

**Public Trustee's Office**  
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The Hon John Elferink 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 2014.

This Report should be read in conjunction with the 2013-2014 Department of the Attorney-General and 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



**DAVID LISSON**  
**Public Trustee for the Northern Territory**

4 February 2015



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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 2014.

The 2013-14 year was a busy and rewarding period, with my office contributing to the implementation of the *Advance Personal Planning Act* which allows Territorians to make advance personal health care directives and appoint future decision makers in relation to health treatment and financial needs.

With the commencement of the *Advance Personal Planning Act* on 17 March 2014, the Public Trustee has taken on an information provision and registration role as an additional element of our service to Territorians.

In preparation for this new service, the office contributed to the drafting of an approved plan form, the dissemination of public information online and by brochure as well as the necessary upgrade to our computer system and the implementation of new processes and procedures relevant to the registration and storage of Advance Personal Plans.

The office has continued to provide quality, professional trustee and administration services to the Northern Territory community. This is reflected in our continued customer satisfaction rating of 94%, which is an excellent result given the challenging nature of trustee and administration work.

The overall work volumes for deceased estates, trusts and wills were at a similar level to the previous year, however it is of note that the proportion of aged and infirmed persons trusts are increasing. These trusts are intensive and require significant expertise and attention.

In terms of the financial performance, the total funds under management of the Public Trustee increased from \$44.1 million in 2012-13 to \$53.6 million in 2013-14. Funds under Public Trustee management are diversified across assets to reduce risk. Common Fund 2, 3 and 4 all recorded performance close to benchmark levels.

In 2013-14 we were able to pay \$1.45 million in commission, fees and levy into consolidated revenue as a result of our administration of estates and trusts. In addition to this, a total of \$1.3 million was paid into consolidated revenue as funds realised from the forfeiture of property under the *Criminal Property Forfeiture Act*.

I would like to record my appreciation and thanks to the members of the Public Trustee Investment Board, specifically John Montague and Alastair Shields, for their guidance and advice which ensures our clients' funds are being invested appropriately. Mr Montague and Mr Shields have since retired from the Board and I welcome Lynette Walsh and Alex Pollon, who have replaced them.

Finally, I would like to thank the staff of my office who continue to undertake their duties with diligence, professionalism and a strong focus on service delivery for our clients.



**DAVID LISSON  
PUBLIC TRUSTEE**

4 February 2015

## 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 appointed by them in their will and in situations where there is nobody else willing or able to do so;
- maintains a general register of Advance Personal Plans;
- manages restrained and forfeited property under the *Criminal Property Forfeiture Act*;
- manages funds paid to it by local government councils under the *Local Government Act* when land is sold under statutory charge; 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 the Attorney-General and Justice budget.

The Public Trustee has functions and responsibilities under many Acts, including the *Public Trustee Act*, the *Trustee Act*, the *Administration and Probate Act*, the *Wills Act*, the *Aged and Infirm Persons' Property Act*, the *Advance Personal Planning 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 Attorney-General and 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 monies 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 2014, Investment Board members were Mr David Lisson, Public Trustee, Mr Alastair Shields, Department of the Attorney-General and Justice and Mr John Montague, Northern Territory Treasury. Mr Shields and Mr Montague have since retired and have been replaced by Ms Lynette Walsh, Department of the Attorney-General and Justice and Mr Alex Pollon, 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: Centrepoint 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 the Attorney-General and 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 the Attorney-General and Justice Annual Report.

## **ACHIEVEMENTS 2013-2014**

- Client satisfaction has been maintained at a high 94%.
- Ongoing upgrades to the Trust Accounting Database and review of associated processes.
- Establish new processes and procedures for the registration of Advance Personal Plans.
- Development of a website and information brochure on Advance Personal Planning
- Contribute to the Health and Safety Committee meetings and review and improve Work Health and Safety standards
- Revised and approved new rates of commission and fees for the Public Trustee
- \$1.45M in commissions, fees and levies paid into Consolidated Revenue.
- \$1.3M paid into Consolidated Revenue from realisation of property forfeited under the *Criminal Property Forfeiture Act*.

## **DIRECTIONS 2014-2015**

- Review processes and procedures in relation to the management of Estates and Trusts
- Finalise induction manual for new staff members
- Participate in the Fraud and Corruption workshop with interstate counterparts

## **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 concession holders and members of the public who wish to nominate the Public Trustee as executor.

During 2009-10 the Public Trustee introduced a policy to limit the circumstances in which instructions will be accepted from individuals who do not nominate the Public Trustee as executor. Accordingly, since 2009-10 there has been a reduction in the number of wills prepared, but an improvement in the timeliness of will preparation. This is a trend also observed in other jurisdictions which have implemented such changes.

Number of wills	2010-11	2011-12	2012-13	2013-14
Wills prepared	311	240	311	326

## 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 2014, no person had been prescribed, and the Public Trustee continues to provide a free, secure wills storage and retrieval service.

Registration of Wills	2013-2014
Number of wills registered at beginning of year	14,052
Amendments	124
New wills registered (as distinct from prepared)	1026
Wills revoked, taken or administered	172
Number of wills registered at end of year	14906

## 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.

The number of estates commenced during the year was in line with the number commenced in 2012-13 but is a reduction from previous years. While the change in will-making policy discussed above may have been a contributing factor, it is not expected to have a major impact for some time to come. Factors such as an increased willingness of individuals to administer the estates of their relatives and normal annual variations may also play a part in the reduction but there is no definitive explanation. It should be noted that office staff, while not providing legal advice, very regularly assist or provide information to people wanting to administer an estate themselves or who need some guidance about the first steps to take when a relative or close associate has died.

Deceased Estates	2010-11	2011-12	2012-13	2013-14
Estates on hand at beginning of year	175	129	142	139
Estates commenced during year	124	122	130	134
Estates finalised during year	170	109	133	146
Estates on hand at end of year	129	142	139	127

### Finalisation of large estates

*(over \$85,000 in net value)*

Of the current large estates, how long have they been on hand	30 June 2012	30 June 2013	30 June 2014
< 6 months	7	14	6
6 to 12 months	7	6	11
12 to 24 months	7	7	9
Over 2 years	12	13	14

### Finalisation of small estates

*(below \$85,000 in net value)*

Of the current small estates, how long have they been on hand	30 June 2012	30 June 2013	30 June 2014
< 6 months	31	39	46
6 to 12 months	36	20	15
12 to 24 months	11	19	8
Over 2 years	31	21	18

*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.

	2011-12	2012-13	2013-14
Client satisfaction	91%	94%	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 Local Court under the *Aged and Infirm Persons' Property Act*.

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

Trusts (including the Aged, Infirm and Agencies)	2010-11	2011-12	2012-13	2013-14
Trusts on hand at beginning	635	669	662	665
Trusts received during the year	157	105	97	91
Trusts paid out during the year	123	112	94	93
Trusts on hand at end of the year	669	662	665	663

## 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 to the Territory. 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 2013 to June 2014.

Matters under the <i>Criminal Property Forfeiture Act</i>	2011-12	2012-13	2013-14
Number of new criminal property forfeiture matters dealt with by the Public Trustee	10	6	9
Number of vehicles restrained under the Act on hand as at 30 June	15	18	22
Real estate properties restrained under the Act on hand as at 30 June	8	2	4
Number of vehicles disposed of during the year	4	1	3
Amount of forfeited money paid to Consolidated Revenue in the year *	\$719,000	\$868,000	\$1,315,000

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

Common Fund	2011-2012	2012-2013	2013-2014
Common Fund 1 balance (\$m)	22.1	24.5	32.7
Common Fund 2 balance (\$m)	3.1	4.5	4.4
Common Fund 3 balance (\$m)	5.0	6.2	6.9
Common Fund 4 balance (\$m)	8.4	8.9	9.6
<b>Total of Funds(\$m)</b>	<b>38.6</b>	<b>44.1</b>	<b>53.6</b>
Commission and Fees paid to Consolidated Revenue (\$,000)	397.9	401.9	661.28
Management Fees paid to Consolidated Revenue (\$,000)	488.1	464.6	460.1
Levy paid to Consolidated Revenue (\$,000)	275.4	279.6	332.3

## 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:

- maximising the investment rate of return within the nominal risk constraints;
- minimising the volatility of returns within each asset sector;
- investing within legislative constraints;
- managing the funds in an economic and efficient manner, ensuring the preservation of the Public Trustee's reputation as a professional administrator; and
- 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 percent, and to provide sound income yield. This fund distributes income on a half yearly basis.

<b>Sector</b>	<b>Asset Allocation 30 June 2014</b>	<b>Net Asset Value 30 June 2014</b>		<b>Tolerance (%)</b>
Australian Shares	16.0%	\$660,566	14.93%	14-18
International Shares	5.0%	\$209,783	4.74%	4-6
International Shares (Hedged)	5.0%	\$263,973	5.97%	4-6
Listed Property Securities	4.0%	\$222,504	5.03%	3-5
<b>Total Growth</b>	<b>30%</b>	<b>\$1,356,827</b>	<b>30.67%</b>	<b>28-32</b>
Australian Fixed Interest	25%	\$1,108,788	25.06%	23-27
International Fixed Interest	25%	\$1,122,425	25.37%	23-27
Cash	20%	\$836,173	18.90%	18-22
<b>Total Income</b>	<b>70%</b>	<b>\$3,067,386</b>	<b>69.33%</b>	<b>68-72</b>
<b>Total</b>	<b>100%</b>	<b>\$4,424,212</b>	<b>100.00%</b>	

**PERFORMANCE****Performance before fees, taxes and transaction costs<sup>1</sup>**

<b>Year ended 30 June 2014</b>	<b>Portfolio (%)<sup>2</sup></b>	<b>Benchmark (%)<sup>3</sup></b>	<b>Deviation (%)</b>
3 Months	2.51	2.55	-0.04
6 Months	4.13	4.17	-0.04
12 Months	11.26	9.43	1.82

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

<sup>1</sup> Performance summary for the Conservative fund is provided by Deloitte Financial Services.

<sup>2</sup> Portfolio performance is based on actual asset mix during the year.

<sup>3</sup> Benchmark is based on asset mix as at the end of the year.

## 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 half yearly basis.

Sector	Asset Allocation 30 June 2014	Net Asset Value 30 June 2014		Tolerance (%)
Australian Shares	26%	\$1,888,006	27.26%	24-28
International Shares	8.5%	\$610,005	8.81%	8-10
International Shares (Hedged)	8.5%	\$685,326	9.89%	8-10
Listed Property Securities	6%	\$440,173	6.35%	5-7
Emerging Markets Shares	1%	\$47,538	0.69%	0.5-1.5
<b>Total Growth</b>	<b>50%</b>	<b>\$3,671,048</b>	<b>53.00%</b>	<b>48-52</b>
Australian Fixed Interest	20%	\$1,325,643	19.14%	18-22
International Fixed Interest	20%	\$1,333,444	19.25%	18-22
Cash	10%	\$596,137	8.61%	8-12
<b>Total Income</b>	<b>50%</b>	<b>\$3,255,224</b>	<b>47.00%</b>	<b>48-52</b>
<b>Total</b>	<b>100%</b>	<b>\$6,926,272</b>	<b>100.0%</b>	



**PERFORMANCE****Performance before fees, tax and transaction costs<sup>4</sup>**

<b>Year ended 30 June 2013</b>	<b>Portfolio (%)<sup>5</sup></b>	<b>Benchmark (%)<sup>6</sup></b>	<b>Deviation (%)</b>
3 Months	2.73	2.74	-0.01
6 Months	4.37	4.26	0.11
12 Months	11.45	12.50	-1.05

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

<sup>4</sup> Performance summary for the Balanced fund is provided by Deloitte Financial Services.

<sup>5</sup> Portfolio performance is based on actual asset mix during the year.

<sup>6</sup> Benchmark is based on asset mix as at the end of the year.

## 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 half yearly basis.

Sector	Asset Allocation 30 June 2014	Net Asset Value 30 June 2014		Tolerance (%)
Australian Shares	37%	\$3,473,362	35.86%	35-39
International Shares	11.5%	\$1,217,891	12.58%	10-14
International Shares (Hedged)	11.5%	\$1,264,454	13.06%	10-14
Listed Property Securities	8%	\$838,190	8.66%	7-9
Emerging Markets Shares	2%	\$185,402	1.90%	1.5-2.5
<b>Total Growth</b>	<b>70%</b>	<b>6,979,299</b>	<b>72.06%</b>	<b>68-72</b>
Australian Fixed Interest	14%	\$1,266,775	13.09%	12-16
International Fixed Interest	14%	1,264,741	13.06%	12-16
Cash	2%	\$173,301	1.79%	1-3
<b>Total Income</b>	<b>30%</b>	<b>2,704,817</b>	<b>27.94%</b>	<b>28-32</b>
<b>Total</b>	<b>100%</b>	<b>9,684,116</b>	<b>100.0%</b>	

**PERFORMANCE****Performance before fees, tax and transaction costs<sup>7</sup>**

<b>Year ended 30 June 2013</b>	<b>Portfolio (%)<sup>8</sup></b>	<b>Benchmark (%)<sup>9</sup></b>	<b>Deviation (%)</b>
3 Months	2.19	2.98	-0.79
6 Months	3.63	4.35	-0.72
12 Months	14.32	14.92	-0.61

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

<sup>7</sup> Performance summary for the Growth fund is provided by Deloitte Financial Services

<sup>8</sup> Portfolio performance is based on actual asset mix during the year.

<sup>9</sup> Benchmark is based on asset mix as at the end of the year.

## 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 2013 (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 monthly basis.

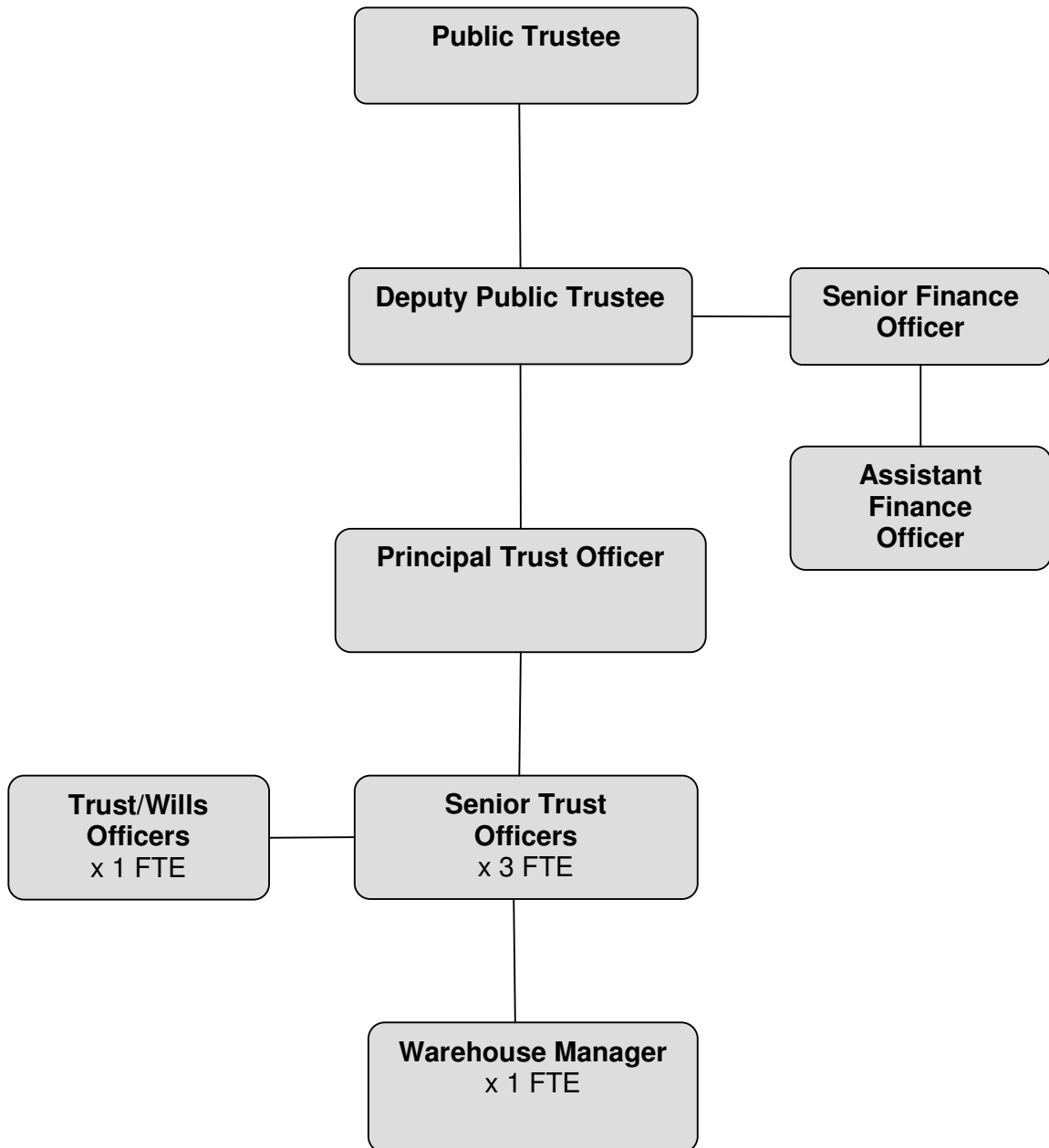
## ADMINISTRATIVE FEES AND CHARGES

The fees charged by the Public Trustee are set by Determination notified in the Government Gazette in accordance with section 74(2) of the *Public Trustee Act*. The main elements of the fee schedule (\*) which became operative on 26 June 2013 (being the date of their *Gazetta*) were as follows:

- \$110 for wills if naming Public Trustee as Executor
- \$22 for amendments to wills prepared by Public Trustee
- \$277.20 for 'complex' wills
- \$554.50 for administration work where grant of representation is not obtained
- In respect of the administration of estates
  - 4.4% for the first \$200,000 worth of assets administered
  - 3.3% for the next \$200,000 worth of assets administered
  - 2.2% for the next \$200,000 worth of assets administered
  - 1.1% for assets in excess of \$600,000
  - commission of 6% on income received.
- In respect of the administration of trusts
  - 1.1% of the capital for trusts with a defined termination date;
  - 2.2% of the capital for trusts with no defined termination date other than death;
  - commission of 6.6% 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. The above fees quoted are GST inclusive.

## STAFFING STRUCTURE OF THE OFFICE



**PUBLIC TRUSTEE FOR THE NORTHERN TERRITORY**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2014**



**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 2014**

I have audited the accompanying financial statements of the Common Funds of the Public Trustee of 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 2014, and the statement of profit or loss and other 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, notes comprising a summary of significant accounting policies and other explanatory information.

**The Responsibility of the Public Trustee for the Financial Statements**

The Public Trustee is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the Public Trustee determines is necessary to enable the preparation and fair presentation of the financial report that 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 my audit. I conducted my audit in accordance with Australian Auditing Standards. Those 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**

In my opinion the financial report gives a true and fair view of the financial position of the Common Funds of the Public Trustee for the Northern Territory as of 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Public Trustee Act*.

A handwritten signature in cursive script, appearing to read 'Julie Crisp'.

Julie Crisp  
Auditor-General for the Northern Territory

Darwin, Northern Territory  
10 December 2014



**STATEMENT BY PUBLIC TRUSTEE FOR THE NORTHERN TERRITORY**

In my opinion the accompanying Financial Report of the Common Funds comprising Statement of Profit or Loss and Other Comprehensive Income for Common Funds 1 to 4, Statement of Financial Position for Common Funds 1 to 4, Statement 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 2014 and their financial position at that date.



David Lisson

Dated: 9/12/14

**COMMON FUND 1 : THE CASH COMMON FUND**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>INCOME</b>			
Interest – Bank		159,583	79,383
Income – Managed Funds and Term Deposit		619,653	731,023
Change in Net Market Value of Investments	14	9,409	-
Other Income	4	444,963	395,900
		<b>1,233,608</b>	<b>1,206,306</b>
<b>EXPENDITURE</b>			
Government Management Fees and Levy	2(p)	853,174	809,094
Legal and Advisory Expenses		1,441	8,763
Other Expenses	5	140,080	123,060
Change in Net Market Value of Investments	14	-	7,918
		<b>994,695</b>	<b>948,835</b>
<b>SURPLUS FOR THE YEAR</b>		<b>238,913</b>	<b>257,471</b>
Other Comprehensive Income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>238,913</b>	<b>257,471</b>

*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 2014**

	Note	2014 \$	2013 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash and Cash Equivalents		8,176,521	2,918,735
Investments	6	24,016,306	21,000,347
Receivables	2(f)	36,975	49,905
		<b>32,229,802</b>	<b>23,968,987</b>
<b>Non Current</b>			
Investment Property	2(g)	655,000	655,000
<b>TOTAL ASSETS</b>		<b>32,884,802</b>	<b>24,623,987</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accrued Expenses		153,287	80,941
<b>NET ASSETS</b>		<b>153,287</b>	<b>24,543,046</b>
<b>EQUITY</b>			
Funds under Administration	8	32,254,845	24,065,407
Undistributed Surplus	10	476,671	477,639
<b>TOTAL EQUITY</b>		<b>32,731,516</b>	<b>24,543,046</b>

*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 2014**

	Note	2014 \$	2013 \$
Balance of Equity at 1 July		24,543,046	22,165,727
<b>Funds Under Administration</b>			
Balance at 1 July		24,065,406	21,674,601
Proceeds from client activity		43,106,409	38,267,335
Payments made on behalf of clients		(34,916,970)	(35,876,530)
Balance at 30 June		32,254,845	24,065,406
<b>Undistributed Surplus</b>			
Balance at 1 July		477,640	491,126
Surplus for the Year		238,913	257,471
Other Comprehensive Income		-	-
Total Comprehensive Income		238,913	257,471
Less Distribution Paid		(239,882)	(270,957)
Balance at 30 June	10	476,671	477,640
<b>BALANCE OF EQUITY AT 30 JUNE</b>		<b>32,731,516</b>	<b>24,543,046</b>

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 2014**

	Notes	2014 \$	2013 \$
<b>Cash Flows From Operating Activities</b>			
Income		1,258,499	1,203,845
Expenses		(943,719)	(942,036)
<b>Net cash provided by operating activities</b>	11(a)	<b>314,780</b>	<b>261,809</b>
<b>Cash Flows from Investing Activities</b>			
Payments for investments		(8,006,550)	(1,006,991)
Proceeds from sale of investments		5,000,000	-
<b>Net cash used in investing activities</b>		<b>(3,006,550)</b>	<b>(1,006,991)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds received from clients activity		27,224,610	23,006,316
Payments made on behalf of clients		(19,275,053)	(20,886,490)
<b>Net cash provided by financing activities</b>		<b>7,949,557</b>	<b>2,119,826</b>
<b>Net increase in cash held</b>		<b>5,257,787</b>	<b>1,374,644</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,918,735</b>	<b>1,544,091</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>8,176,522</b>	<b>2,918,735</b>

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

**COMMON FUND 2 : THE CONSERVATIVE FUND**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>INCOME</b>			
Interest - Bank		1,280	2,080
Trust distributions		190,347	122,914
Changes in net market value of investments	14	216,243	220,667
		<b>407,870</b>	<b>345,661</b>
<b>EXPENDITURE</b>			
Management fees	2(k)	89,974	77,126
Other expenses		237	157
		<b>90,211</b>	<b>77,283</b>
<b>SURPLUS FOR THE YEAR</b>		<b>317,659</b>	<b>268,378</b>
Other Comprehensive Income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>317,659</b>	<b>268,378</b>

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 2014**

	Note	2014 \$	2013 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash and Cash equivalents		-	-
Investments	6	4,424,213	4,566,401
<b>TOTAL ASSETS</b>		<b>4,424,213</b>	<b>4,566,401</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Overdraft		40,466	17,517
Payables		7,268	7,354
<b>TOTAL LIABILITIES</b>		<b>47,734</b>	<b>24,871</b>
<b>NET ASSETS</b>		<b>4,376,479</b>	<b>4,541,530</b>
<b>EQUITY</b>			
Funds under Administration	8	4,376,479	4,541,530
<b>TOTAL EQUITY</b>		<b>4,376,479</b>	<b>4,541,530</b>

*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 2014**

	Note	2014 \$	2013 \$
As at 1 July		4,541,530	3,121,944
Surplus for the year		317,659	268,378
Distributions to unitholders		(103,526)	(52,584)
Application for units		1,963,683	2,814,419
Redemption of units		(2,342,867)	(1,610,627)
<b>BALANCE OF EQUITY AT 30 JUNE</b>		<b>4,376,479</b>	<b>4,541,530</b>

*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 2014**

	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Interest received		1,280	2,080
Management fees		(93,382)	(78,349)
Other expenses		(237)	(157)
<b>Net cash used in operating activities</b>	11(a)	<b>(92,338)</b>	<b>(76,426)</b>
<b>Cash flows from investing activities</b>			
Payments for investments		(758,200)	(1,900,000)
Proceeds from sale of investments		1,310,300	791,210
<b>Net cash provided by (used in) investing activities</b>		<b>552,100</b>	<b>(1,108,790)</b>
<b>Cash flows from financing activities</b>			
Proceeds from unit applications		1,963,682	2,814,419
Payments on redemptions		(2,342,867)	(1,610,627)
Income distributed		(103,526)	(52,584)
<b>Net cash provided by (used in) financing activities</b>		<b>(482,711)</b>	<b>1,151,208</b>
<b>Net decrease in cash held</b>		<b>(22,949)</b>	<b>(34,008)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(17,517)</b>	<b>16,491</b>
<b>Cash and cash equivalents (overdraft) at the end of the year</b>		<b>(40,466)</b>	<b>(17,517)</b>

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

**COMMON FUND 3 : THE BALANCED FUND**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>INCOME</b>			
Interest - Bank		1,540	3,036
Trust distributions		272,731	166,815
Changes in net market value of investments	14	486,971	517,436
		<b>761,241</b>	<b>687,287</b>
<b>EXPENDITURE</b>			
Management fees	2(k)	130,425	104,043
Other expenses		210	128
		<b>130,635</b>	<b>104,171</b>
<b>SURPLUS FOR THE YEAR</b>		<b>630,606</b>	<b>583,116</b>
Other Comprehensive Income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>630,606</b>	<b>583,116</b>

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 2014**

	Note	2014 \$	2013 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		-	25,508
Investments	6	6,926,272	6,194,640
<b>TOTAL ASSETS</b>		<b>6,926,272</b>	<b>6,220,148</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Overdraft		1,075	-
Payables		11,399	10,057
<b>TOTAL LIABILITIES</b>		<b>12,474</b>	<b>10,057</b>
<b>NET ASSETS</b>		<b>6,913,798</b>	<b>6,210,091</b>
<b>EQUITY</b>			
Funds under Administration	8	6,913,798	6,210,091
<b>TOTAL EQUITY</b>		<b>6,913,798</b>	<b>6,210,091</b>

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 2014**

	Note	2014 \$	2013 \$
As at 1 July		6,210,091	4,980,631
Surplus for the year		630,606	583,116
Distributions to unitholders		(147,120)	(72,324)
Application for units		2,418,804	2,860,981
Redemption of units		(2,198,583)	(2,142,313)
<b>BALANCE OF EQUITY AT 30 JUNE</b>		<b>6,913,798</b>	<b>6,210,091</b>

*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 2014**

	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Interest received		1,540	3,036
Management fees		(133,565)	(107,170)
Other expenses		(210)	(128)
<b>Net cash used in operating activities</b>	11(a)	<b>(132,235)</b>	<b>(104,262)</b>
<b>Cash flows from investing activities</b>			
Payments for investments		(709,950)	(1,279,500)
Proceeds from sale of investments		742,500	738,800
<b>Net cash provided by (used in) investing activities</b>		<b>32,550</b>	<b>(540,700)</b>
<b>Cash flows from financing activities</b>			
Proceeds from unit applications		2,418,804	2,860,981
Payments on redemptions		(2,198,582)	(2,142,313)
Income distributed		(147,120)	(72,325)
<b>Net cash provided by financing activities</b>		<b>73,102</b>	<b>646,343</b>
<b>Net increase (decrease) in cash held</b>		<b>(26,583)</b>	<b>1,381</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>25,508</b>	<b>24,127</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>(1,075)</b>	<b>25,508</b>

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

**COMMON FUND 4 : THE GROWTH FUND**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>INCOME</b>			
Interest - Bank		1,011	2,162
Trust distributions		380,994	284,081
Changes in net market value of investments	14	928,438	1,162,182
		<b>1,310,442</b>	<b>14,448,426</b>
<b>EXPENDITURE</b>			
Management fees	2(k)	181,001	169,341
Other expenses		274	1,020
		<b>181,275</b>	<b>170,361</b>
<b>SURPLUS FOR THE YEAR</b>		<b>1,129,167</b>	<b>1,278,065</b>
Other Comprehensive Income		-	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>		<b>1,129,167</b>	<b>1,278,065</b>

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 2014**

	Note	2014 \$	2013 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		31,616	-
Investments	6	9,684,116	9,029,599
<b>TOTAL ASSETS</b>		<b>9,715,732</b>	<b>9,029,599</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Overdraft			28,649
Payables		15,956	14,910
<b>TOTAL LIABILITIES</b>		<b>15,956</b>	<b>43,559</b>
<b>NET ASSETS</b>		<b>9,699,776</b>	<b>8,986,040</b>
<b>EQUITY</b>			
Funds under Administration	8	9,699,776	8,986,040
<b>TOTAL EQUITY</b>		<b>9,699,776</b>	<b>8,986,040</b>

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 2014**

	Note	2014 \$	2013 \$
As at 1 July		8,986,040	8,366,184
Surplus for the year		1,129,167	1,278,065
Distributions to unitholders		(193,988)	(128,363)
Application for units		1,193,517	835,409
Redemption of units		(1,414,960)	(1,365,254)
<b>BALANCE OF EQUITY AT 30 JUNE</b>		<b>9,699,776</b>	<b>8,986,040</b>

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 2014**

	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Interest received		1,011	2,162
Management fees		(186,041)	(176,329)
Other expenses		(273)	(1,020)
<b>Net cash used in operating activities</b>	11(a)	<b>(185,303)</b>	<b>(175,187)</b>
<b>Cash flows from investing activities</b>			
Payments for investments		(458,000)	(234,000)
Proceeds from sale of investments		1,119,000	1,010,550
<b>Net cash provided by investing activities</b>		<b>661,000</b>	<b>776,550</b>
<b>Cash flows from financing activities</b>			
Proceeds from unit applications		1,193,517	835,409
Payments on redemptions		(1,414,960)	(1,365,255)
Income distributed		(193,989)	(128,364)
<b>Net cash used in financing activities</b>		<b>(455,432)</b>	<b>(658,210)</b>
<b>Net decrease in cash held</b>		<b>60,265</b>	<b>(56,847)</b>
<b>Cash and cash equivalents (overdraft) at the beginning of the year</b>		<b>(28,649)</b>	<b>28,198</b>
<b>Cash and cash equivalents (overdraft) at the end of the year</b>		<b>31,616</b>	<b>(28,649)</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**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 trusts and estates and management funds under administration at the year-end.

**2 STATEMENT OF ACCOUNTING POLICIES**

**(a) *Basis of Preparation***

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 investment property, which are recorded at fair value.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Public Trustee's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant to the financial statements are disclosed in Note 2.

The financial report is presented in Australian dollar, which is Public Trustee's functional and presentation currency. All amounts have been round off to the nearest dollar.

**(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) *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:

*Trust distributions*

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

**2. STATEMENT OF ACCOUNTING POLICIES (continued)****(d) Cash and Cash Equivalents**

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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown as current liabilities on the statement of financial position.

**(e) 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 measured at their fair value. The fair value is determined in accordance with unit prices at the reporting 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 profit or loss.

*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 reporting 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 profit or loss.

Additional disclosures in relation to financial instruments are provided at Note 12.

**2. STATEMENT OF ACCOUNTING POLICIES (continued)**

**(f)** *Receivables*

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

**(g)** *Investment in property*

Coonawarra Road Store is accounted for as an investment property which is comprised of freehold land and building held for long term rental and capital appreciation that are not occupied by the Common Fund.

The investment in Coonawarra Road Store is measured on fair value. 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 asset is derecognised when disposed of or when there is no future economic benefit expected.

**(h)** *Impairment of non-financial assets*

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**(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 reporting date as advice of distribution entitlements from underlying investments is not received by the Public Trustee until after the reporting date.

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

**2. STATEMENT OF ACCOUNTING POLICIES (continued)**

**(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.

**(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 and receive income distributions.

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 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*

Commission, 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)** *New, revised or amending Accounting Standards and Interpretations adopted*

The Public Trustee has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Public Trustee from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Public Trustee.

The following Accounting Standards and Interpretations are most relevant to the Public

Trustee:  
 2. **STATEMENT OF ACCOUNTING POLICIES (continued)**

*AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*

The Public Trustee has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

*AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The Public Trustee has applied AASB 2012-2 from 1 July 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

*AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*

The Public Trustee has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

(s) *New Accounting Standards and interpretations not yet mandatory or early adopted*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Public Trustee for the annual reporting period ended 30 June 2014. The Public Trustee's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Public Trustee, are set out below.

*AASB 9 Financial Instruments and its consequential amendments*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive name unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The Public Trustee will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the Public Trustee.

*AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the Public Trustee.

*AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the Public Trustee.

*AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 July 2014 will not have a material impact on the Public Trustee.

*AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and allow entities that meet the definition of an "investment entity" to account for their investments at fair value through profit or loss. An investment entity is not required to consolidate investments in entities it controls, or apply AASB 3 'Business Combinations' when it obtains control of another entity, nor is it required to equity account or proportionately consolidate associates and joint ventures if it meets the criteria for exemption in the standard. The adoption of these amendments from 1 July 2014 will have no impact to the Public Trustee.

*Annual Improvements to IFRSs 2010-2012 Cycle*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying

amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the Public Trustee.

*Annual Improvements to IFRSs 2011-2013 Cycle*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the Public Trustee.

### 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Public Trustee continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Public Trustee bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) *Valuation of Investments*

The 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 profit or loss and transferred to unit holders' funds reserve until realisation.

The details on the market value of the investments are disclosed in Note 6.

(b) *Valuation of the Coonawarra Road Store*

Investment in Coonawarra Road Store is measured at fair value at each reporting date. Fair Value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the reporting date.

The fair value of the Coonawarra Road store is based on the independent valuation of the Australian Valuation Office. The valuation approach used has been assessed having regards to market evidence, prevailing economical conditions and to anticipate yields in the investment market. The carrying value of the investment property is assessed at reporting date to ensure there has been no material changes in the fair value since the valuation date. The fair value of the Coonawarra Road Store amounted to \$655,000 in 2014 (\$655,000 in 2013) based on independent valuation report.



**4. OTHER INCOME**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Receipts from Fund Managers	415,289	367,266
Rent Received	29,674	28,634
<b>Total</b>	<b>444,963</b>	<b>395,900</b>

**5. OTHER EXPENSES**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Bank Charges	2,391	1,983
Property Expenses	12,188	10,089
Fund Management Fees	125,501	110,988
<b>Total</b>	<b>140,080</b>	<b>123,060</b>

**6. 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 2014 is as follows:

	<b>Common Fund 1</b>		<b>Common Fund 2</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Australian cash</b>	24,016,306	21,000,347	836,173	968,489
<b>Australian shares</b>	-	-	660,567	782,557
<b>Australian fixed interest</b>	-	-	1,108,788	1,105,874
<b>Australian property</b>	-	-	222,504	201,303
<b>International shares</b>	-	-	473,756	436,740
<b>International fixed Interest</b>	-	-	1,122,425	1,071,438
	<b>24,016,306</b>	<b>21,000,347</b>	<b>4,424,213</b>	<b>4,566,401</b>

	<b>Common Fund 3</b>		<b>Common Fund 4</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Australian cash</b>	596,137	620,365	173,301	134,295
<b>Australian shares</b>	1,888,006	1,541,840	3,473,362	3,274,288
<b>Australian fixed interest</b>	1,325,643	1,279,583	1,266,775	1,126,150
<b>Australian property</b>	440,173	407,805	838,190	696,397
<b>International shares</b>	1,295,331	1,127,653	2,482,346	2,377,837
<b>International fixed Interest</b>	1,333,444	1,174,517	1,264,741	1,253,408
<b>Emerging Markets</b>	47,538	42,877	185,402	167,224
	<b>6,926,272</b>	<b>6,194,640</b>	<b>9,684,117</b>	<b>9,029,599</b>

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

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

	Common Fund 2		Common Fund 3	
	2014	2013	2014	2013
	Units	Units	Units	Units
Balance at the beginning of the year	4,754,955	3,462,179	5,965,321	5,276,945
Applications	2,019,989	3,016,033	2,231,927	2,869,010
Redemptions	(2,408,420)	(1,723,257)	(2,022,331)	(2,180,634)
<b>Balance at the end of the year</b>	<b>4,366,524</b>	<b>4,754,955</b>	<b>6,174,917</b>	<b>5,965,321</b>

	Common Fund 4	
	2014 Units	2013 Units
Balance at the beginning of the year	7,998,931	8,456,141
Applications	966,949	804,534
Redemptions	(1,192,916)	(1,261,744)
<b>Balance at the end of the Year</b>	<b>7,772,964</b>	<b>7,998,931</b>

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.

	2014 \$	2013 \$
Common Fund 2	73,119	170,783
Common Fund 3	475,640	528,841
Common Fund 4	922,916	1,420,475

The Cash Common Fund 1 does not issue units.

**8. FUNDS UNDER ADMINISTRATION**

	Common Fund 1	Common Fund 1	Common Fund 2	Common Fund 2
	2014	2013	2014	2013
	\$	\$	\$	\$
Deceased Estates	8,461,889	7,652,041	-	-
Beneficial Trusts	1,286,168	1,319,254	389,906	121,834
Legal Trusts	8,230,496	6,045,622	2,416,718	3,198,040
Aged, Infirm and Mental Health Trusts	5,509,988	3,431,042	1,569,855	1,221,656
Crimes Property Forfeiture	100,497	170,334	-	-
Miscellaneous Trusts	8,665,807	5,447,114	-	-
<b>Total Funds</b>	<b>32,254,845</b>	<b>24,065,407</b>	<b>4,376,479</b>	<b>4,541,530</b>

	Common Fund 3	Common Fund 3	Common Fund 4	Common Fund 4
	2014	2013	2014	2013
	\$	\$	\$	\$
Deceased Estates	-	-	-	-
Beneficial Trusts	207,161	335,855	323,608	312,126
Legal Trusts	4,012,448	4,034,531	6,996,660	6,802,995
Aged, Infirm and Mental Health Trusts	2,694,189	1,839,705	2,379,508	1,870,919
Crimes Property Forfeiture	-	-	-	-
Miscellaneous Trusts	-	-	-	-
<b>Total Funds</b>	<b>6,913,798</b>	<b>6,210,091</b>	<b>9,699,776</b>	<b>8,986,040</b>

	Total	Total
	2014	2013
	\$	\$
Deceased Estates	8,461,889	7,652,041
Beneficial Trusts	2,206,843	2,089,069
Legal Trusts	21,656,322	20,081,188
Aged, Infirm and Mental Health Trusts	12,153,540	8,363,322
Crimes Property Forfeiture	100,497	170,334
Miscellaneous Trusts	8,665,807	5,447,114
<b>Total Funds</b>	<b>53,244,898</b>	<b>43,803,068</b>

**9. INVESTMENT IN COONAWARRA ROAD**

	2014	2013
	\$	\$
Beginning of Year	655,000	635,000
Change in Fair Value	-	20,000
End of Year	655,000	655,000

**9. INVESTMENT IN COONAWARRA ROAD (Continued)**

The Property is leased out for office accommodation and storage for 3 years, from 1 January 2012 to 31 December 2014. The rent amounted to \$30,205.53 per annum exclusive of GST payable by equal monthly instalments in advance. Rent received for the year ended 30 June 2014 amounted to \$29,674 (2013: \$28,634).

The future minimum lease payments:

	2014 \$	2013 \$
Not later than 1 year	15,102	28,220
Later than one year but not less than five years	-	14,110

Refer to Note 2 for basis of valuation.

**10. UNDISTRIBUTED SURPLUS**

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

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

	2014 \$	2013 \$
Surplus for the year	238,913	257,471
- Changes in net market value of investments – unrealised	(9,409)	7,918
- Movements in receivables	12,930	(2,516)
- Movements in payables	72,346	(1,064)
- Realised gain on sale of investments (note 14)	-	-
<b>Net cash provided by operating activities</b>	<b>314,780</b>	<b>261,809</b>

**Common Fund 2**

Surplus for the year	317,659	268,378
- Changes in net market value of investments – unrealised	(73,119)	(170,782)
- Movements in payables	(86)	2,249
- Realised gain (loss) on sale of investments (note 14)	(143,124)	(49,885)
- Non cash dividends received from investments	(193,668)	(126,386)
<b>Net cash used in operating activities</b>	<b>(92,338)</b>	<b>(76,426)</b>

**11. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)****Common Fund 3**

	2014 \$	2013 \$
Surplus for the year	630,606	583,116
- Changes in net market value of investments – unrealised	(475,640)	(528,841)
- Movements in payables	1,342	1,883
- Realised gain on sale of investments (note 14)	(11,331)	11,405
- Non cash dividends received from investments	(277,212)	(171,825)
<b>Net cash used in operating activities</b>	<b>(132,235)</b>	<b>(104,262)</b>

**Common Fund 4**

Surplus /(Deficit) for the year	1,129,167	1,278,065
- Changes in net market value of investments – unrealised	(922,916)	(1,420,475)
- Movements in payables	1,048	1,284
- Realised gain on sale of investments (note 14)	(5,522)	258,293
- Non cash dividends received from investments	(387,080)	(292,354)
<b>Net cash used in operating activities</b>	<b>(185,303)</b>	<b>(175,187)</b>

**12. 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.

**12. FINANCIAL RISK MANAGEMENT (Continued)**

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
		2014 \$	2014 \$	2013 \$	2013 \$
<b>Interest Rate Risk</b>	+ 100 basis points	81,765	81,765	29,187	29,187
	- 100 basis points	(81,765)	(81,765)	(29,187)	(29,187)

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:

**Common Fund 1**

Weighted Average Effective Interest Rate	Variable Interest Rate Within 1 Year		Non Interest Bearing		Total	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
<b>Financial Assets</b>						
Cash 2.2\2.5%	8,176,521	2,918,735	-	-	8,176,521	2,918,735
Receivables	-	-	36,975	49,905	36,975	49,905
Investment	-	-	24,016,306	21,000,347	24,016,306	21,000,347
	<b>8,176,521</b>	<b>2,918,735</b>	<b>24,053,281</b>	<b>21,050,252</b>	<b>32,229,802</b>	<b>23,968,987</b>

12. **FINANCIAL RISK MANAGEMENT (Continued)****Common Fund 2**

Weighted Average Effective Interest Rate	Variable Interest Rate		Non Interest Bearing		Total	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
<b>Financial Assets</b>						
Cash 2.21/2.5%	(40,466)	(17,517)		-	(40,466)	(17,517)
Investments		-	4,424,213	4,566,401	4,424,213	4,566,401
	<b>(40,466)</b>	<b>(17,517)</b>	<b>4,424,213</b>	<b>4,566,401</b>	<b>4,383,747</b>	<b>4,548,884</b>
<b>Financial Liabilities</b>						
Payables	-	-	7,268	7,354	7,268	7,354
		-	<b>7,268</b>	<b>7,354</b>	<b>7,268</b>	<b>7,354</b>

**Common Fund 3**

Weighted Average Effective Interest Rate	Variable Interest Rate		Non Interest Bearing		Total	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
<b>Financial Assets</b>						
Cash 2.21/2.5%	(1,075)	25,508	-	-	(1,075)	25,508
Investments	-	-	6,926,272	6,194,640	6,926,272	6,194,640
	<b>(1,075)</b>	<b>25,508</b>	<b>6,926,272</b>	<b>6,194,640</b>	<b>6,925,197</b>	<b>6,220,148</b>
<b>Financial Liabilities</b>						
Payables	-	-	11,399	10,057	11,399	10,057
	-	-	<b>11,399</b>	<b>10,057</b>	<b>11,399</b>	<b>10,157</b>

**Common Fund 4**

Weighted Average Effective Interest Rate	Variable Interest Rate		Non Interest Bearing		Total	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
<b>Financial Assets</b>						
Cash 2.21/2.5%	31,616	(28,649)	-	-	31,616	(28,649)
Investments	-	-	9,684,116	9,029,599	9,684,116	9,029,599
	<b>31,616</b>	<b>(28,649)</b>	<b>9,684,116</b>	<b>9,029,599</b>	<b>9,684,116</b>	<b>9,000,950</b>
<b>Financial Liabilities</b>						
Payables	-	-	15,956	14,910	15,956	14,910
	-	-	<b>15,956</b>	<b>14,910</b>	<b>15,956</b>	<b>14,910</b>

**12. FINANCIAL RISK MANAGEMENT (Continued)****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. 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 reporting date in relation to each class of recognised financial assets is the carrying amount as disclosed in the Statement of Financial Position and notes to the financial statements. All are current and not impaired.

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".

	Note	Carrying Amount	
		2014	2013
<b>Common Fund 1</b>			
Cash and cash equivalents		8,176,521	7,918,735
Financial Assets at Fair Value through profit and loss	6	24,016,306	16,000,347
Loans and Receivables		36,975	49,905
<b>Common Fund 2</b>			
Cash and cash equivalents		(40,466)	(17,517)
Financial Assets at Fair Value through profit and loss	6	4,424,213	4,566,401
<b>Common Fund 3</b>			
Cash and cash equivalents		(1,075)	25,508
Financial Assets at Fair Value through profit and loss	6	6,926,272	6,194,640
<b>Common Fund 4</b>			
Cash and cash equivalents		31,616	(28,649)
Financial Assets at Fair Value through profit and loss	6	9,684,117	9,029,599



**12. FINANCIAL RISK MANAGEMENT (Continued)****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.

**13. FAIR VALUE MEASUREMENT**

The following levels detail the Common Fund's assets measured at fair value by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, wither directly (as Prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair values of the investment in securities are categorised under Level 2. There were no transfers between levels during the reporting year. The fair value of the investment property is categorised under Level 2. The method used for the valuation of the property is known as the "Direct Comparison Approach" in which the subject property is compared with other industrial buildings that have recently been sold. Given the age and utility of the improvements, it only adds holding income until such time the property is redeveloped.

Unless otherwise stated, the carrying amounts of the financial instruments reflect their fair values. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair value due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instructions.

**14. CHANGES IN NET MARKET VALUE OF INVESTMENTS**

	2014 \$	2013 \$
<b>Common Fund 1</b>		
Realised capital gains during the period	-	-
Revaluation of investments to market value – Unrealised	9,409	(7,918)
	<b>9,409</b>	<b>(7,918)</b>
<b>Common Fund 2</b>		
Realised capital gains during the period	143,124	49,885
Revaluation of investments to market value – Unrealised	73,119	170,782
	<b>216,243</b>	<b>220,667</b>

**14. CHANGES IN NET MARKET VALUE OF INVESTMENTS (Continued)**

	2014	2013
	\$	\$
<b>Common Fund 3</b>		
Realised capital gains during the period	11,331	(11,405)
Revaluation of investments to market value – Unrealised	475,640	528,841
	<b>486,971</b>	<b>517,436</b>
<b>Common Fund 4</b>		
Realised capital gains during the period	5,522	(258,293)
Revaluation of investments to market value – Unrealised	922,916	1,420,475
	<b>928,438</b>	<b>1,162,182</b>

**15. CONTINGENT LIABILITIES**

No contingent liabilities existed as at 30 June 2014 or have arisen since reporting date.

**16. EVENTS AFTER THE REPORTING DATE**

No significant events have occurred since reporting date which would impact on the financial position of the Common Funds as disclosed in the Statement of Financial Position as at 30 June 2014, 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 \$1,000)  
HELD BY THE PUBLIC TRUSTEE  
AS AT JUNE 2014**

DECEASED ESTATE NAME	BENEFICIARY NAME	AMOUNT \$
ESTATE:- JOHN MAY		193,351.70
ESTATE:- MATTHEW HALL	BERYL HALL	107,696.08
ESTATE:- CHIUSIU CHAN		38,717.47
ESTATE:- THOMAS PRITCHARD		35,873.59
ESTATE:- GEORGE PRITCHARD		27,097.21
ESTATE:- WILLIAM PRITCHARD		27,096.89
ESTATE:- PETER BEGIC	FRANK BEGIC	19,932.81
ESTATE:- THOMAS MATTHEWS		19,564.46
ESTATE:- RAYMOND MAYO	AMANDA MAYO	19,225.27
ESTATE:- RAYMOND MAYO	ABRAHAM MAYO	19,225.27
ESTATE:- LEO RIDDER	UNKNOWN CHILD	15,508.57
ESTATE:- JOE GORDON	JILL GORDON	14,447.43
ESTATE:- CAROL LANE		13,951.23
ESTATE:- ALLAN MURPHY	ADAM MURPHY	11,576.86
ESTATE:- RUBY MEIWALA	DON GUNDINGA	11,499.45
ESTATE:- ALICE FULLER	ROBERT FULLER	11,409.22
ESTATE:- BILLY MUKA		10,938.99
TRUST: MARCUS NELSON		10,418.59
TRUST: JASON NELSON		10,297.87
TRUST:- ALBERT WALPOLE		9,704.16
TRUST: LAMET NAMUNDJA		7,766.66
ESTATE: BEDRICH MOHAUPT		7,704.03
ESTATE: MARY ASHLEY	NELL DUBULWANGA	7,197.42
TRUST: JOANNE KELLY MCDONALD		6,951.02
ESTATE: MINNIE NIMARA		6,846.74
ESTATE:- GERALD MARTIN		6,406.79
ESTATE:- LIONEL JEFFREY		6,081.08
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: TIBOR VESZ		5,367.36
TRUST:- EMMA JINDERAH		5,323.38
ESTATE:- LEO JOHN	SANDY AUGUST BOOKEDEA BADIN	5,320.65
ESTATE:- LEO JOHN	TIBBY WARATBUGGUAN BULAINJAN	5,320.65
ESTATE:- RICHARD BAILEY		4,976.13
ESTATE: NORMAN ANDERSON		4,767.87
ESTATE:- MARY NUNGALA/ROSS		3,909.05
ESTATE: JOHN PATTERSON		3,876.85
ESTATE:- JOHN FRANCIS MOORE	DENNIS MOORE	3,857.00
ESTATE:- TOMMY PANANGALKU	MOLLY KUMNANARA	3,493.47

**UNCLAIMED MONEYS AND MONEYS DEEMED BONA VACANTIA  
(CONTINUED)  
(IN EXCESS OF \$1,000)  
HELD BY THE PUBLIC TRUSTEE  
AS AT JUNE 2014**

DECEASED ESTATE NAME	BENEFICIARY NAME	AMOUNT \$
ESTATE:- MONICA CONWAY	JOHN CONWAY	3,418.81
ESTATE:- WILLIAM TAME		3,023.01
ESTATE: CHRISTIAN PRAUD		2,765.27
ESTATE:- JAMES LIDDY		2,753.57
ESTATE:- LEO JOHN	JOHNNY GODIJIA JALYERI BEETALOO	2,660.33
ESTATE:- LEO JOHN	TOMMY BEETALOO	2,660.32
ESTATE:- KRESTEN MADSEN		2,579.57
ESTATE: DAVID HARRIS	ROBERT HARRIS	2,452.41
ESTATE:- WILLIAM TREMBLAY	WILLIAM TREMBLAY THE THIRD	2,327.41
ESTATE:- DARNEY DIXON	SUZANNE DIXON	2,316.35
ESTATE:- HACENE BOUFERGUENE		2,139.84
ESTATE:- JAN KOHN		2,126.32
ESTATE:- ALBIE DIXON		2,072.39
ESTATE:- MINNIE NANGALA	RAINYERRI JABALJARI	1,948.71
ESTATE:- NIKOLA MATOJEVIC		1,901.94
ESTATE:- JOANNIE ROSS		1,870.13
ESTATE:- LASZLO MAGYARY		1,838.98
ESTATE:- LEO JOHN	MARY MAGDELENE KINGSLEY	1,773.55
ESTATE:- LEO JOHN	PEARL WILFRED NGAMAIYANG	1,773.55
ESTATE:- LEO JOHN	DALLAS KINGSLEY	1,773.54
ESTATE:- LORNA MALBUNKA	SYBIL MALBUNKA	1,725.45
ESTATE:- LORNA MALBUNKA	PATSY MALBUNKA	1,725.44
ESTATE:- LORNA MALBUNKA	RUDOLPH MALBUNKA	1,725.44
ESTATE:- FRANCIS BAIRD		1,696.58
ESTATE: KITTY MINYINGMA	WILLIAM PRESLEY	1,617.64
ESTATE:- STEVEN ROSS		1,400.00
ESTATE: MAY HILLMAN		1,288.98
ESTATE: PETER JACKSON	CECELIA LANSEN	1,180.57
ESTATE: PETER JACKSON	SABINA JACKSON	1,180.57
ESTATE:- LINDY RANKINE	CHARLES RANKINE	1,148.76
ESTATE:- ELENOR BROOKS		1,128.65
ESTATE:- GERARD MARTEL	LORRAINE MARTEL	1,071.12
ESTATE: NANCY LAMB	AMANDA SHEPHERD	\$1,000.00
<b>TOTAL</b>		<b>\$804,680.62</b>