordance with the long term lease agreements, the risk and benefits and day-to-day management of the Port of Brisbane resides with the lessee of the port, Port of Brisbane Pty Ltd. BPH has exposure to claims that may be made relating to any pre-existing contamination of land. The directors of BPH maintain monitoring oversight of environmental issues in relation to the Port. At balance date, there have been no claims made.

DIRECTORS REMUNERATION

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

KEY MANAGEMENT PERSONNEL REMUNERATION

No officers were employed directly by BPH. BPH outsources administrative and company secretarial services to Queensland Treasury Corporation.

INDEMNIFICATION OF OFFICERS AND AUDITORS

BPH has not, during the financial year, in respect of any person who is or has been an officer or auditor of BPH 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, and
- 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 entered into deeds indemnifying the company officers for certain liabilities which the directors may incur by reason of acting as an officer of BPH.

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

INDEMNIFICATION AND INSURANCE OF FORMER DIRECTORS AND OFFICERS

BPH has indemnified and insured independent prior directors of the parent and subsidiary companies in respect of Directors and Officers liability and company reimbursement insurance. Under the insurance policy the insurer agrees to pay:

- all losses which each insured person becomes legally obligated to pay on account of any claims for wrongful acts, and
- all losses for which BPH may grant indemnification to each insured person.

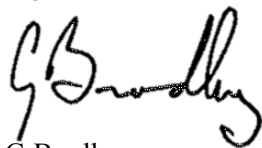
AUDITOR'S INDEPENDENCE DECLARATION

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

BPH 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 directors.

A handwritten signature in black ink, appearing to read 'G Bradley', written in a cursive style.

G Bradley
Chairman
05 August 2014

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Brisbane Port 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 Brisbane Port 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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Notes	2014 \$000	2013 \$000
Revenue			
Interest revenue	3	584	670
Other		1	18
Total revenue		<u>585</u>	<u>688</u>
Expenses			
Administration expenses	4	178	165
Finance costs		18	17
Total expenses		<u>196</u>	<u>182</u>
Net profit for the year		<u>389</u>	<u>506</u>
Total comprehensive income attributable to equity holders of Brisbane Port Holdings Pty Ltd		<u>389</u>	<u>506</u>

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
Current Assets			
Cash and cash equivalents	5	17 303	16 817
Receivables		3	1
Prepayments	6	320	416
Total Current Assets		17 626	17 234
TOTAL ASSETS		17 626	17 234
Current Liabilities			
Payables		27	24
Total Current Liabilities		27	24
TOTAL LIABILITIES		27	24
NET ASSETS		17 599	17 210
Equity			
Contributed equity	7	2 250	2 250
Retained profits		15 349	14 960
TOTAL SHAREHOLDERS' EQUITY		17 599	17 210

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

	Contributed Equity \$000	Retained Earnings \$000	Total \$000
Balance at 1 July 2012	2 250	14 454	16 704
Total comprehensive income for the year	-	506	506
Balance at 30 June 2013	2 250	14 960	17 210
Balance at 1 July 2013	2 250	14 960	17 210
Total comprehensive income for the year	-	389	389
Balance at 30 June 2014	2 250	15 349	17 599

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
Cash flows from operating activities			
Receipts from customers		1	19
Payments to suppliers and employees		(99)	(117)
GST received from the ATO		9	11
GST received from customers		(2)	2
GST paid to suppliers		(7)	(9)
Interest received		584	670
Net cash provided by operating activities	10	486	576
Net increase in cash and cash equivalents held		486	576
Cash and cash equivalents at beginning of financial year		16 817	16 241
Cash at the end of the year	5	17 303	16 817

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 ended 30 June 2014

1. General information

Brisbane Port Holdings Pty Ltd (BPH) is a company incorporated and domiciled in Brisbane, Australia. The Company's registered office is Level 6, 123 Albert Street, Brisbane, Australia.

BPH is wholly owned by Queensland Treasury Holdings Pty Ltd (QTH), and is ultimately controlled by the State of Queensland. BPH is a for profit entity. BPH's primary activity is to hold port land assets acting as Port Lessor under a long-term leasing arrangement.

2. Summary of significant accounting policies

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

(a) Basis of preparation

Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the requirements of the *Corporations Act 2001*.

The financial statements were authorised for issue by the Board of Directors on 05 August 2014.

Basis of measurement

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

Functional and presentation currency

The financial statements are presented in Australian dollars, which is BPH's functional currency.

BPH is a kind of entity referred to in ASIC Class Order 98/100 dated July 1998 and in accordance with that Class Order, all financial information has been rounded to the nearest thousand dollars, unless otherwise stated.

Use of judgements and assumptions

The preparation of the financial statements requires the use of certain accounting estimates. BPH's key judgements and assumptions that may impact these financial statements are disclosed in note 13.

Comparatives

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

(b) 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.

Lease revenue

Income received upfront from finance leases is fully recognised in the Statement of Comprehensive Income on inception of the lease.

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

2. Summary of significant accounting policies continued

(c) Income tax

BPH was removed from the National Tax Equivalent Regime (NTER) effective 1 July 2011.

(d) 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.

(e) Impairment of assets

The carrying amounts of assets are reviewed at each balance 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.

(f) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease income from operating leases where the company is the lessor is recognised on a straight line basis over the period of the lease term, with respective leased assets included in the balance sheet based on their nature.

On 30 November 2010, BPH entered into a 99-year finance lease with QPH Property Trust for BPH's land, buildings, infrastructure and wharf assets, which resulted in QPH Property Trust assuming substantially all the risks and benefits of ownership. The lease premium was paid in advance by QPH Property Trust. All revenue was recognised and assets disposed based on the risks and benefits pursuant to the lease arrangement.

(g) Payables

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

(h) 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 is classified as an operating cash flow.

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

2. Summary of significant accounting policies continued

(i) 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 BPH.

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. BPH'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 BPH. However, the pronouncements may result in changes to how information is currently disclosed in the financial statements. BPH does not plan to early adopt any of these standards.

BRISBANE PORT HOLDINGS PTY LTD
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Notes to and forming part of the financial statements for the year ended 30 June 2014

	2014	2013
	\$	\$
3. Interest revenue		
Interest – QTC Cash Fund	584	670
4. Administration expenses		
Audit fees	5	(2)
Insurance expense	96	96
Company secretariat and accounting services - QTC	73	60
Other	4	11
	178	165
5. Cash and cash equivalents		
Cash at Bank	2	1
QTC Cash Fund	17 301	16 816
	17 303	16 817
6. Prepayments		
Insurance	320	416
7. Contributed equity		
(a) Issued and paid up capital		
2,314,152 ordinary shares @\$0.9723 each	2 250	2 250
(b) Movements in issued shares for the year		
	Number of ordinary shares	Number of ordinary shares
Opening number of shares	2 314 152	2 314 152
Closing number of shares	2 314 152	2 314 152
8. Remuneration of auditor		
	2014	2013
	\$	\$
Amount paid, or due and payable, to the Auditor-General of Queensland for:		
Audit of accounts	5 000	5 000

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

9. Related party transactions

(a) Ultimate controlling entity

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

(b) Key management personnel

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

(c) Compensation - directors

No income was paid to or made available to any director of BPH during the financial year (2013: Nil). However, independent directors are remunerated in the parent company, Queensland Treasury Holdings Pty Ltd.

(d) Compensation - other officers

BPH 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.

(e) Other related party transactions

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

- Funds invested with the QTC Cash Fund as at 30 June 2014 totalled \$17 300 729 (2013: \$16 815 777). Interest income net of management fees received during the year totalled \$566 026 (2013: \$652 480).
- QTC provides administrative and company secretariat services to BPH. A fee of \$73 088 (2013: \$59 927) was charged for these services.

10. Reconciliation of net profit to net cash flows from operating activities

	2014	2013
	\$000	\$000
Net profit for the year	389	506
Changes in assets and liabilities		
- (Increase) / decrease in receivables	(2)	3
- Decrease in prepayments	96	95
- Increase / (decrease) in payables	3	(28)
Net cash provided by operating activities	486	576

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

11. Financial risk management

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

(a) Market risk

Interest rate risk

BPH is exposed to interest rate risk through its investments held primarily in the QTC Cash Fund.

At reporting date, the interest rate profile for interest-bearing financial instruments is as follows:

	2014	2013
	\$000	\$000
Floating rate instruments		
Financial assets - cash	17 303	16 817

Sensitivity analysis

Sensitivity to interest rate movements is shown for variable financial assets based on the carrying amount at reporting date. The following interest rate sensitivity analysis depicts the effect that a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period:

	Profit or loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
	\$000	\$000	\$000	\$000
Floating rate instruments				
30 June 2014				
Financial assets	173	(173)	173	(173)
	173	(173)	173	(173)
30 June 2013				
Financial assets	168	(168)	168	(168)
	168	(168)	168	(168)

(b) Liquidity risk

BPH is exposed to liquidity risk in the normal course of business. As the entity has few liabilities and maintains sufficient cash reserves to meet ongoing expenses, this risk is minimal. Current assets are valued at \$17 626 000 while current liabilities are valued at \$27 000.

(c) Credit risk

BPH 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 range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed.

The maximum credit risk exposure of BPH is represented by the carrying amounts of financial 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 the entity at balance date. These consist of deposits with QTC at prevailing market rates and short term payables and receivables.

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

11. Financial risk management continued

(e) Fair value hierarchy

The fair value hierarchy has not been produced as no valuation techniques have been applied and all 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.

12. Contingent liabilities

(a) Environmental obligations

BPH has exposure to claims that may be made against it in relation to any pre-existing contamination of land assets. At balance date, there have been no claims made against the entity.

(b) Land tax

Under the Port of Brisbane Share Sales and Purchase Agreement, the State has agreed to pay to the Port Lessee, any portion of the Port Lessee's land tax liability in years the land tax assessment for the leased area exceeds the estimated land tax assessment. The obligations are subject to certain conditions, including the lessee pursuing any objection available to it in relation to an assessment, and are limited to assessment years up to and including 30 June 2025.

13. Leases

On 30 November 2010, BPH entered into a 99-year lease with QPH Property Trust for the use of BPH's land, buildings and improvements, wharves, infrastructure, intangible and work in progress assets for a total of \$1 349.9 million. In accordance with AASB 117: *Leases* these assets have been treated as a finance lease and derecognised. The long term lease structure allows the State (by maintaining ownership of land and infrastructure in a 'lessor' capacity) to transfer operational responsibilities to the lessee, while ensuring the land is retained for the purposes established in the agreement.

BPH's interest in the land is based on a passive landlord relationship, with all operational responsibilities for the Port, including capital expenditure, maintenance and land planning functions being the responsibility of the lessee. The lessee is responsible for costs associated with the use and occupation of the site along with all leasing arrangements with the port tenants, including shipping channels and wharves. At balance date, there have been no known claims made against the entity.

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 BPH, the results of those operations or the state of affairs of BPH in future years.

DIRECTORS' DECLARATION

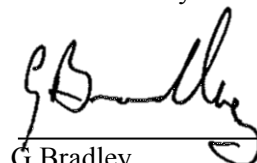
The Directors of Brisbane Port Holdings Pty Ltd declare that:

The financial statements and associated notes as set out on pages 7 to 17 are in accordance with the *Corporations Act 2001*, including:

- a. complying with the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting regulations, and
- b. give a true and fair view of the financial position of the Company 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:



G Bradley
Chairman
05 August 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of Brisbane Port Holdings Pty Ltd

Report on the Financial Report

I have audited the accompanying financial report of Brisbane Port 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 Brisbane Port Holdings 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 Brisbane Port 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