

Public Trustee's Office

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The Hon Delia Lawrie MLA
Attorney-General and Minister for Justice
Parliament House
State Square
DARWIN NT 0800

Dear Attorney-General

ANNUAL REPORT - PUBLIC TRUSTEE FOR THE NORTHERN TERRITORY

In accordance with section 18 of the *Public Trustee Act*, I submit this Report on the operations of the Public Trustee for the year ended 30 June 2010.

This Report should be read in conjunction with the 2009-10 Department of Justice Annual Report. That report includes information on those aspects of the operations of the Public Trustee's Office that must be reported on pursuant to the *Financial Management Act* and the *Public Sector Employment and Management Act*.

Section 18(3) of the *Public Trustee Act* requires that you table a copy of the report in the Legislative Assembly within 6 sitting days after it is received.

Yours sincerely



PETER SHOYER
Public Trustee for the Northern Territory

7 February 2010

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PUBLIC TRUSTEE OVERVIEW

I am pleased to present the Annual Report and Financial Statements of the Public Trustee for the Northern Territory for the year ended 30 June 2010.

Throughout the year my office has continued to provide high quality, professional trustee and administration services to the Northern Territory community. I would like to thank the Deputy Public Trustee Jim Laouris and the other staff of my Office for their commitment and dedication in ensuring that we are able to provide these important services.

This year my office has been able to make significant inroads into the number of deceased estates under management. While we took on the management of 185 new estates during the year we were able to close 260 estate files, a figure that considerably exceeds finalisation levels in previous years. . This has significantly reduced the number of older estates being handled by the Office.

In addition, we continued to provide trustee services with an increase of trusts under management from 615 in 2008/09 to 635 in 2009/10.

Arising out of the provision of those services, the Office was able to pay \$1,215,500 to Consolidated Revenue in commissions, fees and levies, and \$1,000,000 in proceeds from property forfeited under the *Criminal Property Forfeiture Act* (the CPF Act).

In terms of our financial management of trust and estate funds, it has proven to be another challenging period. While the share market recovery that began in March 2009 continued for most of the 2009-10 financial year, returns on investments have been moderate particularly when viewed over the period of recent years.

In this financial climate it remains important for the Office of the Public Trustee to act on professional financial advice and under the guidance of the Public Trustee Investment Board.

Client assets continue to be managed according to the prudent person model in line with the *Trustee Act*.

In some cases, the Office, acting in line with professional advice, and as far as possible considering the wishes of clients, makes or retains individual investments, for example in a house, a unit, a motor vehicle or a personal superannuation account, where the benefits to the client are demonstrable.

However, for the most part, assets are invested in one or more of four diversified Common Funds to achieve the best result taking into account the client's individual circumstances. The Common Funds are Cash, Conservative, Balanced and Growth. Each provides its own returns and operates with its own risk factors.

Approximately every three years, the management of the Funds is reviewed by an expert financial adviser to ensure that the Public Trustee invests client monies effectively and in line with the policies of the Investment Board.

Every year a financial review is undertaken for each client. Client investments of over \$50,000 are referred to an independent financial planner for review and advice. Funds are then invested according to the advice of the financial planner.

In this way, the Public Trustee acts to safeguard the best interests of each client in accordance with professional financial advice.

The amount in the Common Funds at any one time varies not only according to market fluctuations but also depending on the makeup of the particular trusts and estates administered at that time. The value of the Common Funds at 30 June 2010 was \$37.9 million, an increase in the amount as at the end of 2008-09 when \$34.5 million was held.

As in previous years, I have been very ably advised by the other members of the Public Trustee Investment Board, John Montague and Alastair Shields, and I thank them again for their assistance during the year.



PETER SHOYER
PUBLIC TRUSTEE

THE PUBLIC TRUSTEE AND THE PUBLIC TRUSTEE INVESTMENT BOARD

Public Trustee services

The Office of the Public Trustee for the Northern Territory:

- manages trusts for children, aged, infirm and mentally incapacitated people;
- acts as attorney or agent for people when appointed by the person;
- provides a will-making service and maintains a register of wills;
- administers the estates of deceased persons when selected by them and in situations where there is nobody else willing or able to do so;
- manages restrained and forfeited property under the *Criminal Property Forfeiture Act*; and
- manages the Public Trustee Common Funds for client moneys.

The aim of the Office is to provide an independent, efficient, cost effective and comprehensive executor and trustee service at minimal cost to Government. The Office charges a range of competitive fees and commissions for its services.

The Public Trustee

The Public Trustee for the Northern Territory is a corporation sole established by section 9 of the *Public Trustee Act*. The Office is funded as an output within the Northern Territory Department of Justice budget.

The Public Trustee has functions and responsibilities under a large number of Acts, including the *Public Trustee Act*, the *Trustee Act*, the *Administration and Probate Act*, the *Wills Act*, the *Aged and Infirm Persons' Property Act* and the *Criminal Property Forfeiture Act*, in addition to duties as a trustee and executor that arise under the general law.

In addition:

- the *Financial Management Act* regulates the expenditure and receipt of public moneys under the control of the Public Trustee as part of the Department of Justice; and
- the *Public Sector Employment and Management Act* regulates employment of the staff of the Office.

While Public Trustee staff carry out most day to day services, the Office relies on outsourced professional services for specialised legal, financial planning and accounting advice where required.

Public Trustee Investment Board

The Public Trustee Investment Board is established by section 12 of the *Public Trustee Act*. The function of the Board is to control the investment of money held on behalf of clients in the Common Funds. The Board comprises the Public Trustee or, in the absence of the Public Trustee, the Deputy Public Trustee, and two persons appointed by the Minister.

The Board is committed to acting prudently in accordance with the *Public Trustee Act* and *Trustee Act* to obtain the maximum return on the investments of Common Fund moneys commensurate with sound investment practices and to ensure that estates and trusts receive commercial rates of return on their funds. An Investment Policy has been developed to guide the Board and the Public Trustee's Office in the management of its investments.

As at 30 June 2010, Investment Board Members were Mr Peter Shoyer, Public Trustee, Mr Alastair Shields, Department of the Chief Minister and Mr John Montague, Northern Territory Treasury. The Board is chaired by the Public Trustee.

Location of the Office of the Public Trustee

Street Address	Postal Address	Phone	Fax
Nichols Place Cnr Cavenagh and Bennett Streets Darwin NT 0800	GPO Box 470 Darwin NT 0801	(08) 8999 7271	(08) 8999 7882
Agent for Public Trustee: Centrepont Building Cnr Gregory Terrace and Hartley Street Alice Springs NT 0870	PO Box 8043 Alice Springs NT 0871	(08) 8951 5339	(08) 8951 5340

CORPORATE PLANNING

The Public Trustee contributes to the corporate planning processes of the Northern Territory Department of Justice, including development and implementation of strategic and risk management plans. The Office develops a comprehensive business plan each financial year to guide its operations. It should be noted that information relevant to planning and performance of the Office is also included in the Department of Justice Annual Report.

ACHIEVEMENTS 2009-10

- Focused on older files and increased efficiencies in the administration of deceased estates leading to the finalisation of a record number of 260 estates compared with 146 and 171 respectively in the two preceding years.
- Continued development and improvement of policies and operational practices and procedures, including finalisation of a Fraud Manual and Occupational Health and Safety Guide for Trust Officers.
- Improved timeliness of will making service.
- Paid \$1 million to Consolidated Revenue from realisation of property forfeited under the *Criminal Property Forfeiture Act*.
- Completed a tender process for the provision of Financial Planning Services to the Office of the Public Trustee in relation to trust funds under management.

DIRECTIONS 2010-11

- Continue to improve operational practices, procedures and overall service delivery and develop new, or update existing operational policies.
- Promote the development and assist with implementation of legislative and administrative changes to simplify the administration of smaller deceased estates to encourage family members and beneficiaries to administer estates themselves.
- Develop and publish service standards.
- Implement administration plans for large estates.
- Produce general fact sheets and information on Public Trustee trust management in different languages.
- Develop information kit for private executors.

PERFORMANCE

The following indicators for the various areas of activity represent an overview of the outputs of the Office in carrying out its functions.

Wills prepared

The Public Trustee provides a low cost will making service for members of the public who wish to nominate the Public Trustee as executor.

The number of Wills prepared reduced in 2009-10 due to a change in policy to limit the circumstances in which instructions will be accepted from individuals who do not nominate the Public Trustee as Executor. This aligns with the approach adopted in a number of other jurisdictions and has facilitated a significant improvement in the timeliness of Will preparation.

Number of Wills	2006-2007	2007-2008	2008-2009	2009-2010
Wills prepared	503	556	519	384
Wills prepared within 10 days of receiving instructions	64%	61%	86%	90%

Wills Register

The *Wills Act* provides that wills may be lodged with a person prescribed by the regulations, or if no such person has been prescribed, the Public Trustee. As at 30 June 2010, no person had been prescribed, and the Public Trustee continues to provide a free, secure wills storage and retrieval service.

Registration of Wills	2009-2010
Number of wills registered at beginning of year	13,533
Amendments	227
New Wills registered (as distinct from prepared)	383
Wills revoked, taken or administered	460
Number of wills registered at end of year	13,683

Administration of the estates of deceased persons

The Public Trustee administers the estates of people who have appointed the Public Trustee as executor of their will and the estates of people who have died intestate if there is no-one willing or able to administer the estate.

Deceased Estates	2006-2007	2007-2008	2008-2009	2009-2010
Estates on hand at beginning of year	244	235	233	250
Estates Commenced during year	179	169	163	185
Estates finalised during year	188	171	146	260
Estates on hand at end of year	235	233	250	175

Finalisation of large estates

Of the current large estates, how long have they been on hand	30 June 2008	30 June 2009	30 June 2010
< 6 months	20	13	14
6 to 12 months	8	22	6
12 to 24 months	10	14	7
Over 2 years	15	18	13

The number of large estates on hand over 6 months significantly decreased from 54 as at 30 June 2009 to 26 as at 30 June 2010. Time taken to finalise these estates is mainly attributable to the degree of difficulty in finalising files due to missing relatives, pending family provision claims and delays in superannuation fund decisions. Some estates require long term administration due to the nature of the estate assets, for example, long term royalty payments.

Finalisation of small estates

Of the current small estates, how long have they been on hand	30 June 2008	30 June 2009	30 June 2010
< 6 months	56	57	47
6 to 12 months	34	39	33
12 to 24 months	42	42	19
Over 2 years	46	45	36

The number of small estates on hand over 6 months also significantly decreased from 126 as at 30 June 2009 to 88 as at 30 June 2010. Delays in finalising files over 2 years are mainly attributable to missing relatives, taxation issues and delays in Superannuation Fund decisions.

Client satisfaction

This indicator measures client satisfaction with the services provided by the Public Trustee.

	2007-2008	2008-2009	2009-2010
Client satisfaction	95%	86%	94%

Management of trusts

The Public Trustee acts as attorney, agent or manager for persons who are minors, incapacitated or who are required to leave the Territory for some time. The Public Trustee also manages the estates of aged, infirm or mentally ill persons on appointment by the Supreme Court under the *Aged and Infirm Person's Property Act*.

Additionally the Public Trustee manages property and moneys held under the *Criminal Property Forfeiture Act* as separate trusts.

Trusts (including the Aged, Infirm and Agencies)	2006-2007	2007-2008	2008-2009	2009-2010
Trusts on hand at beginning	649	626	636	615
Trusts received during the year	98	113	81	119
Trusts paid out during the year	121	103	102	99
Trusts on hand at end of the year	626	636	615	635

Criminal Property Forfeiture

Under the *Criminal Property Forfeiture Act*, property that is crime used or crime derived can be seized and restrained under a court order and may eventually be forfeited. The Public Trustee's role is to manage restrained property and dispose of property forfeited under the Act.

The table below lists the main activity in the Office for the period from July 2007 to June 2010.

Matters under the <i>Criminal Property Forfeiture Act</i>	2007-2008	2008-2009	2009-2010
Number of new criminal property forfeiture matters dealt with by the Public Trustee	20	16	14
Number of vehicles restrained under the Act on hand as at 30 June	49	25	9
Real estate properties restrained under the Act on hand as at 30 June	11	9	6
Number of vehicles disposed of during the year	19	45	5
Value of Property forfeited under the Act since inception (including unrealised property) as at 30 June	\$2,972,716	\$4,727,321	\$5,309,214
Amount of forfeited money paid to Consolidated Revenue in the year (1)	\$835,975	\$715,000	\$1,000,000

(1) *The Public Trustee retains a minimum amount of \$100,000 in the control account to meet the costs and expenses associated with functions under the Criminal Property Forfeiture Act.*

MANAGEMENT AND INVESTMENTS

The *Trustee Act* requires all trustee organisations to consider a range of matters in regard to the investment of capital held in trust. Effectively, this means that capital must be managed in accordance with the short, medium and long-term investment objectives pertaining to the circumstances of the ultimate beneficiary.

This necessitates a variety of investments aimed at meeting the needs and interests of individual beneficiaries. These can include real property, motor vehicles and investments such as personal superannuation accounts which are held outside the Public Trustee Common Funds. However, the bulk of client assets are managed through the Public Trustee Common Funds.

Common Funds Management

The *Public Trustee Act* allows for the Public Trustee to undertake this process by enabling the establishment of multiple Common Funds, each with a discrete investment profile. The Public Trustee oversees the management of four Common Funds, on advice from the Public Trustee Investment Board.

The Common Funds allow for the effective management of assets held within each fund in accordance with the specific investment mandate. Based upon the development of personal investment plans, the Public Trustee makes the allocation of the capital of an estate or trust into one or more of the Common Funds.

This process of investing capital enables the Office of the Public Trustee to maximise investments, according to need and circumstances, on behalf of clients. The Public Trustee does not withdraw capital funds from the Common Funds to defray any possible losses.

The *Public Trustee Act* also provides for deduction of levies and management fees to account for the cost of maintaining the funds.

Common Fund	2007-2008	2008-2009	2009-2010
Common Fund 1 balance (\$m)	17.0	21.2	24.2
Common Fund 2 balance (\$m)	3.9	3.5	3.1
Common Fund 3 balance (\$m)	5.2	3.7	3.7
Common Fund 4 balance (\$m)	6.5	6.1	6.9
Total of Funds(\$m)	32.6	34.5	37.9
Commission and Fees paid to Consolidated Revenue (\$,000)	543.3	558.6	565.3
Management Fees paid to Consolidated Revenue (\$,000)	244.6	579.3	*381.0
Levy paid to Consolidated Revenue (\$,000)	223.9	278.5	269.2

* Management Fees reduced as the returns generated in relation to Common Fund 1 significantly decreased. Therefore less revenue was available to pay the management fee in 2009-10.

Standard Investment Strategies

The primary investment objective of the Public Trustee for the Northern Territory is to consider on each trust and estate, the return on investment before fees and charges on a basis considered consistent with its needs and objectives.

This is equal to the prevailing relevant indices against which the sub-sectors of each individual fund are benchmarked, so as to achieve the stated purpose of each investment profile whilst at the same time:

- a) maximising the investment rate of return within the nominal risk constraints;
- b) minimising the volatility of returns within each asset sector;
- c) investing within legislative constraints;
- d) managing the funds in an economic and efficient manner, ensuring the preservation of the Public Trustee's reputation as a professional administrator;
and
- e) managing the funds in accordance with section 8 of the *Trustee Act*.

The Common Funds are managed on a fund to fund basis under a formal Investment and Financial Service Association standard mandate. A financial service custodian and financial accountant manage the accounts on an outsourced basis.

The Public Trustee Investment Board guides the Public Trustee in matters pertaining to the investment mandate, strategic and tactical allocation of assets, appointment of fund managers and general management of funds.

The Public Trustee acts as a manager and investor on behalf of represented clients. There is a clear delineation between these functions within the Office of the Public Trustee. The Public Trustee approves investment allocations into each fund on a client basis with the guidance of a Financial Planner appointed by the Public Trustee.

Funds in Common Fund 1 are invested predominantly in cash specific investments. The capital in Common Fund 1 is guaranteed and investments generate guaranteed returns, being 1% below the Reserve Bank of Australia cash rate for trusts and 3% below that rate for estates.

The following is a description of the asset allocations pertaining to the other Common Funds.

CONSERVATIVE PORTFOLIO

Investment Profile:- Conservative, stable return, medium term. The Conservative investment portfolio has been constructed to offer moderate levels of capital growth and thereby outperform inflation, whilst at the same time limiting capital volatility such that the historical incidence of the probability of a negative return in any one year is 12%, and to provide sound income yield. This fund distributes income on a quarterly basis.

Sector	Asset Allocation 30 June 2010	Net Asset Value 30 June 2010		Tolerance (%)
Australian Shares	16.0%	\$477,203	15.2%	14-18
International Shares	5.0%	\$157,706	5.0%	4-6
International Shares (Hedged)	5.0%	\$141,915	4.5%	4-6
Listed Property Securities	4.0%	\$134,716	4.2%	3-5
Total Growth	30%	\$911,540	29.0%	28-32
Australian Fixed Interest	25%	\$801,246	25.4%	23-27
International Fixed Interest	25%	\$799,984	25.4%	23-27
Cash	20%	\$635,270	20.2%	18-22
Total Income	70%	\$2,236,500	71.0%	68-72
Total	100%	\$3,148,040	100.0%	

**Includes any applicable switches into another fund (in order to rebalance the Portfolio) and management fees rebates*

PERFORMANCE**Performance before fees, taxes and transaction costs**

Year ended 30 June 2010	Portfolio (%)	Benchmark (%)	Deviation (%)
3 Months	-0.54	-0.70	0.16
6 Months	0.98	0.85	0.13
12 Months	8.59	8.20	0.39
3 Years (pa)	2.29	1.84	0.45
Since Inception (1 October 2002)pa	6.36	6.12	0.24

The Benchmark index is as follows:

Australian shares:	S&P ASX 300 Index
International shares:	MSCI World ex-Australia Index in \$A
International shares(Hedged) :	MSCI World ex-Australia Index in \$A (hedged)
Listed property securities:	S&P ASX 300 A-REIT Index
Australian fixed interest:	UBS Australian composite bond index
International fixed interest:	Barclays Capital Global Treasury Index in \$A (Hedged)
Cash:	Vanguard Cash Plus Index

BALANCED PORTFOLIO

Investment Profile:- Some scope for risk, Medium outlook. The portfolio is diversified and protects the investor from inflation seeking reasonable rates of growth whilst seeking some tax efficiency and an income return. The portfolio will display some level of risk in that the historical incidence of the probability of a negative return in any one year is 20%. This fund distributes income on a quarterly basis.

Sector	Asset Allocation 30 June 2010	Net Asset Value 30 June 2010		Tolerance (%)
Australian Shares	26%	\$947,819	25.4%	24-28
International Shares	8.5%	\$312,265	8.4%	8-10
International Shares (Hedged)	8.5%	\$285,533	7.6%	8-10
Listed Property Securities	6%	\$222,474	6.0%	5-7
Emerging Markets Shares	1%	\$ 42,388	1.1%	0.5-1.5
Total Growth	50%	\$1,810,479	48.5%	48-52
Australian Fixed Interest	20%	\$773,921	20.7%	18-22
International Fixed Interest	20%	\$765,542	20.5%	18-22
Cash	10%	\$384,416	10.3%	8-12
Total Income	50%	\$1,923,879	51.5%	48-52
Total	100%	\$3,734,358	100.0%	

**Includes any applicable switches into another fund (in order to rebalance the Portfolio) and management fees rebates*

PERFORMANCE**Performance before fees, tax and transaction costs**

Year ended 30 June 2010	Portfolio (%)	Benchmark (%)	Deviation (%)
3 Months	-2.78	-2.90	0.12
6 Months	-1.26	-1.29	0.03
12 Months	9.72	9.57	0.15
3 Years (pa)	-1.16	-1.53	0.37
Since Inception (1 October 2002) pa	6.32	6.10	0.22

The Benchmark index is as follows:

Australian shares:	S&P ASX 300 Index
International shares:	MSCI World ex-Australia Index in \$A unhedged
International shares (Hedged):	MSCI World ex-Australia Index in \$A hedged
Listed property securities:	S&P ASX 300 A-REIT Index
Australian fixed interest:	UBS Australian composite bond index
International fixed interest:	Barclays Capital Global Treasury Index in \$A (Hedged)
Cash:	Vanguard Cash Plus Index

GROWTH PORTFOLIO

Investment Profile:- Growth expected, higher risk, long-term investment. The portfolio invests in a broad range of quality investments predominantly in assets that provide for growth in capital returns. The portfolio is of a higher risk in nature in that the historical incidence of the probability of a negative return in any one year is 25%. The portfolio is designed for the investor who seeks a higher rate of return and is able to invest for a greater length of time so as to contend with the cyclical nature of growth oriented asset classes. This fund distributes income on a quarterly basis.

Sector	Asset Allocation 30 June 2010	Net Asset Value 30 June 2010		Tolerance (%)
Australian Shares	37%	\$2,451,441	35.2%	35-39
International Shares	11.5%	\$ 815,605	11.7%	10-14
International Shares (Hedged)	11.5%	\$ 764,528	11.0%	10-14
Listed Property Securities	8%	\$576,313	8.3%	7-9
Emerging Markets Shares	2%	\$ 140,788	2.0%	1.5-2.5
Total Growth	70%	\$4,748,675	68.2%	68-72
Australian Fixed Interest	14%	\$997,700	14.4%	12-16
International Fixed Interest	14%	\$1,060,554	15.3%	12-16
Cash	2%	\$145,220	2.1%	1-3
Total Income	30%	\$2,203,474	31.8%	28-32
Total	100%	\$6,952,149	100.0%	

**Includes any applicable switches into another fund (in order to rebalance the Portfolio) and management fees rebates*

PERFORMANCE**Performance before fees, tax and transaction costs**

Year ended 30 June 2010	Portfolio (%)	Benchmark (%)	Deviation (%)
3 Months	-5.04	-5.15	0.11
6 Months	-3.53	-3.55	0.02
12 Months	11.10	10.86	0.24
3 Years (pa)	-4.42	-4.90	0.48
Since Inception (1 October 2002) pa	6.41	6.08	0.33

The Benchmark index is as follows:

Australian shares:	S&P ASX 300 Index
International shares:	MSCI World ex-Australia Index in \$A unhedged
International shares (Hedged):	MSCI World ex-Australia Index in \$A hedged
Listed property securities:	S&P ASX 300 A-REIT Index
Australian fixed interest:	UBS Australian composite bond index
International fixed interest:	Barclays Capital Global Treasury Index in \$A (Hedged)
Cash:	Vanguard Cash Plus Index

COMMON FUND FEES TABLE FOR THE PUBLIC TRUSTEE FOR THE NORTHERN TERRITORY

Fees and Expenses Table

Fund	Fee Type	Fee pa	Management Expense Ratio
Public Trustee Common Fund No 1: Cash Common Fund	Management Fee	Not More than 2.2% (GST Inclusive)	2.03% (GST Inclusive)
	Levy	1.21%(GST Inclusive)	
Public Trustee Common Fund No 2: Conservative portfolio	Management Fee	Not More than 2.2% (GST Inclusive)	2.01% (GST Inclusive)
	Levy	.11%(GST Inclusive)	
Public Trustee Common Fund No 3: Balanced Portfolio	Management Fee	Not More than 2.2% (GST Inclusive)	2.01% (GST Inclusive)
	Levy	.11%(GST Inclusive)	
Public Trustee Common Fund No 4: Growth Portfolio	Management Fee	Not More than 2.2% (GST Inclusive)	2.02% (GST Inclusive)
	Levy	.11%(GST Inclusive)	

Calculated in accordance with the Investment and Financial Services Association Policy No 4 (2000) as at 30 June 2010 (GST inclusive). Levy and Management Fees are combined.

Management expense ratio

The Management expense ratio measures the total fees and expenses charged annually to the Trust excluding transaction costs. It is calculated on the total of the management fee, underlying asset management fee, custodial fees and other expenses divided by average fund size.

Unit price valuation

The net asset value representing the foundation for the unit price for each fund is valued on a weekly basis. The majority asset under each asset sector within each fund is valued daily. The Public Trustee reserves the right to calculate the net asset value for each fund as required.

Fee Calculation basis

All fees are charged daily against the net asset value of each fund, accumulated and distributed to the Public Trustee for the Northern Territory on a half yearly basis.

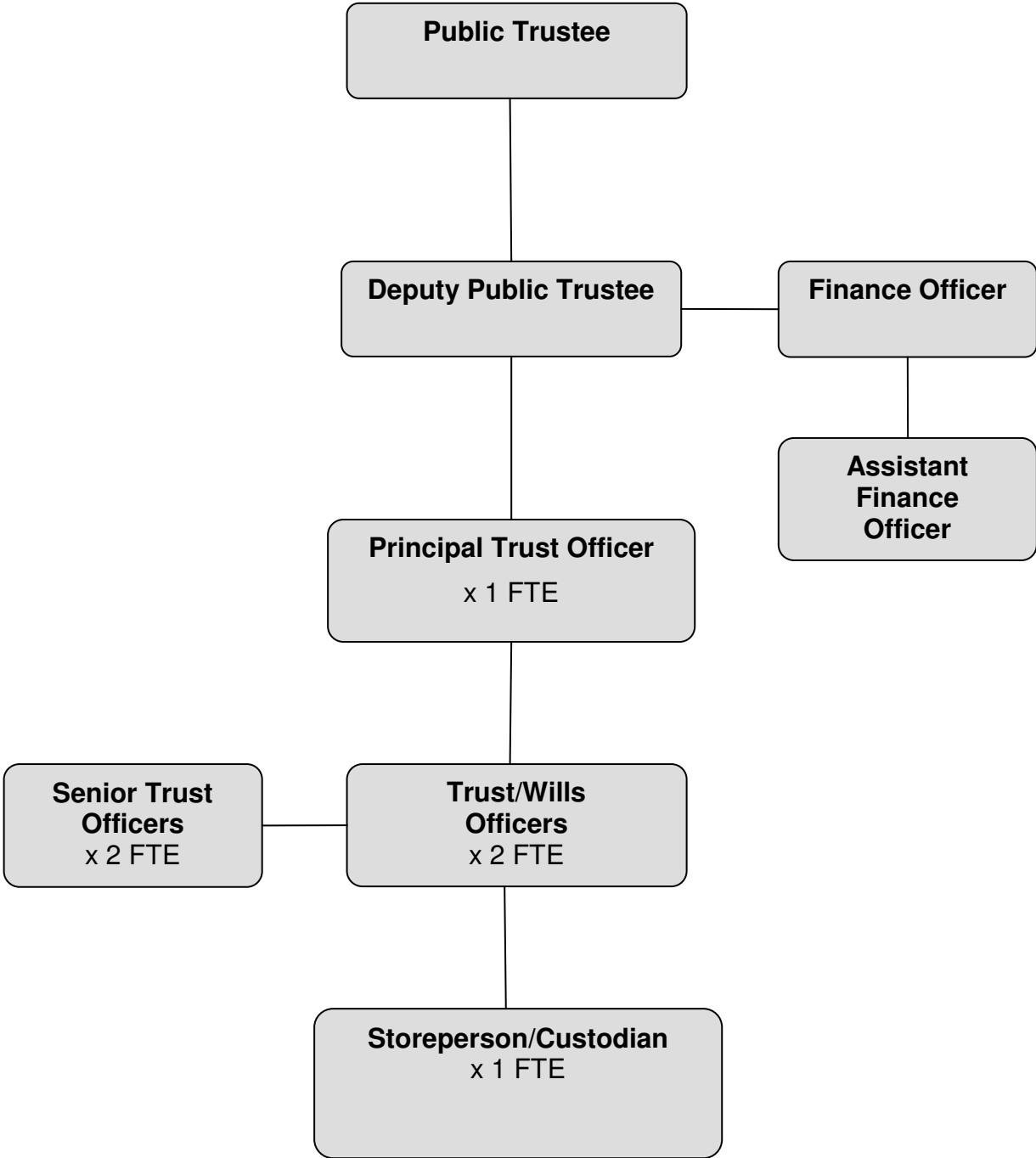
ADMINISTRATIVE FEES AND CHARGES

The fees charged by the Public Trustee are set by Determination notified in the Gazette in accordance with section 74(2) of the *Public Trustee Act*. The fees are GST exclusive. The main elements of the fee schedule (*) which became operative on 17 March 2010 (being the date of their *Gazetta*) were as follows:

- \$40 for wills if naming Public Trustee as Executor
- \$20 for amendments to wills prepared by Public Trustee
- \$115 for 'complex' wills
- \$460 for administration work where grant of representation is not obtained
- In respect of the administration of estates
 - \$150 for the first \$1000 worth of assets administered,
 - 4% for the next \$199,000 worth of assets administered
 - 3% for the next \$200,000 worth of assets administered
 - 2% for the next \$200,000 worth of assets administered
 - 1% for assets in excess of \$600,000
 - commission of 6% on income received.
- In respect of the administration of trusts
 - 1% of the capital and a commission of 6% on income received.
 - Levy not to exceed 1.1% per annum
 - Management fee not to exceed 2% per annum

(*) Note – GST is applied to Public Trustee fees and commissions. Clients are charged the fee plus GST (for example, \$40 fee plus \$4 GST to draft a will where the Public Trustee is named as executor).

STAFFING STRUCTURE OF THE OFFICE



PUBLIC TRUSTEE FOR THE NORTHERN TERRITORY

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010



Auditor-General

**Independent Auditor's Report to the Attorney-General
on the Common Funds of the Public Trustee for the Northern Territory
Year Ended 30 June 2010**

I have audited the accompanying financial report of the Common Funds of the Public Trustee for the Northern Territory ("the Public Trustee"), which comprises the statement of financial position for each of the Common Funds numbered 1 to 4 as at 30 June 2010, and the statement of comprehensive income for each of the Common Funds numbered 1 to 4, statement of changes in equity for each of the Common Funds numbered 1 to 4 and statement of cash flows for each of the Common Funds numbered 1 to 4 for the year then ended, a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Public Trustee for the Financial Report

The Public Trustee is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Public Trustee Act*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Public Trustee, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Common Funds of the Public Trustee for the Northern Territory as of 30 June 2010, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Public Trustee Act*.

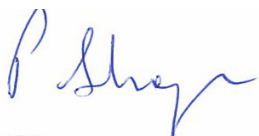
A handwritten signature in black ink, appearing to read 'F McGuinness'.

F McGuinness
Auditor-General for the Northern Territory
Darwin, Northern Territory

8 November 2010

STATEMENT BY PUBLIC TRUSTEE FOR THE NORTHERN TERRITORY

In my opinion, the accompanying Financial Report of the Common Funds comprising Statements of Comprehensive Income for Common Funds 1 to 4, Statements of Financial Position for Common Funds 1 to 4, Statements of Changes in Equity for Common Funds 1 to 4, Statement of Cash Flows for Common Funds 1 to 4 and Notes to the Financial Statements are based on proper accounts and records and have been properly drawn up so as to present fairly the transactions of the Public Trustee Common Funds for the year ended 30 June 2010 and their financial position at that date.



Peter Shoyer
Public Trustee
for the Northern Territory

Dated 3 November 2010

COMMON FUND 1 : THE CASH COMMON FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
INCOME			
Interest – Bank and Loans		71,012	90,556
Interest – Managed Funds		806,554	1,107,453
Change in Net Market Value of Investments	12	247,606	(79,916)
Other Income	3	301,236	303,907
		1,426,408	1,422,000
EXPENDITURE			
Government Management Fees and Levy	2(q)	680,361	876,595
Legal and Advisory Expenses		23,263	12,433
Other Expenses	4	110,793	95,719
		814,417	984,747
SURPLUS FOR THE YEAR		611,991	437,253
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		611,991	437,253

To be read in conjunction with the accompanying notes to the accounts.

COMMON FUND 1 : THE CASH COMMON FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
ASSETS			
Current			
Cash and Cash Equivalents		1,810,006	1,114,175
Investments	5	21,756,893	19,773,349
Receivables	2(h)	25,968	24,804
		23,592,867	20,912,328
Non Current			
Coonawarra Store – Valuation 2010	2(d)	635,000	360,000
		24,227,867	21,272,328
LIABILITIES			
Accrued Expenses		44,961	79,582
		24,182,906	21,192,746
NET ASSETS			
EQUITY			
Funds under Administration	7	23,652,556	20,892,941
Undistributed Surplus	8	530,350	299,805
		24,182,906	21,192,746
TOTAL EQUITY			

To be read in conjunction with the accompanying notes to the accounts.

COMMON FUND 1 : THE CASH COMMON FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Balance of Equity at 1 July		21,192,746	16,996,502
Funds Under Administration			
Balance at 1 July		20,892,941	16,633,310
Proceeds from client activity		44,929,482	31,123,964
Payments made on behalf of clients		(42,169,870)	(26,864,333)
Balance at 30 June		23,652,553	20,892,941
Undistributed Surplus			
Balance at 1 July		299,805	363,192
Surplus for the Period		611,991	437,253
Less Distribution Paid		(381,443)	(500,640)
Balance at 30 June	8	530,353	299,805
BALANCE OF EQUITY AT 30 JUNE		24,182,906	21,192,746

To be read in conjunction with the accompanying notes to the accounts.

COMMON FUND 1 : THE CASH COMMON FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 \$	2009 \$
Cash Flows From Operating Activities			
Income		1,177,658	1,505,921
Expenses		(849,058)	(967,201)
Net cash provided by operating activities	9(a)	328,600	538,720
Cash Flows from Investing Activities			
Payments for investments		(8,010,938)	(6,209,675)
Proceeds from sale of investments		6,000,000	2,053,068
Net cash (used in) investing activities		(2,010,938)	(4,156,607)
Cash Flows from Financing Activities			
Proceeds received from clients activity		28,711,470	18,277,786
Payments made on behalf of clients		(26,333,301)	(14,518,794)
Net cash provided by financing activities		2,378,169	3,758,992
Net increase in cash held		695,831	141,105
Cash and cash equivalents at the beginning of the period		1,114,175	973,070
Cash and cash equivalents at the end of the period		1,810,006	1,114,175

To be read in conjunction with the accompanying notes to the accounts.

COMMON FUND 2 : THE CONSERVATIVE FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
INCOME			
Interest - Bank		2,059	2,523
Trust distributions		126,046	234,487
Changes in net market value of investments	12	141,954	(253,782)
		270,059	(16,772)
EXPENDITURE			
Management fees	2(l)	61,840	65,116
Other expenses		178	117
		62,018	65,233
SURPLUS(LOSS) FOR THE YEAR		208,041	(82,005)
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		208,041	(82,005)

To be read in conjunction with the accompanying notes to the accounts.

COMMON FUND 2 : THE CONSERVATIVE FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
ASSETS			
Current			
Cash and cash equivalents		15,914	15,928
Investments	5	3,146,812	3,522,305
TOTAL ASSETS		3,162,726	3,538,233
LIABILITIES			
Current			
Payables		5,224	5,888
TOTAL LIABILITIES		5,224	5,888
NET ASSETS		3,157,502	3,532,345
EQUITY			
Funds under Administration	7	3,157,502	3,532,345
TOTAL EQUITY		3,157,502	3,532,345

To be read in conjunction with the accompanying notes to the accounts.

COMMON FUND 2 : THE CONSERVATIVE FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
As at 1 July		3,532,345	3,909,423
Surplus/(Loss) for the year		208,041	(82,005)
Distributions to unitholders		(70,500)	(277,312)
Application for units		1,969,041	1,156,805
Redemption of units		(2,481,425)	(1,174,566)
BALANCE OF EQUITY AT 30 JUNE		3,157,502	3,532,345

To be read in conjunction with the accompanying notes to the accounts

COMMON FUND 2 : THE CONSERVATIVE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Interest received		2,059	2,523
Management fees		(67,012)	(70,602)
Other expenses		(177)	(117)
Net cash used in operating activities	9(a)	(65,130)	(68,196)
Cash flows from investing activities			
Payments for investments		(1,869,000)	(563,300)
Proceeds from sale of investments		2,517,000	924,300
Net cash provided by investing activities		648,000	361,000
Cash flows from financing activities			
Proceeds from unit applications		1,969,041	1,156,803
Payments on redemptions		(2,481,425)	(1,174,566)
Income distributed		(70,500)	(277,312)
Net cash (used in) financing activities		(582,884)	(295,075)
Net Decrease in cash held		(14)	(2,271)
Cash and cash equivalents at the beginning of the period		15,928	18,199
Cash and cash equivalents at the end of the period		15,914	15,928

To be read in conjunction with the accompanying notes to the accounts.

COMMON FUND 3 : THE BALANCED FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
INCOME			
Interest - Bank		2,184	1,703
Trust distributions		132,395	302,317
Changes in net market value of investments	12	208,504	(615,758)
		343,083	(311,738)
EXPENDITURE			
Management fees	2(l)	71,835	84,800
Other expenses		144	121
		(71,979)	84,921
SURPLUS/(LOSS) FOR THE YEAR		271,104	(396,659)
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		271,104	(396,659)

To be read in conjunction with the accompanying notes to the accounts.

COMMON FUND 3 : THE BALANCED FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
ASSETS			
Current			
Cash and cash equivalents		17,539	23,875
Investments	5	3,732,603	3,729,184
TOTAL ASSETS		3,750,142	3,753,059
LIABILITIES			
Current			
Payables		6,247	6,220
TOTAL LIABILITIES		6,247	6,220
NET ASSETS		3,743,895	3,746,839
EQUITY			
Funds under Administration	7	3,743,895	3,746,839
		3,743,895	3,746,839

To be read in conjunction with the accompanying notes to the accounts

COMMON FUND 3 : THE BALANCED FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010	2009
		\$	\$
As at 1 July		3,746,839	5,230,504
Surplus/(Loss) for the year		271,104	(396,659)
Distributions to unitholders		(83,663)	(296,269)
Application for units		1,610,870	651,608
Redemption of units		(1,801,255)	(1,442,345)
BALANCE OF EQUITY AT 30 JUNE		3,743,895	3,746,839

To be read in conjunction with the accompanying notes to the accounts

COMMON FUND 3 : THE BALANCED FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Interest received		2,184	1,703
Management fees		(77,329)	(94,175)
Other expenses		(144)	(121)
Net cash used in operating activities	9(a)	(75,289)	(92,593)
Cash flows from investing activities			
Payments for investments		(974,000)	(506,750)
Proceeds from sale of investments		1,317,000	1,694,750
Net cash provided by investing activities		343,000	1,188,000
Cash flows from financing activities			
Proceeds from unit applications		1,610,870	651,609
Payments on redemptions		(1,801,254)	(1,442,345)
Income distributed		(83,663)	(296,270)
Net cash (used in) financing activities		(274,047)	(1,087,006)
Net (decrease)/ increase in cash held		(6,336)	8,401
Cash and cash equivalents at the beginning of the period		23,875	15,474
Cash and cash equivalents at the end of the period		17,539	23,875

To be read in conjunction with the accompanying notes to the accounts.

COMMON FUND 4 : THE GROWTH FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
INCOME			
Interest - Bank		2,989	2,362
Trust distributions		208,631	376,074
Changes in net market value of investments	12	431,700	(1,086,084)
		643,320	(707,648)
EXPENDITURE			
Management fees	2(l)	129,432	111,699
Other expenses		512	117
		129,944	111,816
SURPLUS/(LOSS) FOR THE YEAR		513,376	(819,464)
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		513,376	(819,464)

To be read in conjunction with the accompanying notes to the accounts.

COMMON FUND 4 : THE GROWTH FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
ASSETS			
Current			
Cash and cash equivalents		24,460	35,628
Investments	5	6,948,637	6,157,540
TOTAL ASSETS		6,973,097	6,193,168
LIABILITIES			
Current			
Payables		11,704	10,207
TOTAL LIABILITIES		11,704	10,207
NET ASSETS		6,961,393	6,182,961
EQUITY			
Funds under Administration	7	6,961,393	6,182,961
		6,961,393	6,182,961

To be read in conjunction with the accompanying notes to the accounts

COMMON FUND 4 : THE GROWTH FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
As at 1 July		6,182,961	6,533,446
Surplus/(Loss) for the year		513,376	(819,464)
Distributions to unitholders		(156,934)	(261,363)
Application for units		1,331,248	1,063,504
Redemption of units		(909,258)	(333,162)
BALANCE OF EQUITY AT 30 JUNE		6,961,393	6,182,961

To be read in conjunction with the accompanying notes to the accounts.

COMMON FUND 4 : THE GROWTH FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Interest received		2,990	2,362
Management fees		(137,702)	(121,619)
Other expenses		(512)	(117)
Net cash used in operating activities	9(a)	(135,224)	(119,374)
Cash flows from investing activities			
Payments for investments		(1,630,000)	(1,038,181)
Proceeds from sale of investments		1,489,000	707,181
Net cash (used in) investing activities		(141,000)	(331,000)
Cash flows from financing activities			
Proceeds from unit applications		1,331,248	1,063,505
Payments on redemptions		(909,258)	(333,161)
Income distributed		(156,934)	(261,364)
Net cash provided by financing activities		265,056	468,980
Net (decrease)/increase in cash held		(11,168)	18,606
Cash and cash equivalents at the beginning of the period		35,628	17,022
Cash and cash equivalents at the end of the period		24,460	35,628

To be read in conjunction with the accompanying notes to the accounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

1. ACTIVITIES OF THE PUBLIC TRUSTEE

The functions of the Public Trustee are defined in the *Public Trustee Act 1985* and include the administration of deceased estates and trusts and the preparation of wills. The Public Trustee also acts as financial manager under order from the court under the *Aged and Infirm Persons' Property Act*. This financial report shows the value of trust and estates and management funds under administration at the year-end.

2 STATEMENT OF ACCOUNTING POLICIES

(a) *Basis of Accounting*

The financial report is a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations).

The financial report is prepared on an accrual basis and is based on the historical cost convention, except for the valuation of managed fund investments and the Coonawarra Store, which are recorded at fair value.

(b) *Operation of the Common Funds*

The common funds have been established pursuant to the *Public Trustee Act*. The Common Fund was separated into four Common Funds on 1 October 2002. Three of the Common Funds are managed by an external financial manager and reported separately from Common Fund 1 which is managed internally.

External advisers have been appointed to assist with the management of Common Funds 2, 3 and 4. The external advisers appointed are Sandhurst Trustees Limited.

(c) *Valuation of investments*

The net market value of managed investment schemes (unlisted unit trusts) is determined by reference to the last available sales price of the scheme, as quoted on the day of valuation, which inherently includes transaction costs. Changes in the net market value of investments are recognised in the Income Statement and transferred to unit holders' funds reserve until realisation.

(d) *Valuation of Coonawarra Road Store*

The investment in Coonawarra Store is measured on a fair value basis. At each reporting date, the fair value of the asset is reviewed to ensure that it does not differ materially from the asset's fair value at that date. The last valuation was conducted on the 19 June 2010 and will be conducted every 3 years; the next valuation will be due in 2013.

(e) *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. Specific revenues are recognised as follows:

2. STATEMENT OF ACCOUNTING POLICIES (continued)

Trust distributions

Trust distributions from managed investment funds are recognised on an accrual basis up to balance date.

Interest income

Income from cash on deposit is recognised on an accrual basis.

Change in the net market value of investments

Gains and losses on investments are calculated as the difference between the net market value at sale, or at the year end, and the net market value at the previous valuation point. This includes both realised gains and losses and unrealised gains and losses.

(f) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes notes and coins held, advances made and any deposits with a bank or financial institution held at call or with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

(g) Investments and other financial assets

Investments and other financial assets are categorised as either financial assets at fair value through profit and loss, or loans and receivables. The classification depends on the purpose for which the financial asset was acquired.

Financial assets are recognised and derecognised upon trade date. When financial assets are recognised initially, they are measured at fair value. In the case of assets not at fair value through profit and loss, directly attributable transaction costs are taken into account.

Financial assets are derecognised when the contractual rights to the cash flow from the financial assets expire or the asset is transferred to another entity. In the case of transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial assets at fair value through profit and loss

Investments designated at fair value through profit and loss are shares in managed investment funds (unlisted unit trusts).

The investment portfolio for each of the Common Funds is managed in accordance with a documented investment strategy on a fair value basis. The portfolio's performance was managed and evaluated on a fair value basis, and information about the portfolio was provided internally on a fair value basis to the Public Trustee and Public Trustee Investment Board.

Investments designated as fair value through profit and loss are initially measured at their fair value at settlement date. After initial recognition, financial assets at fair value through profit and loss are measured at their fair value. The fair value is determined in accordance with unit prices at the balance date as advised by the managers of the funds. The unrealised increment (decrement) in the fair value (market value) of the portfolio is recognised in the Income Statement.

2. STATEMENT OF ACCOUNTING POLICIES (continued)*Loans and receivables*

Financial instruments designated as loans and receivables are short term deposits with major banks, trade and other receivables and mortgage loans receivable. Subsequent to initial recognition such assets are carried at amortised cost using the effective interest rate method.

Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

If there is objective evidence that an impairment loss has been incurred for financial assets held at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Income Statement.

Additional disclosures in relation to financial instruments are provided at Note 10.

(h) *Receivables*

Receivables represent the amounts due but not yet received from the underlying investments of Common Funds 1 to 4.

(i) *Payables*

Payables are carried at amortised cost using the effective interest rate method. Due to their short term nature they are not discounted. Liabilities are recognised to the extent that the goods and services have been received (and irrespective of having been invoiced). The amounts are unsecured and usually paid within 30 days of recognition.

(j) *Income Tax*

Under current income tax legislation, no income tax is payable by any of the Common Funds provided their taxable income is fully distributed.

(k) *Distributions*

Common fund distributions are made to contributors on a half yearly basis. Such distributions are determined by reference to the surplus of the Common Funds. Payment is not made until after the balance date as advice of distribution entitlements from underlying investments is not received by the Public Trustee until after the balance date.

Unrealised gains and losses on investments are not assessable and distributable until realised.

(l) *Management fees*

A management fee is charged against the Cash Common Fund at a rate of no more than 2.2% of the value of the Common Fund as at the first business day of each month.

(m) *Transfer to/from unit holders' funds*

Unrealised gains and losses in the net market value of investments accrued income not yet assessable, expenses provided for or accrued but not yet deductible, and net capital losses are transferred to unit holders' funds, and are not included in the determination of distributions to unit holders.

2. STATEMENT OF ACCOUNTING POLICIES (continued)**(n)** *Goods and Services Tax (GST)*

The Common Funds are not registered entities under the Goods and Services Tax ("GST") legislation. Expenses incurred and incomes earned by the Common Funds are recognised as inclusive of the amount of GST.

(o) *Terms and conditions on units*

With the exception of the Cash Common Fund each unit issued confers upon the unit holder an equal interest in the Common Funds, and is of equal value. A unit does not confer a right to any particular asset or investment of the Common Funds. Unit holders have various rights, including the right to:

- * have their units redeemed,
- * receive income distributions,
- * attend and vote at meetings of unit holders, and
- * participate in the termination and winding up of the Common Funds.

The rights, obligations and restrictions attached to each unit holder are identical in all respects.

The Cash Common Fund does not issue units.

(p) *Unit Prices*

Unit Prices are determined in accordance with the Common Funds' Constitution and are calculated on the net assets of the Common Funds adjusted for any transaction costs, divided by the number of units on issue.

(q) *Commission, Levy and Management Fees*

Levies and Management fees are charged to the Trusts and Estates in accordance with sections 24 and 28 of the *Public Trustee Act* and associated regulations.

(r) *Changes in accounting policies*

Starting as of 1 July 2009, the Entity has changed its accounting policies in the following areas:

- Presentation of financial statements.

(s) *New standards and interpretations not yet adopted*

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

- AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*.

AASB 9 will become mandatory for the Entity's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Entity has not yet determined the potential effect of the standard.

2. STATEMENT OF ACCOUNTING POLICIES (continued)

- AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for Entity's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Entity's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

(t) Critical accounting estimates and judgements

The Public Trustee Investment Board evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

Key estimates – impairment

The Public Trustee assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key judgements – provision for impairment of receivables

The Public Trustee believes that all receivables are recoverable and no provision for impairment of receivables has been made at 30 June 2010.

3. OTHER INCOME

	2010 \$	2009 \$
Receipts from Fund Managers	282,903	282,240
Rent Received	18,333	21,667
Total	301,236	303,907

4. OTHER EXPENSES

	2010	2009
	\$	\$
Bank Charges	2,701	1,983
Property Expenses	22,593	8,442
Fund Management Fees	85,499	85,294
Total	110,793	95,719

5. INVESTMENTS

The funds in which the Common Funds invest hold various direct investments but the individual Common Funds have no direct control over these underlying investments. A break down of the investments as at 30 June 2010 is as follows:

	Common Fund 1		Common Fund 2	
	2010	2009	2010	2009
	\$	\$	\$	\$
Australian cash	21,756,893	19,773,349	635,270	1,488,721
Australian shares	-	-	477,203	542,948
Australian fixed interest	-	-	800,155	498,590
Australian property	-	-	134,716	147,436
International shares	-	-	299,484	341,044
International fixed Interest	-	-	799,984	503,566
	21,756,893	19,773,349	3,146,812	3,522,305

	Common Fund 3		Common Fund 4	
	2010	2009	2010	2009
	\$	\$	\$	\$
Australian cash	384,416	828,520	145,220	137,962
Australian shares	947,819	953,545	2,451,441	2,363,812
Australian fixed interest	772,867	530,409	996,341	864,144
Australian property	222,474	224,110	576,313	530,253
International shares	639,485	622,146	1,718,768	1,290,172
International fixed Interest	765,542	570,454	1,060,554	971,197
	3,732,603	3,729,184	6,948,637	6,157,540

6(a) UNITHOLDERS' FUNDS**Units on Issue**

Movements during the period in the number of units on issue were:

	Common Fund 2		Common Fund 3	
	2010	2009	2010	2009
	Units	Units	Units	Units
Balance at the beginning of the period	4,054,230	4,073,048	4,145,159	5,038,958
Applications	2,167,378	1,324,571	1,724,081	683,342
Redemptions	(2,740,407)	(1,343,389)	(1,923,206)	(1,577,141)
Balance at the end of the period	3,481,201	4,054,230	3,946,034	4,145,159

	Common Fund 4	
	2010 Units	2009 Units
Balance at the beginning of the period	6,511,426	5,752,871
Applications	1,527,007	1,108,604
Redemptions	(1,129,447)	(350,049)
Balance at the end of the period	6,908,986	6,511,426

The Cash Common Fund 1 does not issue units.

(b) Components of unit holders' funds

Included within closing unit holders' funds are unrealised gains/ (losses) on investments.

	2010 \$	2009 \$
Common Fund 2	430,567	(201,808)
Common Fund 3	276,312	(617,762)
Common Fund 4	502,013	(1,143,729)

The Cash Common Fund 1 does not issue units.

7. FUNDS UNDER ADMINISTRATION

	Common Fund 1	Common Fund 1	Common Fund 2	Common Fund 2
	2010	2009	2010	2009
	\$	\$	\$	\$
Deceased Estates	12,017,663	11,049,382	-	-
Beneficial Trusts	1,340,392	1,393,812	260,257	351,464
Legal Trusts	5,488,677	4,015,577	2,068,942	1,510,775
Aged, Infirm and Mental Health Trusts	3,188,399	3,480,425	828,303	1,670,106
Crimes Property Forfeiture	401,693	225,975	-	-
Miscellaneous Trusts	1,215,732	727,770	-	-
Total Funds	23,652,556	20,892,941	3,157,502	3,532,345

	Common Fund 3	Common Fund 3	Common Fund 4	Common Fund 4
	2010	2009	2010	2009
	\$	\$	\$	\$
Deceased Estates	-	-	-	-
Beneficial Trusts	505,260	701,592	580,145	689,973
Legal Trusts	2,559,142	2,484,418	5,759,579	5,028,473
Aged, Infirm and Mental Health Trusts	679,493	560,829	621,669	464,515
Crimes Property Forfeiture	-	-	-	-
Miscellaneous Trusts	-	-	-	-
Total Funds	3,743,895	3,746,839	6,961,393	6,182,961

	Total	Total
	2010	2009
	\$	\$
Deceased Estates	12,017,663	11,049,382
Beneficial Trusts	2,686,054	3,136,841
Legal Trusts	15,876,340	13,039,243
Aged, Infirm and Mental Health Trusts	5,317,864	6,175,875
Crimes Property Forfeiture	401,693	225,975
Miscellaneous Trusts	1,215,732	727,770
Total Funds	37,515,346	34,355,086

8. UNDISTRIBUTED SURPLUS

Undistributed surplus is income received but not yet distributed to the Trusts and Estates.

9. **NOTES TO THE STATEMENT OF CASH FLOWS**(a) **Reconciliation of surplus to net cash provided by operating activities****Common Fund 1**

	2010 \$	2009 \$
Surplus for the year	611,991	437,253
- Changes in net market value of investments – unrealised	(254,885)	82,585
- Movements in receivables	(1,164)	4,004
- Movements in payables	(34,621)	17,546
- Realised gain on sale of investments (note 12)	7,279	(2,669)
Net Cash used in operating activities	328,600	538,719

Common Fund 2

	2010 \$	2009 \$
Surplus for the year	208,041	(82,005)
- Changes in net market value of investments – unrealised	(454,234)	201,808
- Movements in payables	(664)	(626)
- Realised gain on sale of investments (note 12)	312,280	51,974
- Non cash dividends received from investments	(130,553)	(239,347)
Net Cash used in operating activities	(65,130)	(68,196)

Common Fund 3

Surplus for the year	271,104	(396,660)
- Changes in net market value of investments – unrealised	(306,002)	617,762
- Movements in payables	27	(2,582)
- Realised gain on sale of investments (note 12)	97,498	(2,006)
- Non cash dividends received from investments	(137,916)	(309,107)
Net Cash used in operating activities	(75,289)	(92,593)

Common Fund 4

Surplus for the year	513,376	(819,465)
- Changes in net market value of investments – unrealised	(558,100)	1,143,729
- Movements in payables	1,497	(945)
- Realised gain on sale of investments (note 12)	126,400	(57,645)
- Non cash dividends received from investments	(218,397)	(385,048)
Net Cash used in operating activities	(135,224)	(119,374)

10. FINANCIAL RISK MANAGEMENT**(a) Risk Management Objectives and Policies**

The Common Funds have exposure to the following financial risks through the use of financial instruments:

- Market risk (interest rate risk and price risk)
- Credit risk
- Liquidity risk

Exposure to these financial risks is managed in accordance with the Investment Policy of the Public Trustee. The Public Trustee Investment Board, established under section 12 of the *Public Trustee Act*, is responsible for controlling the investment of money held on behalf of clients in the Common Funds.

The principal investment objective is to consider on each trust and estate, the return on investment having regard to the level of risk appropriate to the needs and objectives of the client. This includes maximising the investment rate of return within the nominal risk constraints and minimising the volatility of returns within each asset sector.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in market interest rates.

The Common Funds are primarily exposed to interest rate risk from cash and cash equivalents and mortgage loan assets. As these are held in floating interest arrangements, the Common Funds are exposed to movements in the amount of interest it may earn on these assets.

Other than Common Fund 1, the common funds cash flows are not significantly dependant on interest earned from cash and cash equivalents, a sensitivity analysis of the interest rate risk has not been performed.

The table below details the interest rate sensitivity analysis of Common Fund 1 at the reporting date holding all other variables constant. As the operating cash flows of the other Common Funds are not significantly dependant on interest earned from cash and cash equivalents and mortgage loans, a sensitivity analysis of the interest rate risk for these funds has not been performed. A 100 basis point change is deemed to be possible change and is used when reporting interest rate risk.

Common Fund 1	Change in Interest Rate	Effect On		Effect On	
		Profit or (loss)	Equity	Profit or (loss)	Equity
		2010 \$	2010 \$	2009 \$	2009 \$
Interest Rate Risk	+ 100 basis points	18,096	18,096	11,141	11,141
	- 100 basis points	(18,096)	(18,096)	(11,141)	(11,141)
				-	-

The following tables disclose the interest rate repricing dates and effective weighted average interest rate on classes of financial assets and financial liabilities, is as follows:

10. FINANCIAL RISK MANAGEMENT – Continued**Common Fund 1**

Weighted Average Effective Interest Rate	Variable Interest Rate Within 1 Year		Non Interest Bearing		Total	
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
Financial Assets						
Cash 4.5/7.3%	1,809,654	1,114,175	-	-	1,809,653	1,114,175
Receivables	-	-	25,968	24,804	25,968	24,804
Investment	-	-	21,756,893	19,773,349	21,756,893	19,773,349
	1,809,654	1,114,175	21,782,861	19,798,153	23,592,514	20,912,328

Common Fund 2

Weighted Average Effective Interest Rate	Variable Interest Rate		Non Interest Bearing		Total	
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
Financial Assets						
Cash 4.5/6.7%	15,914	15,927	-	-	15,914	15,927
Investments	-	-	3,146,812	3,522,305	3,146,812	3,522,305
	15,914	15,927	3,146,812	3,522,305	3,162,726	3,538,232
Financial Liabilities						
Payables	-	-	5,224	5,888	5,224	5,888
	-	-	5,224	5,888	5,224	5,888

Common Fund 3

Weighted Average Effective Interest Rate	Variable Interest Rate		Non Interest Bearing		Total	
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
Financial Assets						
Cash 4.5/6.7%	17,539	23,875	-	-	17,539	23,875
Investments	-	-	3,732,603	3,729,184	3,732,603	3,729,184
	17,539	23,875	3,732,603	3,729,184	3,750,142	3,753,059
Financial Liabilities						
Payables	-	-	6,247	6,220	6,247	6,220
	-	-	6,247	6,220	6,247	6,220

10. FINANCIAL RISK MANAGEMENT – Continued**Common Fund 4**

Weighted Average Effective Interest Rate	Variable Interest Rate		Non Interest Bearing		Total	
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
Financial Assets						
Cash 4.5\6.7%	24,460	35,628	-	-	24,460	35,628
Investments	-		6,948,637	6,157,540	6,948,637	6,157,540
	24,460	35,628	6,948,637	6,157,540	6,973,097	6,193,168
Financial Liabilities						
Payables	-	-	11,704	10,207	11,704	10,207
	-	-	11,704	10,207	11,704	10,207

Sensitivity Analysis

As the Board's investments with Vanguard Investments are in the form of units in a unit trust, it is not possible to perform an effective sensitivity analysis as it is not possible to identify the proportion of the shares held by the trust which relate directly to the Board. The movement in the price of the units is a combination of the underlying shares invested and the overheads accruing to the trust.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Common Funds' maximum credit risk exposure at balance date in relation to each class of recognised financial assets is the carrying amount as disclosed in the Balance Sheet and notes to the financial statements.

The Common Funds do not have any material credit risk exposure to a single debtor or group of debtors under financial instruments entered into by the Common Funds.

In order to manage credit risk the Common Funds bank accounts are held with an Australian "Big 4" bank, a diversified portfolio of managed funds is held and the Public Trustee Investment Board has a policy of "no new lending".

10. FINANCIAL RISK MANAGEMENT – Continued**Credit Risk**

	Note	Carrying Amount	
		2010	2009
Common Fund 1			
Cash and Cash Equivalents		1,810,005	1,114,175
Financial Assets at Fair Value through profit and loss	5	21,756,893	19,773,349
Loans and Receivables	2(h)	25,968	24,804
Common Fund 2			
Cash and cash equivalents		15,914	15,928
Financial Assets at Fair Value through profit and loss	5	3,146,812	3,522,305
Common Fund 3			
Cash and cash equivalents		17,539	23,875
Financial Assets at Fair Value through profit and loss	5	3,732,603	3,729,184
Common Fund 4			
Cash and cash equivalents		24,460	35,628
Financial Assets at Fair Value through profit and loss	5	6,948,637	6,157,540

Liquidity Risk

Liquidity risk is the risk that the Common Funds will encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments.

To control liquidity and cash flow risk, the Common Funds invest in financial instruments, which under normal market conditions are readily convertible into cash. The Public Trustee ensures that funds are available to meet client needs and also ensures that at any particular point in time there are sufficient current financial assets to meet current financial liabilities.

All financial liabilities have maturities of less than 3 months.

(b) Net Fair Values

The carrying amounts of financial assets and liabilities approximate their fair value. The fair value of assets and liabilities equate to the net market values.

11. SEGMENTAL INFORMATION

The principal activity of the Common Funds is the investment in one market segment, being unlisted wholesale funds all domiciled in one geographic segment, being Australia.

12. CHANGES IN NET MARKET VALUE OF INVESTMENTS

	2010	2009
	\$	\$
Common Fund 1		
Realised capital gains during the period	(7,279)	2,669
Revaluation of investments to market value – Unrealised	254,885	(82,585)
	247,606	(79,916)
Common Fund 2		
Realised capital gains during the period	(312,280)	(51,974)
Revaluation of investments to market value – Unrealised	454,234	(201,808)
	141,954	(253,782)
Common Fund 3		
Realised capital gains during the period	(97,498)	2,006
Revaluation of investments to market value – Unrealised	306,002	(617,762)
	208,504	(615,756)
Common Fund 4		
Realised capital gains during the period	(126,400)	57,645
Revaluation of investments to market value – Unrealised	558,100	(1,143,729)
	431,700	(1,086,084)

13. CONTINGENT LIABILITIES

No contingent liabilities existed at 30 June 2010 or have arisen since balance date.

14. SUBSEQUENT EVENTS

No significant events have occurred since balance date which would impact on the financial position of the Common Funds as disclosed in the Statement of Financial Position as at the 30 June 2010, and the results of the operation and Statement of Cash Flows of the Common Funds for the period ended on that date.

UNCLAIMED MONEYS
AND
MONEYS DEEMED
BONA VACANTIA

**UNCLAIMED MONEYS AND MONEYS DEEMED BONA VACANTIA
(IN EXCESS OF \$500)
HELD BY THE PUBLIC TRUSTEE
AS AT JUNE 2010**

DECEASED ESTATE NAME	BENEFICIARY NAME	AMOUNT \$
ESTATE:- GUISEPPE PALCICH		101,060.97
ESTATE:- JOHNNY BUFFALO	PATRICIA LEHMAN	71,049.91
ESTATE:- CHIUSIU CHAN		38,717.47
TRUST:- KELLIE BAKER		15,956.20
ESTATE:- GEORGE JAMDIJINGA		12,007.29
ESTATE:- ALLAN MURPHY	ADAM MURPHY	11,576.86
ESTATE:- JAMES RALPH REEVES		10,818.99
TRUST: MARCUS NELSON		10,418.59
TRUST: JASON NELSON		10,297.87
TRUST:- ALBERT WALPOLE		9,704.16
ESTATE: JAMES FARRELL		8,464.03
TRUST: LAMET NAMUNDJA		7,766.66
ESTATE: JENNY TIGER BAKER		7,195.20
ESTATE:- FRED BUTLER		6,985.81
TRUST: JOANNE KELLY MCDONALD		6,951.02
ESTATE: MINNIE NIMARA		6,846.74
ESTATE: DAWNA BRAEDON	WARREN BRAEDON	5,972.05
ESTATE: DAWNA BRAEDON	RICKY BRAEDON	5,972.05
ESTATE: DAWNA BRAEDON	JACQUELINE BRAEDON	5,972.05
ESTATE: NORMAN ANDERSON		4,767.87
ESTATE:- HANSAKE HELLBERG		4,678.78
ESTATE:- JOSEPH N DOOLAN	SIMON WANDI DOOLAN	3,461.69
ESTATE:- ELIZABETH NED	JEREMY DODD	3,084.65
ESTATE:- WILLIAM TAME		3,023.01
ESTATE: CHRISTIAN PRAUD		2,765.27
ESTATE:- JAMES LIDDY		2,753.57
ESTATE:- ALI KAYAUGLU	HULYA CIL	2,631.99
ESTATE:- ALI KAYAUGLU	HUKUMRAN CIL	2,631.98
ESTATE:- ALI KAYAUGLU	HAKAN CIL	2,631.99
ESTATE:- ALI KAYAUGLU	HURRIYET CIL	2,631.99
ESTATE:- GERARD SMITH		2,479.72
ESTATE: DAVID HARRIS	ROBERT HARRIS	2,452.41
ESTATE:- DON JAMES		2,084.16
ESTATE:- NIKOLA MATOJEVIC		1,901.94
ESTATE:- DINO VALLORANI	ANTONETTE VALLORANI	1,872.24
ESTATE: KITTY MINYINGMA	WILLIAM PRESLEY	1,617.64
TRUST:- JONAS BRAZIER		1,312.47
ESTATE: ALMA GIBBS	CHARLIE WAGAMAN	1,250.97
ESTATE:- PAUL BARRY STEWART		1,152.24

**UNCLAIMED MONEYS AND MONEYS DEEMED BONA VACANTIA
(CONTINUED)
(IN EXCESS OF \$500)
HELD BY THE PUBLIC TRUSTEE
AS AT JUNE 2010**

DECEASED ESTATE NAME	BENEFICIARY NAME	AMOUNT \$
ESTATE:- ROBERT WANAT	OLGA STROSIKOVA	1,063.54
ESTATE:- ROY CUMMINS	ROSS BOB AKA CHUNGALOO	953.84
ESTATE:- BARRY ROGERS		911.77
ESTATE:- RUBY BURTON	HUGH BURTON	883.89
ESTATE:- CLARA ABBOTT	RUBY ABBOTT	733.39
ESTATE:- A STEVENS	STEVEN KENYON	552.70
ESTATE:- BRIAN	GAVIN LLOYD	543.25
ESTATE:- BRIAN	LYLE HILL	543.24
ESTATE:- BRIAN	KYLE HILL	543.24
TRUST: MICHAEL MORRIS		507.99
TOTAL		412,157.35