

**Property Services Group**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

	2008 \$'000	2007 \$'000 Restated
<b>14. Income tax equivalent</b>		
<b>Income tax equivalent expense</b>		
Profit before income tax equivalents	77,587	22,633
Prima facie tax at 30%	23,276	9,082
<b>Income tax equivalent expense</b>	<b>23,276</b>	<b>9,082</b>
<b>Income tax equivalent expense comprises</b>		
Current	25,063	13,994
Deferred tax asset	2,588	(1,518)
Deferred tax liability	(4,376)	(3,394)
	<b>23,275</b>	<b>9,082</b>
<b>Current income tax equivalent liabilities</b>		
Balance at the beginning of the year	13,994	5,367
Income tax equivalent paid	(4,908)	(5,366)
Current year's income tax equivalent expense/(revenue) on profit from ordinary activities	25,063	13,993
<b>Balance at the end of the year</b>	<b>34,149</b>	<b>13,994</b>
<b>Deferred tax equivalent liability</b>		
Balance at the beginning of the year	71,750	71,492
Current year's income tax equivalent expense/(revenue) on profit from ordinary activities	(4,376)	(3,394)
Items charged or credited direct to equity	12,720	3,652
<b>Balance at the end of the year</b>	<b>80,094</b>	<b>71,750</b>
<b>Amounts charged or credited directly to equity</b>		
Deferred income tax related to items charged or credited directly to equity	80,094	71,750
<b>Income tax expense reported in equity</b>	<b>80,094</b>	<b>71,750</b>
<b>Deferred tax equivalent asset</b>		
Balance at the beginning of the year	4,905	3,387
Current year's income tax equivalent expense/(revenue) on profit from ordinary activities	(2,589)	1,518
<b>Balance at the end of the year</b>	<b>2,316</b>	<b>4,905</b>

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	2008 \$'000	2007 \$'000 Restated
<b>14. Income tax equivalent continued</b>		
<b>Deferred tax asset</b>		
Annual leave	35	48
Provision for doubtful debts	120	117
Superannuation	1	1
Accrued expenses	1	28
Accrued audit fees	18	9
Long service leave payable	2	2
Grant creditors	-	1,822
Accounting depreciation	27	36
Building accumulated impairment/devaluation	2,112	2,843
<b>Balance at 30 June</b>	<b>2,316</b>	<b>4,905</b>

	2008 \$'000	2007 \$'000
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**15. Cash and cash equivalents**

Cash at bank and on hand	200,503	121,944
<b>Total</b>	<b>200,503</b>	<b>121,944</b>

Cash at bank earned interest with the Queensland Treasury Corporation at rates between 5.42% and 6.86% (2007: 4.96% and 5.50%).

**16. Receivables**

**Current**

Trade debtors	2,268	1,500
Less: Provision for impairment	(400)	(388)
	1,868	1,112
GST receivable	780	1,017
GST payable	(1,999)	(904)
	(1,219)	114
Interest Receivable	3,353	2,247
Finance lease debtors	5,600	5,282
Loans and advances	1,397	14,394
Long service leave reimbursements	34	7
Operating lease debtors	155	602
Other receivables	-	-
<b>Total</b>	<b>11,188</b>	<b>23,757</b>

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**for the year ended 30 June 2008**

	2008	2007
	\$'000	\$'000
<b>16. Receivables continued</b>		
<b>Non-current</b>		
Finance lease debtors	26,433	24,983
Loans and advances	13,615	13,348
<b>Total</b>	<u><u>40,048</u></u>	<u><u>38,331</u></u>
<b>Movements in the allowance of provision for impairment of debtors</b>		
Balance at the beginning of the year	(388)	(379)
Amounts written off during the year	-	-
Amount recovered during the year	-	-
(Increase)/decrease in allowance recognised in profit or loss	(12)	(9)
<b>Balance at the end of the year</b>	<u><u>(400)</u></u>	<u><u>(388)</u></u>
<b>17. Inventories</b>		
Land held for resale		
- Costs of acquisition or at valuation	211,693	191,078
<b>Total</b>	<u><u>211,693</u></u>	<u><u>191,078</u></u>
Aggregate carrying amount of inventories		
- Costs of inventory expected to be sold within 12 months	16,626	14,853
- Costs of inventory expected to be sold later than 12 months	195,067	176,225
<b>Total</b>	<u><u>211,693</u></u>	<u><u>191,078</u></u>
<b>18. Other assets</b>		
<b>Current</b>		
Prepayments	-	4
<b>Total</b>	<u><u>-</u></u>	<u><u>4</u></u>
<b>Non-current</b>		
Security deposits	200	-
<b>Total</b>	<u><u>200</u></u>	<u><u>-</u></u>

**Property Services Group**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

	2008	2007
	\$'000	\$'000
<b>19. Property, plant and equipment</b>		
Land:		
At fair value	305,644	281,379
Land under buildings at fair value	<u>19,230</u>	<u>19,090</u>
	324,874	300,469
Buildings:		
At fair value	16,303	11,100
Less: Accumulated depreciation	(4,890)	(2,183)
Less: Accumulated impairment	<u>(57)</u>	<u>-</u>
	11,356	8,917
Plant and equipment:		
At cost	685	693
Less: Accumulated depreciation	<u>(543)</u>	<u>(496)</u>
	142	197
<b>Total</b>	<b><u><u>336,373</u></u></b>	<b><u><u>309,583</u></u></b>

Interim valuations have been performed on land subject to operating lease using State Valuation Service indices derived from changes in the unimproved land values as issued by the Chief Executive, Department of Natural Resources and Water. Property Services Group management have reviewed the valuations provided and have determined that they present a true and fair view. The State Valuation Service last performed a comprehensive valuation of these land assets as at 1 December 2005.

Comprehensive valuations of land under PSG owned buildings was undertaken by qualified in-house valuers.

A comprehensive valuation has been performed on buildings by qualified in-house valuers and Rider Lovett Bucknall Property and Construction Consultants using 'fair value' principles.

Plant and equipment are valued at cost in accordance with Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*.

**Property Services Group**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

19. Property, plant and equipment reconciliation

	Land		Buildings		Plant and equipment		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	300,469	308,967	8,917	7,910	197	254	309,583	317,131
Acquisitions	1,430	-	-	-	-	28	1,430	28
Disposals	(19,315)	(19,972)	-	(57)	(1)	(20)	(19,316)	(20,049)
Transfers (to)/from inventory	(62)	102	-	-	-	-	(62)	102
Revaluation increments taken to revaluation reserve (Note 24)	42,352	11,372	-	-	-	-	42,352	11,372
Revaluation increments taken to operating statement (Note 7)	-	-	2,812	1,333	-	-	2,812	1,333
Depreciation	-	-	(316)	(269)	(54)	(65)	(369)	(334)
Impairment losses recognised in Operating Surplus/(Deficit)	-	-	(57)	-	-	-	(57)	-
<b>Carrying amount at 30 June</b>	<b>324,874</b>	<b>300,469</b>	<b>11,356</b>	<b>8,917</b>	<b>142</b>	<b>197</b>	<b>336,373</b>	<b>309,583</b>

The Property Services group has plant and equipment assets, with an original cost of \$280,460 that have a written down value of zero and are still being used in the provision of services. The assets are a communications and data network and industrial motor vehicles assets located at Carole Park Industrial Estate.

**Property Services Group**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

	2008 \$'000	2007 \$'000
<b>20. Payables</b>		
Grants and subsidies payable	59	191
Trade creditors	2,986	3,841
Other	125	3
<b>Total</b>	<b>3,170</b>	<b>4,035</b>
<b>21. Accrued employee benefits</b>		
<b>Current</b>		
Long service leave levy payable	6	6
Other employee entitlements payable	4	3
Recreation leave	-	111
Wages and related costs outstanding	29	23
<b>Total</b>	<b>39</b>	<b>142</b>
<b>Non-current</b>		
Recreation leave	-	49
<b>Total</b>	<b>-</b>	<b>49</b>
<p>The 2007-08 recreation leave liability has been transferred to Queensland Government's Annual Leave Central Scheme as at 30 June 2008 and is represented as a current payable - refer note 20 Other Payables.</p>		
<b>22. Other liabilities</b>		
Deposits held	11,237	5,682
Unearned revenue	231	82
<b>Total</b>	<b>11,468</b>	<b>5,765</b>
<b>23. Provisions</b>		
Taxes - land, rates and stamp duty	922	-
<b>Total</b>	<b>922</b>	<b>-</b>
<b>Movement in provisions</b>		
<i>Taxes - land, rates and stamp duty</i>		
Balance 1 July 2007	-	-
Additional provision recognised	7,777	7,074
Reduction in provision as a result of payments	(6,855)	(7,074)
<b>Balance 30 June 2008</b>	<b>922</b>	<b>-</b>

**Property Services Group**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

**24. Asset revaluation reserve by class**

	Land \$'000	Buildings \$'000 Restated	Total \$'000
Balance 1 July 2007	167,447	-	167,447
Revaluation increments	42,352	-	42,352
Tax equivalent effect of revaluation	(12,720)	-	(12,720)
Transfer reserve to retained surpluses assets sold	(10,207)	-	(10,207)
<b>Balance 30 June 2008</b>	<b>186,873</b>	<b>-</b>	<b>186,873</b>

The asset revaluation reserve represents the net effect of upwards and downwards revaluations of assets to fair value.

	2008 \$'000	2007 \$'000
<b>25. Reconciliation of operating surplus to net cash from operating activities</b>		
Operating surplus	54,311	13,551
Depreciation expense	369	335
Gain on reversal of decrement expense	(2,812)	(1,332)
Loss on sale of property, plant and equipment	3,025	1,202
Gain on sale of property, plant and equipment	(1,323)	(747)
Impairment losses	912	1,139
Net leave liability transferred to other government departments	(22)	-
Tax equivalent effect of revaluation	(12,720)	(3,652)
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in receivables	(3,211)	(1,734)
(Increase)/decrease in GST input tax credits receivable	236	(710)
(Increase)/decrease in LSL reimbursement receivables	(27)	(4)
(Increase)/decrease in inventories	(21,381)	(26,585)
(Increase)/decrease in prepayments	4	12
(Increase)/decrease in sundry assets	(200)	-
(Increase)/decrease in deferred tax assets	2,589	(1,518)
Increase/(decrease) in accounts payable	(865)	(38,179)
Increase/(decrease) in other liabilities	5,555	1,393
Increase/(decrease) in income tax equivalent payable	20,155	8,627
Increase/(decrease) in deferred tax liability	8,344	(2,778)
Increase/(decrease) in accrued employee benefits	(93)	11
Increase/(decrease) in unearned revenue	148	(249)
Increase/(decrease) in GST payable	1,098	(3,176)
Increase/(decrease) in provision for tax	922	-
<b>Net cash from operating activities</b>	<b>55,015</b>	<b>(54,394)</b>

**Property Services Group**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

2008  
\$'000

2007  
\$'000

**26. Commitments for expenditure**

**(a) Capital expenditure commitments**

Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts payable as follows:

Land improvements	7,504	34,135
<b>Total</b>	<b>7,504</b>	<b>34,135</b>

Payable:

- Not later than one year	7,504	32,276
- Later than one year and not later than five years	-	1,859
<b>Total</b>	<b>7,504</b>	<b>34,135</b>

**(b) Grants and subsidies expenditure**

As at 30 June 2008, approval has been given to various grantees in accordance with formal agreements to pay the following grants provided certain criteria are met:

Grant - recurrent	75,734	28,915
Grant - capital	1,480	1,480
<b>Total</b>	<b>77,214</b>	<b>30,395</b>

Payable:

- Not later than one year	28,704	15,719
- Later than one year and not later than five years	48,510	14,676
<b>Total</b>	<b>77,214</b>	<b>30,395</b>

**27. Contingencies**

**(a) Litigation in progress**

As at 30 June 2008 no legal action has been undertaken by, or brought, against Property Services Group.

**(b) Native title claims**

As at 30 June 2008 native title claims have been made on extensive areas of Queensland, including Property Services Group's land, but as yet no claims have been determined by the National Native Title tribunal.



**Property Services Group**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

**28. Financial instruments**

**(a) Categorisation of financial instruments**

The Property Services Group has categorised the financial assets and financial liabilities held as:

Category	Notes	2008 \$'000	2007 \$'000
<b>Financial assets</b>			
Cash and cash equivalents	15	200,503	121,944
Receivables	16	<u>51,236</u>	<u>62,088</u>
<b>Total</b>		<b><u>251,739</u></b>	<b><u>184,032</u></b>
<b>Financial liabilities</b>			
Payables	20	3,170	4,035
Deposits held	22	<u>11,237</u>	<u>5,682</u>
<b>Total</b>		<b><u>14,408</u></b>	<b><u>9,718</u></b>

**(b) Credit risk exposure**

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

The following table represents the Property Services Group's maximum exposure to credit risk based on contractual amounts net of any allowances:

**Maximum Exposure to Credit Risk**

Category	Notes	2008 \$'000	2007 \$'000
<b>Financial assets</b>			
Cash and cash equivalents	15	200,503	121,944
Receivables	16	<u>51,236</u>	<u>62,088</u>
<b>Total</b>		<b><u>251,739</u></b>	<b><u>184,032</u></b>

No collateral is held as security and no credit enhancements relate to financial assets held by the Property Services Group.

Property Services Group manages credit risk through the use of the Credit Management Strategy. This strategy aims to reduce the exposure to credit default by ensuring that the Property Services Group invests in secure assets, and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on a regular basis.

No financial assets and financial liabilities have been offset and presented net in the Balance Sheet.

The method for calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit ratings. The main factors affecting the current calculation for provisions are disclosed below as loss events. These economic and geographical changes form part of the Property Services Group's documented risk analysis assessment in conjunction with historic experience and associated industry data.

The recognised impairment loss is \$400,000 for the current year. This is an increase of \$12,000 from 2007 and is due to one external client's cashflow issues pending renegotiation of trade contracts.