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# **BRISBANE PORT HOLDINGS PTY LTD**

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ACN 124 048 522

## **FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015**

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## 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 2015 in accordance with a resolution of the directors.

BPH, formerly known as 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 BPH's status as a Government Owned Corporation was revoked on 16 December 2010 as part of the privatisation of the Port of Brisbane by way of a 99 year lease, under which all lease revenue was received upfront. The long-term lease structure allows the State (by retaining ownership of land and infrastructure in a 'lessor' capacity) to transfer operational responsibilities to the lessee, while retaining the land as a State asset over the long-term.

### DIRECTORS

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

Current directors	Appointed	Resigned
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	22 August 2014
M Curtis	28 August 2014	

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

### PRINCIPAL ACTIVITIES

BPH's principal activity is to hold port land and infrastructure 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 2015 was \$417,000 (2014: \$389 000).

No dividends were paid to shareholders during the financial year (2014: 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 directors are 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 including environmental management resides with the lessee of the port. BPH has exposure to claims that may be made relating to any pre-existing contamination of land. At balance date, there have been no claims made.

#### **DIRECTORS REMUNERATION**

No income was paid to any director of BPH during the financial year (2014: 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 2015 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.

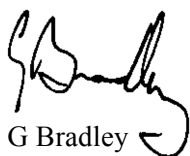
#### **AUDITOR'S INDEPENDENCE DECLARATION**

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

#### **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.



G Bradley  
Chairman  
04 August 2015

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**AUDITOR'S INDEPENDENCE DECLARATION**

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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 2015, 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

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**STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 30 June 2015**

	Notes	2015 \$000	2014 \$000
<b>Revenue</b>			
Interest revenue	3	592	585
Other income		2	-
<b>Total revenue</b>		<u>594</u>	<u>585</u>
<b>Expenses</b>			
Administration expenses	4	158	178
Finance costs		19	18
<b>Total expenses</b>		<u>177</u>	<u>196</u>
<b>Net profit for the year</b>		<u>417</u>	<u>389</u>
<b>Total comprehensive income attributable to equity holders of Brisbane Port Holdings Pty Ltd</b>		<u>417</u>	<u>389</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

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**BALANCE SHEET**

**As at 30 June 2015**

	Notes	2015 \$000	2014 \$000
<b>Current Assets</b>			
Cash and cash equivalents	5	17 796	17 303
Receivables		21	3
Prepayments	6	225	320
<b>Total Current Assets</b>		<b>18 042</b>	<b>17 626</b>
<b>TOTAL ASSETS</b>		<b>18 042</b>	<b>17 626</b>
<b>Current Liabilities</b>			
Payables		26	27
<b>Total Current Liabilities</b>		<b>26</b>	<b>27</b>
<b>TOTAL LIABILITIES</b>		<b>26</b>	<b>27</b>
<b>NET ASSETS</b>		<b>18 016</b>	<b>17 599</b>
<b>Equity</b>			
Contributed equity	7	2 250	2 250
Retained profits		15 766	15 349
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>18 016</b>	<b>17 599</b>

The above balance sheet should be read in conjunction with the accompanying notes.

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**STATEMENT OF CHANGES IN EQUITY**

**For the year ended 30 June 2015**

	<b>Contributed Equity \$000</b>	<b>Retained Earnings \$000</b>	<b>Total \$000</b>
<b>Balance at 1 July 2013</b>	2 250	14 960	<b>17 210</b>
Total comprehensive income for the year	-	389	<b>389</b>
<b>Balance at 30 June 2014</b>	<b>2 250</b>	<b>15 349</b>	<b>17 599</b>
<b>Balance at 1 July 2014</b>	<b>2 250</b>	<b>15 349</b>	<b>17 599</b>
Total comprehensive income for the year	-	417	<b>417</b>
<b>Balance at 30 June 2015</b>	<b>2 250</b>	<b>15 766</b>	<b>18 016</b>

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



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**STATEMENT OF CASH FLOWS**

**For the year ended 30 June 2015**

	Notes	2015 \$000	2014 \$000
<b>Cash flows from operating activities</b>			
Receipts from customers		2	1
Payments to suppliers and employees		(105)	(99)
GST received from the ATO		1 761	10
GST paid to the ATO		(1 758)	(10)
Interest received		593	584
<b>Net cash provided by operating activities</b>	10	<b>493</b>	<b>486</b>
Net increase in cash and cash equivalents held		493	486
Cash and cash equivalents at beginning of financial year		17 303	16 817
<b>Cash at the end of the year</b>	5	<b>17 796</b>	<b>17 303</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 2015**

**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 04 August 2015.

**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.

**(c) Income tax**

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

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**Notes to and forming part of the financial statements for the year ended 30 June 2015**

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

**(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) 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.

**(f) 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.

**(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 2015. 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 2015 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.

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**Notes to and forming part of the financial statements for the year ended 30 June 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
<b>3. Interest revenue</b>		
Interest – QTC Cash Fund	592	584
Interest – Bank	-	1
	<u><b>592</b></u>	<u><b>585</b></u>
<b>4. Administration expenses</b>		
Audit fees	4	5
Insurance expense	96	96
Company secretariat and accounting services - QTC	58	73
Other	-	4
	<u><b>158</b></u>	<u><b>178</b></u>
<b>5. Cash and cash equivalents</b>		
Cash at Bank	1	2
QTC Cash Fund	17 795	17 301
	<u><b>17 796</b></u>	<u><b>17 303</b></u>
<b>6. Prepayments</b>		
Insurance	<u><b>225</b></u>	<u><b>320</b></u>
<b>7. Contributed equity</b>		
<b>(a) Issued and paid up capital</b>		
2,314,152 ordinary shares @\$0.9723 each	<u><b>2 250</b></u>	<u><b>2 250</b></u>
<b>(b)</b> No movement has occurred in the number of shares on issue for the year.		
<b>8. Remuneration of auditor</b>		
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Amount paid, or due and payable, to the Auditor-General of Queensland for:		
Audit of accounts	<u><b>4 500</b></u>	<u><b>5 000</b></u>

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**Notes to and forming part of the financial statements for the year ended 30 June 2015**

**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 (2014: 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 2015 totalled \$17,795,047 (2014: \$17 300 729). Interest income net of management fees received during the year totalled \$572,895 (2014: \$566 026).
- QTC provides administrative and company secretariat services to BPH. A fee of \$57,714 (2014: \$73 088) was charged for these services.

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

	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
Net profit for the year	417	389
Changes in assets and liabilities		
- Increase in receivables	(19)	(2)
- Decrease in prepayments	96	96
- (Decrease) / increase in payables	(1)	3
<b>Net cash provided by operating activities</b>	<b>493</b>	<b>486</b>

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**Notes to and forming part of the financial statements for the year ended 30 June 2015**

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**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:

	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
<b>Floating rate instruments</b>		
Financial assets - cash	<b>17 796</b>	<b>17 303</b>

**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:

	<b>Profit or loss</b>		<b>Equity</b>	
	<b>1% increase</b>	<b>1% decrease</b>	<b>1% increase</b>	<b>1% decrease</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Floating rate instruments</b>				
<b>30 June 2015</b>				
Financial assets	178	(178)	178	(178)
	<b>178</b>	<b>(178)</b>	<b>178</b>	<b>(178)</b>
<b>30 June 2014</b>				
Financial assets	173	(173)	173	(173)
	<b>173</b>	<b>(173)</b>	<b>173</b>	<b>(173)</b>

**(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 \$18,042,000 while current liabilities are valued at \$26,000.

**(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.

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Notes to and forming part of the financial statements for the year ended 30 June 2015

**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. This has 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 in the Statement of Comprehensive Income and assets disposed based on the risks and benefits pursuant to the lease arrangement.

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 retaining ownership of land and infrastructure in a 'lessor' capacity) to transfer operational responsibilities to the lessee, while retaining the land as a State asset over the long-term.

BPH's interest in the land is based on a passive landlord relationship, with all operational responsibilities for the Port, including capital expenditure, maintenance, environmental management 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.

**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**

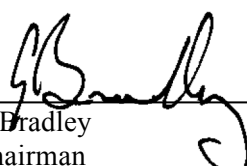
The Directors of Brisbane Port Holdings Pty Ltd declare that:

The financial statements and associated notes as set out on pages 6 to 15 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 2015 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  
04 August 2015



## 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 2015, 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 2015 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