

Public Trustee

Financial report
for the year ended
30 June 2018



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Acting Public Trustee Public Trustee

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 26(2), 30(2) and 50(2) of the *Public Trustee Act 1995*, I have audited the financial report of the Public Trustee for the financial year ended 30 June 2018.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Public Trustee as at 30 June 2018, its financial performance and its cash flows for year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018 for Corporate operations
- a Statement of Financial Position as at 30 June 2018 for Corporate operations
- a Statement of Changes in Equity for the year ended 30 June 2018 for Corporate operations
- a Statement of Cash Flows for the year ended 30 June 2018 for Corporate operations
- a Statement of Trusts being Administered as at 30 June 2018
- a Statement of Comprehensive Income for the year ended 30 June 2018 for each of the Common Funds
- a Statement of Financial Position as at 30 June 2018 for each of the Common Funds
- a Statement of Cash Flows for the year ended 30 June 2018 for each of the Common Funds
- notes, for each of the financial statements, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the Acting Public Trustee and the General Manager, Business and Client Financial Services.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my

report. I am independent of the Public Trustee. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Acting Public Trustee for the financial report

The Acting Public Trustee is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting Public Trustee

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Acting Public Trustee about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

20 September 2018

The Public Trustee
Certification of the Financial Statements
for the year ended 30 June 2018

We certify that the accompanying, The Public Trustee Corporate Statements, Common Fund Statements and Statements of Trusts being Administered and the notes thereto:

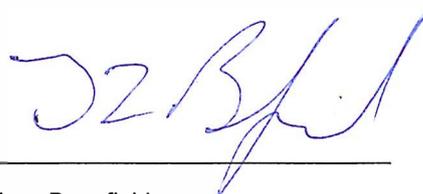
- are in accordance with the accounts and records of the Public Trustee;
- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant accounting standards; and
- present a true and fair view of the financial position of the Public Trustee as at 30 June 2018 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Public Trustee for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Nicolle Rantanen
The Public Trustee (Acting)

13 September 2018



Tony Brumfield
General Manager Business and Client
Financial Services

13 September 2018

The Public Trustee

Financial Statements

For the year ended 30 June 2018

The Public Trustee
CORPORATE
Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Employee benefits	3	16 068	15 223
Supplies and services	5	6 611	6 539
Net loss from disposal of plant and equipment		1	4
Depreciation and amortisation		949	970
Total expenses		23 629	22 736
Income			
Fees and charges	6	22 621	21 425
Interest	7	280	246
Unrealised gains on financial assets		396	36
Investment income		1 268	1 377
Other income	8	239	250
Total income		24 804	23 334
Net result before income tax equivalents		1 175	598
Income tax equivalent		352	179
Net result after income tax equivalents		823	419
Total comprehensive result		823	419

The net result before income tax equivalents and total comprehensive result are attributable to the SA Government as owner.

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

The Public Trustee
CORPORATE
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	9	7 638	7 990
Receivables	10	1 320	1 253
Total current assets		8 958	9 243
Non-current assets			
Financial Assets	11	21 976	20 776
Property, plant and equipment	12	1 645	2 368
Intangible assets	13	292	309
Total non-current assets		23 913	23 453
Total assets		32 871	32 696
Current liabilities			
Payables	14	1 735	1 369
Lease Incentive		268	268
Employee benefits	15	1 975	1 927
Provisions	16	62	18
Total current liabilities		4 040	3 582
Non-current liabilities			
Payables	14	391	398
Lease Incentive		244	513
Employee benefits	15	3 844	3 802
Provisions	16	59	32
Total non-current liabilities		4 538	4 745
Total liabilities		8 578	8 327
Net assets		24 293	24 369
Equity			
Retained earnings		24 293	24 369
Total equity		24 293	24 369

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	17
Contingent assets and liabilities	18

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

The Public Trustee
CORPORATE
Statement of Changes in Equity
for the year ended 30 June 2018

	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2016	24 007	24 007
Net result for 2016-17	419	419
Total comprehensive result for 2016-17	419	419
Transactions with State Government as owner		
Dividends paid	(57)	(57)
Balance at 30 June 2017	24 369	24 369
Net result for 2017-18	823	823
Total comprehensive result for 2017-18	823	823
Transactions with State Government as owner		
Dividends paid	(899)	(899)
Balance at 30 June 2018	24 293	24 293

All changes in equity are attributable to the SA Government as owner.

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

The Public Trustee
CORPORATE
Statement of Cash Flows
for the year ended 30 June 2018

		2018	2017
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
Fees and Charges		24 773	23 894
Sundry income		155	250
Interest		271	247
Investment income		1 421	1 610
Tax equivalents		-	168
Cash generated from operations		<u>26 620</u>	<u>26 169</u>
Cash outflows			
Tax equivalents		(267)	-
Employee benefit payments		(15 991)	(15 249)
Payments for supplies and services		(7 197)	(7 304)
GST remitted to ATO		(1 604)	(1 450)
Cash used in operations		<u>(25 059)</u>	<u>(24 003)</u>
Net cash provided by operating activities	20	<u>1 561</u>	<u>2 166</u>
Cash flows from investing activities			
Cash outflows			
Purchase of financial assets		(804)	(2)
Purchase of property, plant and equipment		(210)	(364)
Purchase of intangibles		-	(96)
Cash used in investing activities		<u>(1 014)</u>	<u>(462)</u>
Cash flows from financing activities			
Cash outflows			
Dividend distribution to State Government		(899)	(57)
Cash used in financing activities		<u>(899)</u>	<u>(57)</u>
Net increase / (decrease) in cash and cash equivalents		(352)	1 647
Cash and cash equivalents at the beginning of the reporting period		7 990	6 343
Cash and cash equivalents at the end of the reporting period	20	<u><u>7 638</u></u>	<u><u>7 990</u></u>

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

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1 Basis of financial statements

a) Reporting Entity

The office of the Public Trustee was established in 1881 and is constituted under the provisions of the *Public Trustee Act 1995*. The Public Trustee is a statutory officer pursuant to the *Public Trustee Act 1995*. The Public Trustee is a body corporate with the powers of a natural person.

b) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general-purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Public Trustee has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Public Trustee is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Public Trustee for the period ending 30 June 2018.

c) Basis of preparation

The financial statements have been prepared based on a 12 month period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Public Trustee has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

Significant accounting policies are set out in the notes.

d) Taxation and dividend

The *Public Trustee Act 1995*, through the provisions of Sections 47 and 48, provides for the payment to Government of taxation equivalents and dividends. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate be applied to the net profit. The Public Trustee consults with the Minister as to whether a dividend should be paid to the Treasurer for that financial year and, if so, as to the amount of the dividend.

The Public Trustee is also liable for payroll tax, fringe benefits tax and goods and services tax.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1 Basis of financial statements (continued)

e) Accounting for the Goods and Services tax (GST)

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

2 Objectives of the Public Trustee

The Public Trustee provides financial and administrative services to the people of South Australia. The Public Trustee's services include will making, powers of attorney preparation and estate and trust administration. We help those who cannot manage their own affairs, and those who have trusted us to assist them.

3 Employee benefits

3.1. Employee benefit expenses

	2018	2017
	\$'000	\$'000
Salaries and wages	11 993	11 548
Long service leave	667	505
Annual leave	997	986
Employment on-costs - superannuation ¹	1 378	1 389
Employment on-costs - other	708	685
Board and committee fees	28	18
Other employee related expenses	27	42
Workers compensation	270	50
Total employee benefit expenses	16 068	15 223

¹ The superannuation employment on-cost charge represents the Public Trustee's contributions to superannuation plans in respect of current services of current employees.

There were no TVSP's during the reporting period.

3.2. Key Management Personnel

Key management personnel of the Public Trustee include the Attorney-General, the Chief Executive, Attorney-General's Department and the Public Trustee Executive who have responsibility for the strategic direction and management of the office. The compensation detailed below excludes salaries and other benefits the Attorney-General receives; the Attorney-General's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

3 Employee benefits expenses (continued)

	2018	2017
	\$'000	\$'000
Key Management Personnel Compensation		
Salaries and other short term employee benefits	754	701
Post-employment benefits	95	110
Other long-term employment benefits	69	-
Termination Benefits	26	-
Total compensation	944	811

The compensation detailed above excludes the salary and other benefits the Chief Executive, Attorney-General's Department receives as these are paid by the Attorney-General's Department.

3.3. Remuneration of Employees

The number of employees whose remuneration received or receivable falls within the following bands:

	2018	2017
	Number	Number
\$149 001 - \$159 000	2	-
\$159 001 - \$169 000*	1	1
\$169 001 - \$179 000	1	-
\$229 001 - \$239 000	-	1
\$239 001 - \$249 000	1	-
\$289 001 - \$299 000	-	1
\$319 001 - \$329 000	-	1
\$329 001 - \$339 000*	1	-
Total number of employees	6	4

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during or part of the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and any fringe benefits tax paid or payable in respect of those benefits. Total remuneration received or due and receivable by these employees was \$1 219 000 (\$969 000).

*Includes payments of long services leave and annual leave benefits paid on separation for officer who left the Public Trustee.

4 Remuneration of Board and Committee members

Members during the 2018 financial year were:

The Public Trustee Audit and Risk Management Committee:

V Hickey	F Anderson* (to 22 September 2017)
C Oerman	A Sax* (20 November 2017 to 20 February 2018)
D Corcoran*	K Kelly* (appointed 15 May 2018)
S Woolhouse*	

The Public Trustee Investment Advisory Committee:

D Contala* (to 16 March 2018)	T Brumfield*
N Rantanen* (appointed 19 March 2018)	D Holston (appointed 26 March 2018)
S Gregor* (to 6 April 2018)	N Wiseman* (to 6 April 2018)
K Kelly* (appointed 15 May 2018)	

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

4 Remuneration of Board and Committee members (continued)

The Public Trustee ICT Committee

D Contala* (to 16 March 2018)	N Rantanen* (appointed 19 March 2018)
T Brumfield*	F Anderson* (to 22 September 2017)
M Hanson* (from March 2018)	A Sax* (20 November 2017 to 20 February 2018)
S Bayliss* (to November 2017)	D Hughes* (from December 2017 to February 2018)
K Kelly* (appointed 15 May 2018)	

The Public Trustee Work Place Consultative Committee #

M Doyle	E Zorbas*
D Contala* (to 16 March 2018)	N Rantanen* (appointed 19 March 2018)
K Kelly* (appointed 21 March 2018)	A Sax* (to 22 March 2018)

In addition to the above, two management representatives, two Public Sector Association representatives, one Public Sector Association industrial officer and up to seven staff representatives attend meetings.

*In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for committee duties during the financial year.

	2018	2017
	Number of	Number of
	Members	Members
The number of members whose remuneration received or receivable fell within the following bands:		
\$0 - \$9 999	3	1
\$10 000 - \$19 999	1	1
	4	2

Remuneration of members reflects all costs of performing committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$28 000 (\$18 000).

5 Supplies and services

	2018	2017
	\$'000	\$'000
Minor works, maintenance and equipment	30	16
Insurance	312	289
Information technology	1 426	1 384
Accommodation and telecommunication	129	85
Operating lease	2 067	2 007
Legal expenses	22	20
Service contractors	1 289	1 366
Resources seconded from SA Government	193	-
Other Supplies and services	955	1 160
Auditors remuneration ¹	169	212
Consultancies ²	19	-
Total supplies and services	6 611	6 539

¹ Audit fees paid/payable to the Auditor General's Department relating to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

Operating lease payments (less any lease incentives) are recognised on a straight-line basis over the lease term.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

5 Supplies and services (continued)

²Consultants

The number of consultancies and the dollar amount paid/payable (included in supplies and services expense) to consultants that fell within the following bands:

	No.	2018 \$'000	No.	2017 \$'000
Below \$10,000	1	7	-	-
Above \$10,000	1	12	-	-
Total paid/payable to the consultants engaged	2	19	-	-

6 Fees and charges

	2018 \$'000	2017 \$'000
Commissions	11 000	10 298
Fees and charges	2 193	2 122
Management fees ¹	9 428	9 005
Total fees and charges	22 621	21 425

¹ A management fee is charged against Common Funds at the rate of one-twelfth of one percent of the value of each fund as at the first business day of the month.

7 Interest

	2018 \$'000	2017 \$'000
Interest on operating account	27	42
Interest on fixed term investments	253	204
Total interest	280	246

8 Other income

	2018 \$'000	2017 \$'000
Recoupment of salaries and oncosts	145	81
Sundry income	94	169
Total other income	239	250

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

9 Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Cash	1 338	2 590
Short term financial assets held to maturity	6 300	5 400
Total cash and cash equivalents	7 638	7 990

Cash and cash equivalents are measured at nominal amounts. Short term financial assets held to maturity include amounts with maturities up to twelve months.

10 Receivables

	2018	2017
	\$'000	\$'000
Current		
Receivables	285	52
Less: Allowance for doubtful debts	(7)	(5)
Prepayments	194	214
Accrued investment income	848	992
Total receivables	1 320	1 253

Receivables are generally settled within 30 days after the issue of an invoice.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Public Trustee will not be able to collect the debt. Bad debts are written off when identified.

11 Financial assets

The Public Trustee is required, pursuant to section 46(2)(c) of the *Public Trustee Act 1995*, to obtain the Treasurer's approval as to the manner of investment of corporate funds.

	2018	2017
	\$'000	\$'000
Australian Fixed interest	3 023	3 020
Australian Fixed Interest (pooled funds)	6 978	6 974
International equities (pooled funds)	4 203	3 837
Australian listed property (pooled funds)	1 834	1 710
Australian equities (pooled funds)	5 938	5 235
Total Financial assets	21 976	20 776

Refer to note 21 for measurement and recognition criteria for financial assets.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

12 Property, plant and equipment

	2018 \$'000	2017 \$'000
Plant and equipment		
Plant and equipment at cost	1 349	1 328
Accumulated depreciation	<u>(1 008)</u>	<u>(857)</u>
Total plant and equipment	<u>341</u>	<u>471</u>
Leasehold improvements		
Leasehold improvements at cost	6 287	6 254
Accumulated depreciation	<u>(4 983)</u>	<u>(4 357)</u>
Total Leasehold improvements	<u>1 304</u>	<u>1 897</u>
Total property, plant and equipment	<u><u>1 645</u></u>	<u><u>2 368</u></u>

12.1. Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

12.2. Carrying amount of plant and equipment and lease hold improvements

All items of plant and equipment had a fair value at the time of acquisition that was less than \$1 million and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value.

Leasehold improvements are stated at cost less accumulated depreciation which is deemed to approximate fair value.

The capitalisation threshold for plant and equipment and leasehold improvements is \$5 000.

The carrying amount of plant and equipment and leasehold improvements is reviewed annually to ensure it is not in excess of the recoverable amounts from these assets.

12.3. Depreciation and amortisation

Plant and equipment is depreciated or amortised on a straight-line basis over their estimated useful lives, commencing from the time the asset is held ready for use.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the lease, whichever is shorter.

The estimated useful life of the following class of assets are:

<u>Class of fixed asset</u>	<u>Useful life (years)</u>
Plant and equipment	3 – 10
Leasehold improvements	Life of lease

12.4. Impairment

All assets are assessed annually for evidence of impairment at reporting date, where there is an indication of impairment, the recoverable amount is estimated. Any amount by which the carrying amount exceeds the recoverable amount is recorded as an impairment loss. There were no indications of impairment of property, plant and equipment at 30 June 2018.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

12 Property, plant and equipment (continued)

12.5. Reconciliation of Property, plant and equipment

The following table shows the movement of property, plant and equipment during 2017-18.

	Plant and equipment \$'000	Leasehold improvements \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the financial year	471	1 897	-	2 368
Additions	29	33	-	62
Disposals	(1)	-	-	(1)
Depreciation and amortisation	(164)	(625)	-	(789)
Transfers between asset classes	6	(1)	-	5
Carrying amount at the end of the financial year	341	1 304	-	1 645

The following table shows the movement of property, plant and equipment during 2016-17.

	Plant and equipment \$'000	Leasehold improvements \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the financial year	256	2 522	26	2 804
Additions	388	-	(26)	362
Disposals	(3)	-	-	(3)
Depreciation and amortisation	(170)	(625)	-	(795)
Carrying amount at the end of the financial year	471	1 897	-	2 368

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

13 Intangible assets

	2018	2017
	\$'000	\$'000
Software		
Software at cost	6 934	6 814
Accumulated depreciation	<u>(6 670)</u>	<u>(6 505)</u>
Total software	<u>264</u>	<u>309</u>
Work in progress		
Work in progress at cost	<u>28</u>	<u>-</u>
Total work in progress	<u>28</u>	<u>-</u>
Total intangible assets	<u><u>292</u></u>	<u><u>309</u></u>

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated over the estimated useful life. The estimated useful life of software is 3 - 4 years.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$5 000.

13.1. Impairment

There were no indications of impairment of intangible assets at 30 June 2018.

13.2. Reconciliation of intangible assets

The following table shows the movement of intangible assets during 2017-18.

	Software	Work in progress	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the financial year	309	-	309
Acquisitions	120	28	148
Amortisation	(160)	-	(160)
Transfers between asset classes	<u>(5)</u>	<u>-</u>	<u>(5)</u>
Carrying amount at the end of the financial year	<u><u>264</u></u>	<u><u>28</u></u>	<u><u>292</u></u>

The following table shows the movement of intangible assets during 2016-17.

	Software	Work in progress	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the financial year	351	37	388
Acquisitions	133	(37)	96
Amortisation	<u>(175)</u>	<u>-</u>	<u>(175)</u>
Carrying amount at the end of the financial year	<u><u>309</u></u>	<u><u>-</u></u>	<u><u>309</u></u>

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

14 Payables

	2018	2017
	\$'000	\$'000
Current		
Trade creditors and accrued expenses	1,111	798
Income tax equivalents	262	177
GST payable	28	54
Employment on-costs ¹	334	340
Total current payables	1 735	1 369
Non-current		
Employment on-costs ¹	391	398
Total non-current payables	391	398
Total payables	2 126	1 767

¹Employment on-costs include payroll tax, WorkCover levies and superannuation contributions. The Public Trustee makes contributions to Super SA. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the superannuation scheme. The only liability outstanding at reporting date relates to any contributions due but not yet paid to Super SA.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has increased to 41% from 40% (2017). The net financial effect of the change in the current financial year on employee on-costs and employee benefits expense is immaterial.

Interest rate and credit risk

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received, unless otherwise agreed. Employment on-costs are settled when the respective employee benefits that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

15 Employee benefits

	2018	2017
	\$'000	\$'000
Current		
Long service leave	542	656
Accrued salaries	263	238
Annual leave	1 012	875
Skills and experience retention leave	158	158
Total current employee benefits	1 975	1 927
Non-current		
Long service leave	3 844	3 802
Total non-current employee benefits	3 844	3 802
Total employee benefits	5 819	5 729

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

15 Employee benefits (continued)

15.1. Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period.

AASB 119 Employee Benefits contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions have been applied to employee data at the Public Trustee to calculate the long service leave liability.

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds for 2018 has remained at 2.5%.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$94 000 and employee benefits expense of \$94 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The split between current and non-current leave liabilities is management's estimate of the proportion of leave expected to be settled within the next 12 months using previous experience.

15.2. Salaries and wages, annual leave and skills and experience retention leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability and the skills and experience retention leave liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

16 Provisions

	2018	2017
	\$'000	\$'000
Current		
Provisions for workers compensation ²	62	18
Total current provisions	62	18
Non-current		
Provision for workers compensation ²	59	32
Total non-current provisions	59	32
Total provisions	121	50
<i>Provision for dividend to State Government¹</i>		
Provision for dividend to State Government at 1 July	-	-
Add: additional provision recognised	899	57
Less: payments to State Government	(899)	(57)
Provision for dividend at 30 June	-	-
<i>Provision for workers compensation</i>		
Provision for workers compensation at 1 July	50	49
Add: increase in provision	270	50
Less: payments from provision	(199)	(49)
Carrying amount at 30 June	121	50

¹ In accordance with the Public Trustee Charter, agreed by the Attorney-General and Treasurer, any differences between forecast profit and audited profit will be addressed through an adjustment to the final dividend in the following financial year. A final dividend for 2016-17 of \$299 000 was paid in 2017-18. In addition an interim dividend of \$600 000 was paid for 2017-18.

²A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2018 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Public Trustee is responsible for the payment of workers compensation claims.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

17 Unrecognised contractual commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Unrecognised contractual commitments are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO). If GST is not payable to, or recoverable from, the ATO the commitments and contingencies are disclosed on a gross basis.

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2018	2017
	\$'000	\$'000
Operating lease commitments		
Within one year	2 196	2 116
Later than one year but not later than five years	2 032	4 227
Total operating lease commitments	4 228	6 343
Representing:		
Non-cancellable operating leases	4 228	6 343
Total operating lease commitments	4 228	6 343

The Public Trustee's operating leases are for office accommodation. Office accommodation is leased from the Department of Planning, Transport and Infrastructure. The leases are non-cancellable and expire in May 2020. Rent is payable monthly in advance.

18 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO). If GST is not payable to, or recoverable from, the ATO, then the commitments and contingencies are disclosed on a gross basis.

The Public Trustee is not aware of any contingent assets or liabilities as at balance date.

19 Related party transactions

The Public Trustee is a Government Business Enterprise and is wholly owned and controlled by the SA Government. Related parties of the Public Trustee include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

19.1. Significant Transactions with government related entities

Transactions between the Public Trustee and other SA Government entities is disclosed at Note 24.

19.2. Transactions with Key Management Personnel and other related parties

Compensation of Key Management Personnel is disclosed at note 3. There were no other transactions with Key Management Personnel or other related parties.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

20 Cash flow reconciliation

	2018	2017
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position;		
Cash and cash equivalents	7 638	7 990
Balance as per the Statement of Cash Flows	<u>7 638</u>	<u>7 990</u>
Reconciliation of net cash provided by operating activities to net result:		
Net result for the year after income tax equivalent	823	419
Add / (less) non cash items:		
Lease incentive	(269)	(267)
Unrealised loss/(gain) on financial assets	(396)	(36)
Gain (Loss) on disposal of equipment	1	4
Depreciation and amortisation expense of non-current assets	949	970
Movements in assets / liabilities:		
Decrease / (Increase) in receivables	(67)	721
Increase / (Decrease) in payables	313	264
Increase / (Decrease) in employee benefits and on-costs	77	(45)
Increase / (Decrease) in provisions	71	(1)
Increase / (Decrease) in income tax equivalents	85	177
Increase / (Decrease) GST liability	(26)	(40)
Net cash provided by operating activities	<u>1 561</u>	<u>2 166</u>

**The Public Trustee
CORPORATE**

**Notes to and forming part of the financial statements
for the year ended 30 June 2018**

21 Financial Instruments

Financial Instruments – Measurement

Financial assets and liabilities held at fair value through the profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income. Fair value of financial instruments are classified, according to fair value hierarchy, at level 2 - fair values that are based on inputs that are directly or indirectly observable for the asset/liability.

- *Fair value in an active market* - The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs.
- *Fair value of unlisted unit trusts* - Investments in other unlisted unit trusts are recorded at the fair value as reported by the managers of such funds.

Financial Instruments – Classification

Investments in financial assets such as equities and units in unlisted schemes have been classified as 'Fair value through the profit or loss' and recognised in the Statement of Financial Position at fair value, with changes in fair value during the period recognised in the Statement of Comprehensive Income.

If any indication of impairment exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Statement of Comprehensive Income.

Receivables and Payables are valued on a historical cost basis and it is considered that carrying value approximates market value. Distributions from trust investments are recognised on a present entitlement basis.

Financial risk management

The Public Trustee's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Public Trustee. Only Australian domiciled pooled funds are used for investments in overseas assets. These funds are not directly exposed to foreign exchange risk as the pooled funds are fully hedged against currency risk.

Management of risk is focused on both strategic and business process risk. Annually, an analysis of strategic risk is undertaken which is comprehensive and covers investment, financial, operational and administrative responsibilities of the Public Trustee. Business processes are documented, key risks are identified and management strategies used to control these risks are in place.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

21 Financial Instruments (continued)

a) Market risk

Price risk

The Public Trustee is exposed to equity securities price risk. This arises from investments held by the Public Trustee and classified on the Statement of Financial Position as financial assets at fair value through the profit or loss. The Public Trustee is not directly exposed to commodity price risk, as the classes of investments include Australian shares, International shares and listed properties.

To manage its price risk arising from investments, The Public Trustee diversifies its portfolio. Diversification of the portfolio is done in accordance with its Investment Guidelines. The analysis detailed below is based on the assumption that the market indexes had increased/decreased by a set percentage with all other variables held constant and all instruments moving according to the historical correlation with the index.

Cash flow and interest rate risk

The Public Trustee's interest rate risk arises from cash investments, short term investments and Australian fixed interest investments. Instruments issued at fixed interest rates expose the Public Trustee to fair value interest rate risk and variable rate instruments expose the Public Trustee to cash flow interest rate risk. The Public Trustee invests in short term money market instruments with maturities less than one year and with credit ratings that satisfy the credit rating requirements of the Public Trustee's Cash Common Fund.

A sensitivity analysis is provided on the next page, outlining the exposure to each type of market risk at reporting date, showing how profit or loss would be affected by the changes in the relevant risk variable that were reasonably possible at that date. All instruments are designated as financial assets at fair value through the profit or loss; therefore there is no direct impact on equity.

b) Liquidity risk

The Public Trustee has working capital policies in place in order to maintain liquidity. Short-term investment analysis assists in determining the amount, if any, to be invested or reinvested in order to maintain working capital. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. The Public Trustee manage the liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

All current financial assets held to maturity have a maturity date within 12 months. Unlisted unit trust investments have no maturity date.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

21 Financial Instruments (continued)

Sensitivity analysis – 30 June 2018

Financial Assets	Carrying amount	Interest Rate Risk		Price Risk	
		-1%	+1%	-20%	+10%
		Statement of Comprehensive income			
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	7 638	(76)	76	-	-
<i>Financial assets at fair value through profit or loss:</i>					
Australian Fixed Interest	3 023	(30)	30	-	-
Australian Fixed Interest (pooled funds)	6 978	(70)	70	-	-
International Equities (pooled funds)	4 203	-	-	(841)	420
Australian Listed Property (pooled funds)	1 834	-	-	(367)	183
Australian Equities (pooled funds)	5 938	-	-	(1 188)	594
Total (decrease)/increase		(176)	176	(2 396)	1 197

Sensitivity analysis -- 30 June 2017

Financial Assets	Carrying amount	Interest Rate Risk		Price Risk	
		-1%	+1%	-20%	+10%
		Statement of Comprehensive income			
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	7 990	(80)	80	-	-
<i>Financial assets at fair value through profit or loss:</i>					
Australian Fixed Interest	3 020	(30)	30	-	-
Australian Fixed Interest (pooled funds)	6 974	(70)	70	-	-
International Equities (pooled funds)	3 837	-	-	(767)	384
Australian Listed Property (pooled funds)	1 710	-	-	(342)	171
Australian Equities (pooled funds)	5 235	-	-	(1 047)	524
Total (decrease)/increase		(180)	180	(2 156)	1 079

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

21 Financial Instruments (continued)

c) Credit risk

Credit risk is managed at the corporate level. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to outstanding receivables and committed transactions. The Public Trustee has no direct exposure to derivative instruments, thus credit risk arises primarily through investments with banking corporations.

Short-term money market instruments must have a short-term Standard & Poor's (S&P) rating of A1 or in the case of the issuer being a bank under the Banking Act 1959 a rating of A2 is accepted. Floating rate instruments must have a long-term S&P credit rating of A+ or better or where the counter party is a bank under the Banking Act 1959 a rating of BBB or better is accepted.

If there is no independent rating, the Public Trustee assesses the credit quality of the customer, taking into account its financial position and past experience. Pooled investment funds are not rated; however, the Public Trustee has made a thorough assessment of all pooled funds managers in regard to credit and other risks prior to investing funds with each manager. The credit risk lies with the pooled fund manager responsible for the management of the underlying investments. The Public Trustee continually monitors these assessments.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	2018	2017
	\$'000	\$'000
<i>Cash at bank, short-term bank deposits and floating rate notes</i>		
A1+ Credit Rating	1 338	2 590
A2 Credit Rating	6 300	5 400
Total Cash at bank, short-term bank deposits and floating rate notes	<u>7 638</u>	<u>7 990</u>
 <i>Long-term bank deposits</i>		
A Credit Rating	3 023	3 020
Total long-term bank deposits	<u>3 023</u>	<u>3 020</u>
 <i>Trade receivables</i>		
<i>Counterparties with external ratings</i>		
A1+ Credit Rating	2	2
A2 Credit Rating	49	40
A Credit Rating	7	6
<i>Counterparties without external ratings</i>		
existing customers with no defaults in the past	1 068	991
Total trade receivables ¹	<u>1 126</u>	<u>1 039</u>

¹Receivables amounts disclosed above excluded prepayments. Prepayments are presented in note 10 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

22 Impact of standards and statements not yet implemented

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Public Trustee for the period ending 30 June 2018. The Public Trustee has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements except as outlined below.

AASB 16 Leases will apply for the first time for the year to reporting periods beginning on or after 1 January 2019. The amended standard introduces a single accounting model for lessees eliminating the distinction between operating and finance leases. The value of operating leases is disclosed in Note 17 Unrecognised contractual commitments.

The standard requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset, and a lease liability representing its obligations to make lease payments.

In effect, the majority of leases currently classified as operating leases will be reported on the Statement of Financial Position. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.

This new standard is a significant change from the previous method of accounting for leases. It will require the Public Trustee to record its operating lease arrangements in the financial statements. The Public Trustee has not yet quantified the impact of applying AASB 16 to its current operating lease arrangements on the financial statements.

AASB 15 *Revenue from Contracts with Customers* will replace the existing AASB 118 *Revenue* and applies to reporting periods beginning on or after 1 January 2019. AASB 15 *Revenue from Contracts with Customers* introduces a five step process for revenue recognition with the core principle being to recognise revenue 'when control of a good or service transfers to a customer'. This is effectively when performance obligations have been met, rather than the former model of 'where the risk and rewards of ownership reside'. AASB 15 *Revenue from Contracts with Customers* will generally result in increased disclosures. This standard will have an impact on income from customer contracts which is reported as fees and charges income in the Statement of Comprehensive income.

AASB 9 Financial Instruments applies to reporting periods commencing after 1 January 2018. The application date for the Public Trustee is 1 July 2018. AASB 9 contains new requirements for the classification, measurement and derecognition of financial assets and liabilities, replacing the recognition and measurement requirements in AASB 139 Financial Instruments: Recognition and Measurement. Under the new requirements the four current categories of financial assets will be replaced with three measurement categories. The Public Trustee will continue to recognise and measure financial instruments at fair value through profit or loss. The derecognition rules have not changed from the previous requirements and the Public Trustee does not apply hedge accounting. AASB 9 includes a new impairment model, however, as the investments are held at fair value through profit or loss, the change in impairment rules will not impact the Public Trustee.

AASB 1058 *Income of Not-for-Profit Entities* will replace a number of income recognition requirements under AASB 1004 *Contributions* and applies to reporting periods beginning on or after 1 January 2019. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received then revenue is recognised.

**The Public Trustee
CORPORATE**

**Notes to and forming part of the financial statements
for the year ended 30 June 2018**

23 Events after reporting period

Where an event occurs after 30 June 2018 but provides information about conditions that existed at 30 June, adjustments are made to amounts recognised in the financial statements.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

As at the date of this report there are no known or material events that have occurred after the reporting period.

24 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
<u>Employee benefits expenses</u>	3	708	685	15 360	14 538	16 068	15 223
<u>Supplies and services</u>	5						
Minor works, maintenance and equipment		4	-	26	16	30	16
Insurance		310	289	2	-	312	289
Information technology		76	329	1 350	1 055	1 426	1 384
Accommodation and telecommunication		91	55	38	30	129	85
Operating lease		2 067	2 007	-	-	2 067	2 007
Legal expenses		22	20	-	-	22	20
Service contractors		614	674	675	692	1 289	1 366
Resources seconded from SA Government		193	-	-	-	193	-
Other Supplies and services		114	118	841	1 042	955	1 160
Auditors remuneration		169	212	-	-	169	212
Consultancies		-	-	19	-	19	-
<u>Depreciation and amortisation expense</u>		-	-	949	970	949	970
<u>Net (loss) from disposal of plant and equipment</u>		-	-	1	4	1	4
Total expenses		4 368	4 389	19 261	18 347	23 629	22 736

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2018

24 Transactions with SA Government (continued)

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income							
Fees and charges	6	-	-	22 621	21 425	22 621	21 425
Interest	7	27	42	253	204	280	246
Unrealised gains on financial assets		-	-	396	36	396	36
Investment income				1 268	1 377	1 268	1 377
Other income	8	145	81	94	169	239	250
Total income		172	123	24 632	23 211	24 804	23 334
Financial assets							
Cash and cash equivalents	9	1 338	2 590	6 300	5 400	7 638	7 990
Receivables	10	118	10	1 202	1 243	1 320	1 253
Other financial assets	11	-	-	21 976	20 776	21 976	20 776
Total financial assets		1 456	2 600	29 478	27 419	30 934	30 019
Financial liabilities							
<u>Payables</u>	14						
Trade creditors and accrued expenses		689	364	422	434	1 111	798
Income tax equivalents		262	177	-	-	262	177
GST payable		-	-	28	54	28	54
Employment on-costs		364	357	361	381	725	738
Total financial liabilities		1 315	898	811	869	2 126	1 767

The Public Trustee

Common Fund Financial Statements

For the year ended 30 June 2018

The Public Trustee
211 Victoria Square Adelaide SA 5000
GPO Box 1338 Adelaide SA 5001
publictrustee@sa.gov.au

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

**Cash Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Investment income			
Interest	2(e)	13 999	14 154
Net (loss) / gain on financial assets held at fair value through profit or loss	2(b), 3(d)	(86)	266
Total investment income		13 913	14 420
Expenses			
The Public Trustee management fees	2(f), 2(o)	4 398	5 077
Legal and advisory expenses		100	115
Other expenses		20	27
Total expenses		4 518	5 219
Net operating profit		9 395	9 201
Financing costs attributable to unitholders			
Undistributed income brought forward		824	1 004
Distributions to unitholders	2(h), 4	(9 339)	(9 115)
Transfers from / (to) net assets to determine distributable income	2(i)	86	(266)
Total financing costs attributable to unitholders		(8 429)	(8 377)
(Increase) in net assets attributable to unitholders		(966)	(824)
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**Cash Common Fund
Statement of Financial Position
as at 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Assets:			
Cash and cash equivalents	5	7 489	22 090
Advances to estates	2(k)	3 445	8 277
Financial assets held at fair value through profit or loss	6	519 400	450 037
Other assets		3 955	3 761
Total assets		534 289	484 165
Liabilities:			
Income distribution payable		966	824
Funds due to other Common Funds		126 217	82 399
Other liabilities		26	25
Total liabilities (excluding net assets attributable to unitholders)		127 209	83 248
Net assets attributable to unitholders - liability	3(c)	407 080	400 917
Represented by:			
Fair value of outstanding units based on net asset value		407 080	400 917

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

**Cash Common Fund
Statement of Cash Flows
for the year ended 30 June 2018**

	2018 Inflows (Outflows) \$'000	2017 Inflows (Outflows) \$'000
Note		
Cash flows from operating activities:		
Cash inflows		
Interest received	13 850	13 144
Cash generated from operations	<u>13 850</u>	<u>13 144</u>
Cash outflows		
Payments for expenses	(4 505)	(5 248)
Cash used in operations	<u>(4 505)</u>	<u>(5 248)</u>
Net cash provided by operating activities	10(b) <u>9 345</u>	<u>7 896</u>
Cash flows from investing activities:		
Cash inflows		
Proceeds from the sale of financial assets held at fair value through profit or loss	312 981	273 988
Net repayments of advances to estates	4 832	(5 128)
Cash generated from investing activities	<u>317 813</u>	<u>268 860</u>
Cash outflows		
Purchase of financial assets held at fair value through profit or loss	(382 481)	(312 953)
Cash used in investing activities	<u>(382 481)</u>	<u>(312 953)</u>
Net cash (used in) investing activities	<u>(64 668)</u>	<u>(44 093)</u>
Cash flows from financing activities:		
Cash inflows		
Net proceeds/payments from applications/redemptions from/(to) unitholders	6 243	20 190
Net proceeds/payments from applications/redemptions from/(to) other Common Funds	43 818	31 408
Cash generated from financing activities	<u>50 061</u>	<u>51 598</u>
Cash outflows		
Distributions paid	(9 339)	(9 115)
Cash used in financing activities	<u>(9 339)</u>	<u>(9 115)</u>
Net cash provided by financing activities	<u>40 722</u>	<u>42 483</u>
Net (decrease) / increase in cash and cash equivalents	(14 601)	6 286
Cash and cash equivalents at 1 July	22 090	15 804
Cash and cash equivalents at 30 June	5 <u><u>7 489</u></u>	<u><u>22 090</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

**Short Term Fixed Interest Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Investment income			
Interest	2(e)	1 368	1 484
Net loss on financial assets held at fair value through profit or loss	2(b), 3(d)	(47)	(94)
Total investment income		<u>1 321</u>	<u>1 390</u>
Expenses			
The Public Trustee management fees	2(f), 2(o)	619	350
Legal and advisory expenses		13	8
Total expenses		<u>632</u>	<u>358</u>
Net operating profit		<u>689</u>	<u>1 032</u>
Financing costs attributable to unitholders			
Undistributed income brought forward		559	609
Distributions to unitholders	2(h), 4	(936)	(1 176)
Transfers from net assets to determine distributable income	2(i)	47	94
Total financing costs attributable to unitholders		<u>(330)</u>	<u>(473)</u>
(Increase) in net assets attributable to unitholders		<u>(359)</u>	<u>(559)</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**Short Term Fixed Interest Common Fund
Statement of Financial Position
as at 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Assets:			
Cash and cash equivalents	5	30 582	23 567
Financial assets held at fair value through profit or loss	6	29 084	32 650
Other assets		201	288
Total assets		<u>59 867</u>	<u>56 505</u>
Liabilities:			
Income distribution payable		359	559
Other liabilities		-	1
Total liabilities (excluding net assets attributable to unitholders)		<u>359</u>	<u>560</u>
Net assets attributable to unitholders - liability	3(c)	<u>59 508</u>	<u>55 945</u>
Represented by:			
Fair value of outstanding units based on net asset value		<u>59 508</u>	<u>55 945</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

**Short Term Fixed Interest Common Fund
Statement of Cash Flows
for the year ended 30 June 2018**

	Note	2018 Inflows (Outflows) \$'000	2017 Inflows (Outflows) \$'000
Cash flows from operating activities:			
Cash inflows			
Interest received		1 473	1 592
Cash generated from operations		<u>1 473</u>	<u>1 592</u>
Cash outflows			
Payments for expenses		(635)	(358)
Cash used in operations		<u>(635)</u>	<u>(358)</u>
Net cash provided by operating activities	10(b)	<u>838</u>	<u>1 234</u>
Cash flows from investing activities:			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		23 500	23 551
Cash generated from investing activities		<u>23 500</u>	<u>23 551</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(19 997)	(25 000)
Cash used in investing activities		<u>(19 997)</u>	<u>(25 000)</u>
Net cash provided by / (used in) investing activities		<u>3 503</u>	<u>(1 449)</u>
Cash flows from financing activities:			
Cash inflows			
Proceeds from applications by unitholders		7 642	17 411
Cash generated from financing activities		<u>7 642</u>	<u>17 411</u>
Cash outflows			
Payments for redemptions by unitholders		(4 032)	(10 307)
Distributions paid		(936)	(1 176)
Cash used in financing activities		<u>(4 968)</u>	<u>(11 483)</u>
Net cash provided by financing activities		<u>2 674</u>	<u>5 928</u>
Net increase in cash and cash equivalents		<u>7 015</u>	<u>5 713</u>
Cash and cash equivalents at 1 July		<u>23 567</u>	<u>17 854</u>
Cash and cash equivalents at 30 June	5	<u><u>30 582</u></u>	<u><u>23 567</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

**Long Term Fixed Interest Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Investment income			
Interest	2(e)	2 884	3 125
Net loss on financial assets held at fair value through profit or loss	2(b), 3(d)	(654)	(1 641)
Total investment income		2 230	1 484
Expenses			
The Public Trustee management fees	2(f), 2(o)	997	689
Legal and advisory expenses		21	16
Total expenses		1 018	705
Net operating profit		1 212	779
Financing costs attributable to unitholders			
Undistributed income brought forward		1 170	1 321
Distributions to unitholders	2(h), 4	(2 134)	(2 583)
Transfers from net assets to determine distributable income	2(i)	654	1 653
Total financing costs attributable to unitholders		(310)	391
(Increase) in net assets attributable to unitholders		(902)	(1 170)
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**Long Term Fixed Interest Common Fund
Statement of Financial Position
as at 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Assets:			
Cash and cash equivalents	5	45 230	29 662
Financial assets held at fair value through profit or loss	6	51 260	63 026
Other assets		441	557
Total assets		96 931	93 245
Liabilities:			
Income distribution payable		902	1 170
Total liabilities (excluding net assets attributable to unitholders)		902	1 170
Net assets attributable to unitholders - liability	3(c)	96 029	92 075
Represented by:			
Fair value of outstanding units based on net asset value		96 029	92 075

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

**Long Term Fixed Interest Common Fund
Statement of Cash Flows
for the year ended 30 June 2018**

	2018 Inflows (Outflows) \$'000	2017 Inflows (Outflows) \$'000
Note		
Cash flows from operating activities:		
Cash inflows		
Interest received	3 117	3 449
Cash generated from operations	<u>3 117</u>	<u>3 449</u>
Cash outflows		
Payments for expenses	(1 020)	(708)
Cash used in operations	<u>(1 020)</u>	<u>(708)</u>
Net cash provided by operating activities	10(b) <u>2 097</u>	<u>2 741</u>
Cash flows from investing activities:		
Cash inflows		
Proceeds from the sale of financial assets held at fair value through profit or loss	23 997	33 513
Cash generated from investing activities	<u>23 997</u>	<u>33 513</u>
Cash outflows		
Purchase of financial assets held at fair value through profit or loss	(13 000)	(31 500)
Cash used in investing activities	<u>(13 000)</u>	<u>(31 500)</u>
Net cash provided by investing activities	<u>10 997</u>	<u>2 013</u>
Cash flows from financing activities:		
Cash inflows		
Proceeds from applications by unitholders	12 079	19 738
Cash generated from financing activities	<u>12 079</u>	<u>19 738</u>
Cash outflows		
Payments for redemptions by unitholders	(7 471)	(16 527)
Distributions paid	(2 134)	(2 583)
Cash used in financing activities	<u>(9 605)</u>	<u>(19 110)</u>
Net cash provided by financing activities	<u>2 474</u>	<u>628</u>
Net increase in cash and cash equivalents	15 568	5 382
Cash and cash equivalents at 1 July	<u>29 662</u>	<u>24 280</u>
Cash and cash equivalents at 30 June	5 <u>45 230</u>	<u>29 662</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

**Overseas Fixed Interest Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Investment income			
Trust Distributions		976	3 335
Interest	2(e)	289	208
Net loss on financial assets held at fair value through profit or loss	2(b), 3(d)	(181)	(2 324)
Other Income		54	74
Total investment income		1 138	1 293
Expenses			
The Public Trustee management fees	2(f), 2(o)	569	422
Legal and advisory expenses		12	10
Total expenses		581	432
Net operating profit		557	861
Financing costs attributable to unitholders			
Undistributed income brought forward		2 400	426
Distributions to unitholders	2(h), 4	(2 754)	(1 211)
Transfers from net assets to determine distributable income	2(i)	181	2 324
Total Financing costs attributable to unitholders		(173)	1 539
(Increase) in net assets attributable to unitholders		(384)	(2 400)
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**Overseas Fixed Interest Common Fund
Statement of Financial Position
as at 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Assets:			
Cash and cash equivalents	5	17 155	15 152
Financial assets held at fair value through profit or loss	6	37 462	37 588
Other assets		331	1 601
Total assets		54 948	54 341
Liabilities:			
Income distribution payable		384	2 400
Total liabilities (excluding net assets attributable to unitholders)		384	2 400
Net assets attributable to unitholders - liability	3(c)	54 564	51 941
Represented by:			
Fair value of outstanding units based on net asset value		54 564	51 941

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

**Overseas Fixed Interest Common Fund
Statement of Cash Flows
for the year ended 30 June 2018**

	2018	2017
	Inflows (Outflows)	Inflows (Outflows)
Note	\$'000	\$'000
Cash flows from operating activities:		
Cash inflows		
Trust distributions received	2 252	2 108
Interest received	283	194
Cash generated from operations	<u>2 535</u>	<u>2 302</u>
Cash outflows		
Payments for expenses	(582)	(434)
Cash used in operations	<u>(582)</u>	<u>(434)</u>
Net cash provided by operating activities	10(b) <u>1 953</u>	<u>1 868</u>
Cash flows from financing activities:		
Cash inflows		
Proceeds from applications by unitholders	6 957	14 890
Cash generated from financing activities	<u>6 957</u>	<u>14 890</u>
Cash outflows		
Payments for redemptions by unitholders	(4 153)	(4 502)
Distributions paid	(2 754)	(1 211)
Cash used in financing activities	<u>(6 907)</u>	<u>(5 713)</u>
Net cash provided by financing activities	<u>50</u>	<u>9 177</u>
Net increase in cash and cash equivalents	<u>2 003</u>	<u>11 045</u>
Cash and cash equivalents at 1 July	<u>15 152</u>	<u>4 107</u>
Cash and cash equivalents at 30 June	5 <u><u>17 155</u></u>	<u><u>15 152</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

**Australian Shares Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Investment income			
Trust Distributions		20 643	15 875
Interest	2(e)	139	114
Net gain on financial assets held at fair value through profit or loss	2(b), 3(d)	8 154	7 879
Other Income		653	668
Total investment income		29 589	24 536
Expenses			
The Public Trustee management fees	2(f), 2(o)	1 769	1 682
Legal and advisory expenses		38	39
Total expenses		1 807	1 721
Net operating profit		27 782	22 815
Financing costs attributable to unitholders			
Undistributed income brought forward		12 712	2 174
Distributions to unitholders	2(h), 4	(14 200)	(7 648)
Transfers to net assets to determine distributable income	2(i)	(7 979)	(4 629)
Total financing costs attributable to unitholders		(9 467)	(10 103)
(Increase) in net assets attributable to unitholders		(18 315)	(12 712)
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**Australian Shares Common Fund
Statement of Financial Position
as at 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Assets:			
Cash and cash equivalents	5	14 285	5 361
Financial assets held at fair value through profit or loss	6	160 505	151 698
Other assets		14 929	12 427
Total assets		189 719	169 486
Liabilities:			
Income distribution payable		18 315	12 712
Total liabilities (excluding net assets attributable to unitholders)		18 315	12 712
Net assets attributable to unitholders - liability	3(c)	171 404	156 774
Represented by:			
Fair value of outstanding units based on net asset value		171 404	156 774

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

**Australian Shares Common Fund
Statement of Cash Flows
for the year ended 30 June 2018**

	2018 Inflows (Outflows) \$'000	2017 Inflows (Outflows) \$'000
Cash flows from operating activities:		
Cash inflows		
Trust distributions received	18 153	5 922
Interest received	127	111
Cash generated from operations	<u>18 280</u>	<u>6 033</u>
Cash outflows		
Payments for expenses	(1 632)	(1 730)
Cash used in operations	<u>(1 632)</u>	<u>(1 730)</u>
Net cash provided by operating activities	10(b) <u>16 648</u>	<u>4 303</u>
Cash flows from investing activities:		
Cash inflows		
Proceeds from the sale of financial assets held at fair value through profit or loss	-	20 000
Cash generated from investing activities	<u>-</u>	<u>20 000</u>
Cash outflows		
Purchase of financial assets held at fair value through profit or loss	-	(2 000)
Cash used in investing activities	<u>-</u>	<u>(2 000)</u>
Net cash provided by investing activities	<u>-</u>	<u>18 000</u>
Cash flows from financing activities:		
Cash inflows		
Proceeds from applications by unitholders	18 845	25 514
Cash generated from financing activities	<u>18 845</u>	<u>25 514</u>
Cash outflows		
Payments for redemptions by unitholders	(12 369)	(37 012)
Distributions paid	(14 200)	(7 648)
Cash used in financing activities	<u>(26 569)</u>	<u>(44 660)</u>
Net cash (used in) financing activities	<u>(7 724)</u>	<u>(19 146)</u>
Net increase in cash and cash equivalents	8 924	3 157
Cash and cash equivalents at 1 July	5 361	2 204
Cash and cash equivalents at 30 June	5 <u>14 285</u>	<u>5 361</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

**Overseas Shares Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Investment income			
Trust Distributions		9 544	11 555
Interest	2(e)	129	158
Net gain on financial assets held at fair value through profit or loss	2(b), 3(d)	3 927	9 325
Other Income		347	229
Total investment income		13 947	21 267
Expenses			
The Public Trustee management fees	2(f), 2(o)	1 514	1 239
Legal and advisory expenses		33	28
Total Expenses		1 547	1 267
Net operating profit		12 400	20 000
Financing costs attributable to unitholders			
Undistributed income brought forward		10 649	15 116
Distributions to unitholders	2(h), 4	(10 709)	(15 735)
Transfers from / (to) net assets to determine distributable income	2(i)	3 812	(8 732)
Total financing costs attributable to unitholders		3 752	(9 351)
(Increase) in net assets attributable to unitholders		(16 152)	(10 649)
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**Overseas Shares Common Fund
Statement of Financial Position
as at 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Assets:			
Cash and cash equivalents	5	10 534	4 618
Financial assets held at fair value through profit or loss	6	134 203	130 645
Other assets		9 004	11 346
Total assets		153 741	146 609
Liabilities:			
Income distribution payable		16 152	10 649
Total liabilities (excluding net assets attributable to unitholders)		16 152	10 649
Net assets attributable to unitholders - liability	3(c)	137 589	135 960
Represented by:			
Fair value of outstanding units based on net asset value		137 589	135 960

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

**Overseas Shares Common Fund
Statement of Cash Flows
for the year ended 30 June 2018**

	2018	2017
	Inflows (Outflows)	Inflows (Outflows)
Note	\$'000	\$'000
Cash flows from operating activities:		
Cash inflows		
Trust distributions received	11 893	14 631
Interest received	121	154
Cash generated from operations	<u>12 014</u>	<u>14 785</u>
Cash outflows		
Payments for expenses	(1 546)	(1 275)
Cash used in operations	<u>(1 546)</u>	<u>(1 275)</u>
Net cash provided by operating activities	10(b) <u>10 468</u>	<u>13 510</u>
Cash flows from investing activities:		
Cash inflows		
Proceeds from the sale of financial assets held at fair value through profit or loss	33 716	2 000
Cash generated from investing activities	<u>33 716</u>	<u>2 000</u>
Cash outflows		
Purchase of financial assets held at fair value through profit or loss	(33 000)	(25 000)
Cash used in investing activities	<u>(33 000)</u>	<u>(25 000)</u>
Net cash provided by / (used in) investing activities	<u>716</u>	<u>(23 000)</u>
Cash flows from financing activities:		
Cash inflows		
Proceeds from applications by unitholders	16 065	38 873
Cash generated from financing activities	<u>16 065</u>	<u>38 873</u>
Cash outflows		
Payments for redemptions by unitholders	(10 624)	(10 147)
Distributions paid	(10 709)	(15 735)
Cash used in financing activities	<u>(21 333)</u>	<u>(25 882)</u>
Net cash (used in) / provided by financing activities	<u>(5 268)</u>	<u>12 991</u>
Net increase in cash and cash equivalents	5 916	3 501
Cash and cash equivalents at 1 July	4 618	1 117
Cash and cash equivalents at 30 June	5 <u><u>10 534</u></u>	<u><u>4 618</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

**Property Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Investment income			
Trust Distributions		4 742	10 143
Interest	2(e)	108	181
Net gain / (loss) on financial assets held at fair value through profit or loss	2(b), 3(d)	4 087	(4 587)
Other Income		130	122
Total investment income		9 067	5 859
Expenses			
The Public Trustee management fees	2(f), 2(o)	1 046	852
Legal and advisory expenses		59	19
Total expenses		1 105	871
Net operating profit		7 962	4 988
Financing costs attributable to unitholders			
Undistributed income brought forward		9 158	5 117
Distributions to unitholders	2(h), 4	(9 734)	(5 784)
Transfers (to) / from net assets to determine distributable income	2(i)	(4 083)	4 837
Total Financing costs attributable to unitholders		(4 659)	4 170
(Increase) in net assets attributable to unitholders		(3 303)	(9 158)
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**Property Common Fund
Statement of Financial Position
as at 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Assets:			
Cash and cash equivalents	5	8 431	4 040
Financial assets held at fair value through profit or loss	6	94 905	90 860
Other assets		3 241	9 019
Total assets		106 577	103 919
Liabilities:			
Income distribution payable		3 303	9 158
Total liabilities (excluding net assets attributable to unitholders)		3 303	9 158
Net assets attributable to unitholders - liability	3(c)	103 274	94 761
Represented by:			
Fair value of outstanding units based on net asset value		103 274	94 761

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

**Property Common Fund
Statement of Cash Flows
for the year ended 30 June 2018**

	2018 Inflows (Outflows) \$'000	2017 Inflows (Outflows) \$'000
Cash flows from operating activities:		
Cash inflows		
Trust distributions received	10 529	5 104
Interest received	100	179
Cash generated from operations	<u>10 629</u>	<u>5 283</u>
Cash outflows		
Payments for expenses	(973)	(876)
Cash used in operations	<u>(973)</u>	<u>(876)</u>
Net cash provided by operating activities	10(b) <u>9 656</u>	<u>4 407</u>
Cash flows from investing activities:		
Cash inflows		
Proceeds from the sale of financial assets held at fair value through profit or loss	39	1 000
Cash generated from investing activities	<u>39</u>	<u>1 000</u>
Cash outflows		
Purchase of financial assets held at fair value through profit or loss	-	(26 127)
Cash used in investing activities	<u>-</u>	<u>(26 127)</u>
Net cash provided by / (used in) investing activities	<u>39</u>	<u>(25 127)</u>
Cash flows from financing activities:		
Cash inflows		
Proceeds from applications by unitholders	12 295	37 275
Cash generated from financing activities	<u>12 295</u>	<u>37 275</u>
Cash outflows		
Payments for redemptions by unitholders	(7 865)	(8 161)
Distributions paid	(9 734)	(5 784)
Cash used in financing activities	<u>(17 599)</u>	<u>(13 945)</u>
Net cash (used in) / provided by financing activities	<u>(5 304)</u>	<u>23 330</u>
Net increase in cash and cash equivalents	4 391	2 610
Cash and cash equivalents at 1 July	4 040	1 430
Cash and cash equivalents at 30 June	5 <u><u>8 431</u></u>	<u><u>4 040</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

Notes to and forming part of the financial statements

1. General information

The Common Funds have been established pursuant to the *Public Trustee Act 1995* or its predecessor legislation. The following Common Funds were active for the whole of the current and comparative reporting periods:

- Cash Common Fund;
- Short Term Fixed Interest Common Fund;
- Long Term Fixed Interest Common Fund;
- Australian Shares Common Fund;
- Overseas Fixed Interest Common Fund;
- Overseas Shares Common Fund; and
- Property Common Fund.

The Inflation Linked Investments Common Fund was dormant throughout 2017-18 (and 2016-17), has nil assets and liabilities and has not been reported.

Investment in Common Funds (with the exception of direct investment in the Cash Common Fund) is by way of notional unit holdings in the Common Funds. Unitholders may invest in the Cash Common Fund or alternately invest in a selection of Common Funds in proportions determined by one or more of the following standard investment strategies provided by the Public Trustee:

- Capital Stable
- Growth
- Balanced
- Equities

Management of Common Fund investments is undertaken by the Public Trustee. An Investment Advisory Committee consisting of senior Public Trustee personnel, with attendance by external investment advisors, assists the Public Trustee in ensuring a sound and prudent system for investing client funds.

An Independent Chair was appointed to the Investment Advisory Committee in March 2018. The appointment of an independent expert brings enhanced levels of decision-making, governance, risk management and overall investment oversight.

Australian and International Equity investments, Property investments together with Overseas Fixed Interest investments are made using Australian domiciled pooled funds.

2. Significant accounting policies

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

(a) Basis of financial statements

Statement of Compliance

The Public Trustee Common Funds financial statements are general purpose financial statements and have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

Basis of Preparation

The Public Trustee Common Funds financial statements have been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. The statements have also been prepared on the basis that all funds are distributable to unitholders resulting in zero residual equity. On this basis, the Statement of Changes in Equity has not been included for reporting purposes as the changes in equity are zero.

Comparative Information

The presentation and classification of items in the financial statements are consistent with prior periods, except where specific accounting standards and/or accounting policy statements have required a change.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

2. Significant accounting policies (continued)

(b) Financial instruments

(i) Classification

The Funds' investments are classified as at fair value through profit or loss.

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted trusts, unlisted equity instruments and commercial paper. Other assets/liabilities comprise amounts due to or from the Common Funds.

(ii) Recognition

The Funds recognise financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

(iii) Measurement

(a) Financial assets held at fair value through profit or loss

Financial assets and liabilities are held at fair value through profit or loss. Investments in pooled funds are recorded at fair value as reported by the managers of such funds. The Public Trustee has determined the fair value of financial assets to be the market value of these investments at balance date. Accounting Standard *AASB 7 Financial Instruments: Disclosures* requires disclosure of the measurement methodology used to value financial instruments. The Public Trustee invests through fund managers and utilises pricing data provided by those managers which is indirectly derived from the pricing of the underlying securities. Consistent with the definitions in *AASB 13 Fair Value Measurement*, this fair value hierarchy methodology is disclosed at note 9.

(b) Impairment

If any indication of impairment exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be returned into the Common Funds at any time for cash equal to a proportionate share of the Common Funds' net asset values. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the Statement of Financial Position date if unitholders exercise their right to return the units back to the Common Funds. For financial reporting purposes and compliance with Australian Accounting Standards assets are recorded at net asset value.

(d) Cash and cash equivalents

For the purposes of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, where applicable, are shown within liabilities on the Statement of Financial Position.

For all Common Funds (other than the Cash Common Fund) cash equivalents include the Funds' investments in and borrowings from the Cash Common Fund.

Payments and receipts relating to the purchase and sale of investment securities are classified as investing cash flows because the core activity of the Public Trustee is the administration of Trustee Services.

The Public Trustee
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Financial Statements for the year ended 30 June 2018

2. Significant accounting policies (continued)

(e) Investment income

Interest income and expenses are recognised in the Statement of Comprehensive Income for all debt instruments using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Trust distributions are recognised when the right to receive payment is established.

(f) Expenses

All expenses, including management fees, are recognised in the Statement of Comprehensive Income on an accruals basis.

Management fees are charged against each Common Fund at a rate of one-twelfth of one percent of the value of the fund as at the first business day of each month as authorised by the *Public Trustee Act 1995*.

For the 2017-18 reporting period the Public Trustee introduced a revised methodology to calculate management fees. The fee is now taken on the value of each common fund, including the cash held within that fund, and the value of the cash common fund is net of these amounts when the fee is determined for that fund. Previously the fee was taken on the value of the funds net of cash and on the total value of the cash common fund.

The total management fee payable does not change however it is considered the revised methodology will better allocate the management fee payable between common funds.

This change results in a lower management fee for the Cash Common Fund and higher fees for the other funds for 2017-18.

(g) Income tax

Under current legislation, the Common Funds are not subject to income tax provided the taxable income of the Fund is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Fund).

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, the portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Funds to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

The Funds currently incur withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the Statement of Comprehensive Income.

(h) Distributions

The Public Trustee distributes Common Fund income and capital based on the financial results at 31 December and 30 June.

The Public Trustee recognises Common Fund distributions to client accounts on the date they are paid by the Public Trustee. The Public Trustee charges clients with income and capital commission on the date the Common Funds makes a distribution to client accounts and interest earned is credited when received.

**The Public Trustee
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Financial Statements for the year ended 30 June 2018

2. Significant accounting policies (continued)

The items above are accrued as appropriate in the financial statements under Australian Accounting Standards and the distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

(i) Transfers (to) / from net assets to determine distributable income

Non-distributable income is included in net assets attributable to unitholders and may consist of unrealised changes in the net fair value of financial instruments held at fair value through profit or loss, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, and net capital losses. Net capital gains on the realisation of any financial instruments and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax. Movements in net assets attributable to unitholders are recognised in the Statement of Comprehensive Income as financing costs.

(j) Foreign currency translation

i) Functional and presentation currency

Items included in the Common Funds' financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Common Funds compete for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

The Funds do not isolate that portion of gains or losses on financial instruments which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

(k) Advances to estates

The Public Trustee may, pursuant to section 25 of the *Public Trustee Act 1995*, advance and pay money on account of an estate as authorised or requested (whether to beneficiaries or creditors), for costs or expenses incurred in administering the estate or for any other purpose. No greater amount may be advanced and paid than the value of the property so vested in or under the control of the Public Trustee.

The sums so advanced, with interest at a rate to be fixed by the Public Trustee from time to time in respect of all such sums, are a first charge on all property vested in or under the control of the Public Trustee on account of the estate.

(l) Other assets

Other assets may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment using the effective interest rate method. Amounts are generally received within 30 days of being recorded as receivable.

(m) Other liabilities

Other liabilities and accrued expenses owing by the Funds which are unpaid as at balance date.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately on the Statement of Financial Position as unitholders are presently entitled to the distributable income as at 30 June 2018 under the Trust Deed.

(n) Applications and redemptions

Applications received for units in the Common Funds are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

The Public Trustee
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Financial Statements for the year ended 30 June 2018

2. Significant accounting policies (continued)

(o) Goods and services tax (GST)

The Common Funds are registered entities under the Goods and Services Tax (GST) legislation. Investments in the Public Trustee Common Funds are classified as input taxed financial supplies and no GST is charged on such supplies. The GST incurred on the costs of various services provided to the Common Funds by third parties such as management fees have been passed onto the Common Funds. The Common Funds qualify for Reduced Input Tax Credits (RITC) at a rate of 75% hence investment management fees and other expenses have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in other assets in the Statement of Financial Position.

(p) Use of estimates

The Common Funds financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(q) Impact of standards and statements not yet implemented

Australian Accounting Standards Board Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Public Trustee for the period ending 30 June 2018. The Public Trustee has assessed the impact of the new and changed standards and interpretations and changes to Accounting Policy Statements issued by the Treasurer and considers there will be no impact on the accounting policies or the financial statements except as outlined below.

AASB 9 Financial Instruments applies to reporting periods commencing after 1 January 2018. The application date for the Public Trustee is 1 July 2018. *AASB 9* contains new requirements for the classification, measurement and derecognition of financial assets and liabilities, replacing the recognition and measurement requirements in *AASB 139 Financial Instruments: Recognition and Measurement*. Under the new requirements the four current categories of financial assets will be replaced with three measurement categories. The Public Trustee will continue to recognise and measure financial instruments at fair value through profit or loss. The derecognition rules have not changed from the previous requirements and the Common Funds do not apply hedge accounting. *AASB 9* includes a new impairment model, however, as the investments are held at fair value through profit or loss, the change in impairment rules will not impact the Common Funds. Consequently, the Public Trustee does not expect *AASB 9* to have a significant impact on the financial statements of the Common Funds.

AASB 15 Revenue from Contracts with Customers, applies to reporting periods commencing after 1 January 2019. The application date for the Public Trustee is 1 July 2019. *AASB 15* supersedes the revenue recognition guidance in *AASB 118 Revenue*, *AASB 111 Construction Contracts* and related interpretations. Although *AASB 15* is principles-based, it is a significant change from the current revenue requirements and will involve more judgements and estimates. The core principle in *AASB 15* is that an entity recognises revenue at an amount that reflects the consideration to which the entity expects to be entitled to receive in exchange for selling goods or services to customers.

The Common Funds' main source of income includes interest, dividends/distributions and gains on financial instruments held at fair value through profit or loss. All of these revenue streams are outside the scope of *AASB 15* and will continue to be recognised under *AASB 9*. Consequently, the Public Trustee does not expect *AASB 15* to have a significant impact on the financial statements of the Common Funds.

(r) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$000).

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

3. Net assets attributable to unitholders

Movements in number of units and net assets attributable to unitholders during the year were as follows:

Each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

(a) Common Fund unit prices

Common Fund unit prices at 30 June	2018		2017	
	Purchase Price	Redemption Price	Purchase Price	Redemption Price
Short Term Fixed Interest	\$1.0059	\$1.0039	\$1.0070	\$1.0040
Long Term Fixed Interest	\$1.0512	\$1.0490	\$1.0589	\$1.0557
Overseas Fixed Interest	\$0.8617	\$0.8608	\$0.8655	\$0.8634
Australian Shares	\$1.8610	\$1.8517	\$1.7675	\$1.7577
Overseas Shares	\$1.2325	\$1.2283	\$1.2673	\$1.2605
Property	\$1.0815	\$1.0791	\$1.0407	\$1.0345

(b) Movements in units

	Common Fund					
	Short Term Fixed Interest		Long Term Fixed Interest		Overseas Fixed Interest	
	2018 No. of units 000's	2017 No. of units 000's	2018 No. of units 000's	2017 No. of units 000's	2018 No. of units 000's	2017 No. of units 000's
Opening balance	55 638	48 614	87 088	84 096	60 141	48 584
Applications	7 589	17 282	11 451	18 513	8 028	16 604
Redemptions	(4 012)	(10 258)	(7 095)	(15 521)	(4 798)	(5 047)
Closing balance	59 215	55 638	91 444	87 088	63 371	60 141

	Common Fund					
	Australian Shares		Overseas Shares		Property	
	2018 No. of units 000's	2017 No. of units 000's	2018 No. of units 000's	2017 No. of units 000's	2018 No. of units 000's	2017 No. of units 000's
Opening balance	88 975	95 675	107 684	84 095	91 000	64 129
Applications	10 031	14 048	12 168	31 429	11 508	34 190
Redemptions	(6 657)	(20 748)	(8 072)	(7 840)	(7 405)	(7 319)
Closing balance	92 349	88 975	111 780	107 684	95 103	91 000

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

3. Net assets attributable to unitholders (continued)

(c) Movements in funds employed

	Common Fund							
	Cash		Short Term Fixed Interest		Long Term Fixed Interest		Overseas Fixed Interest	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Opening balance	400 917	380 458	55 945	48 935	92 075	90 517	51 941	43 876
Applications	5 190	11 716	7 642	17 411	12 079	19 738	6 957	14 890
Redemptions	(2 745)	(6 495)	(4 032)	(10 307)	(7 471)	(16 527)	(4 153)	(4 501)
Transfers from/(to) net assets to determine distributable income ¹	3 718	15 238	(47)	(94)	(654)	(1 653)	(181)	(2 324)
Closing balance	407 080	400 917	59 508	55 945	96 029	92 075	54 564	51 941

	Common Fund					
	Australian Shares		Overseas Shares		Property	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Opening balance	156 774	163 543	135 960	98 502	94 761	70 484
Applications	18 845	25 514	16 065	38 873	12 295	37 275
Redemptions	(12 369)	(37 012)	(10 624)	(10 147)	(7 865)	(8 161)
Transfers from/(to) net assets to determine distributable income ¹	7 979	4 629	(3 812)	8 732	4 083	(4 837)
Reallocation of capital distributions relating to prior year	175	-	-	-	-	-
Closing balance	171 404	156 774	137 589	135 960	103 274	94 761

¹ The Cash Common Fund is the primary working account for trust administration operations. Movements in net assets attributable to unitholders are typically high volume, low value transactions.

(d) Net realised and unrealised gains / (losses) on financial assets

	Net Unrealised Gains / (Losses)		Net Realised Gains / (Losses)		Total Gains / (Losses)	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Common Fund						
Cash	2	471	(88)	(205)	(86)	266
Short Term Fixed Interest	3	(6)	(50)	(88)	(47)	(94)
Long Term Fixed Interest	(524)	(1 473)	(130)	(168)	(654)	(1 641)
Overseas Fixed Interest	(181)	(2 324)	-	-	(181)	(2 324)
Australian Shares	8 154	7 365	-	514	8 154	7 879
Overseas Shares	1 144	9 234	2 783	91	3 927	9 325
Property	4 086	(4 576)	1	(11)	4 087	(4 587)
	12 684	8 691	2 516	133	15 200	8 824

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

4. Distributions to unitholders

The distributions, including cents per unit (CPU), were paid/payable as follows:

Cash Common Fund

	2018 \$'000	2018 CPU	2017 \$'000	2017 CPU
Distributions paid	9 339	0.0232	9 115	0.0232
Undistributable income brought forward	(824)	-	(1 004)	-
Distributions payable	966	-	824	-
	<u>9 481</u>		<u>8 935</u>	

Short Term Fixed Interest Common Fund

	2018 \$'000	2018 CPU	2017 \$'000	2017 CPU
Distributions paid	936	0.0158	1 176	0.0211
Undistributable income brought forward	(559)	-	(609)	-
Distributions payable	359	-	559	-
	<u>736</u>		<u>1 126</u>	

Long Term Fixed Interest Common Fund

	2018 \$'000	2018 CPU	2017 \$'000	2017 CPU
Distributions paid	2 134	0.0233	2 583	0.0297
Undistributable income brought forward	(1 170)	-	(1 321)	-
Distributions payable	902	-	1 170	-
	<u>1 866</u>		<u>2 432</u>	

Overseas Fixed Interest Common Fund

	2018 \$'000	2018 CPU	2017 \$'000	2017 CPU
Distributions paid	2 754	0.0435	1 211	0.0201
Undistributable income brought forward	(2 400)	-	(426)	-
Distributions payable	384	-	2 400	-
	<u>738</u>		<u>3 185</u>	

Australian Shares Common Fund

	2018 \$'000	2018 CPU	2017 \$'000	2017 CPU
Distributions paid	14 200	0.1538	7 648	0.0860
Undistributable income brought forward	(12 712)	-	(2 174)	-
Distributions payable	18 315	-	12 712	-
	<u>19 803</u>		<u>18 186</u>	

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

4. Distributions to unitholders (continued)

Overseas Shares Common Fund

	2018 \$'000	2018 CPU	2017 \$'000	2017 CPU
Distributions paid	10 709	0.0958	15 735	0.1461
Undistributable income brought forward	(10 649)	-	(15 116)	-
Distributions payable	<u>16 152</u>	-	<u>10 649</u>	-
	<u>16 212</u>		<u>11 268</u>	

Property Common Fund

	2018 \$'000	2018 CPU	2017 \$'000	2017 CPU
Distributions paid	9 734	0.1024	5 784	0.0636
Undistributable income brought forward	(9 158)	-	(5 117)	-
Distributions payable	<u>3 303</u>	-	<u>9 158</u>	-
	<u>3 879</u>		<u>9 825</u>	

In accordance with the *Public Trustee Act 1995*, investors received a proportionate distribution of net income depending on the number of days units were held.

Included in the distributions payable at 30 June 2018 were the following net realised capital gains which were distributed to unitholders based on the number of units held as at 30 June 2018:

Common Fund Capital Distributions Payable

	2018 \$'000	2018 CPU	2017 \$'000	2017 CPU
Long Term Fixed Interest	-	-	13	0.0001
Australian Shares	17 948	0.1943	11 090	0.1246
Overseas Shares	15 438	0.1381	7 948	0.0738
Property	<u>1 545</u>	<u>0.0162</u>	<u>5 871</u>	<u>0.0645</u>
	<u>34 931</u>		<u>24 922</u>	

**The Public Trustee
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Financial Statements for the year ended 30 June 2018

5. Cash and cash equivalents

Cash Common Fund	2018	2017
	\$'000	\$'000
Cash at bank	2 989	1 090
Money market instruments	4 500	21 000
	<u>7 489</u>	<u>22 090</u>

Short Term Fixed Interest Common Fund

Deposits in Cash Common Fund	<u>30 582</u>	<u>23 567</u>
	<u>30 582</u>	<u>23 567</u>

Long Term Fixed Interest Common Fund

Deposits in Cash Common Fund	<u>45 230</u>	<u>29 662</u>
	<u>45 230</u>	<u>29 662</u>

Overseas Fixed Interest Common Fund

Deposits in Cash Common Fund	<u>17 155</u>	<u>15 152</u>
	<u>17 155</u>	<u>15 152</u>

Australian Shares Common Fund

Deposits in Cash Common Fund	<u>14 285</u>	<u>5 361</u>
	<u>14 285</u>	<u>5 361</u>

Overseas Shares Common Fund

Deposits in Cash Common Fund	<u>10 534</u>	<u>4 618</u>
	<u>10 534</u>	<u>4 618</u>

Property Common Fund

Deposits in Cash Common Fund	<u>8 431</u>	<u>4 040</u>
	<u>8 431</u>	<u>4 040</u>

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

5. Cash and cash equivalents (continued)

(a) Cash at bank and on hand

The cash deposit is held with a financial institution and is interest bearing at 1.70% (2017: 1.70%) per annum as at 30 June 2018 available at call. During 2017-18, the Public Trustee's customer banking operations were provided by the Commonwealth Bank of Australia (CBA) as part of the whole of Government banking contract. The Public Trustee's CBA Cash Common Fund Banking account balance was \$3.633 million (2017: \$2.337 million) less un-presented cheques of \$0.576 million (2017: \$0.756 million) and outstanding deposits in the CBA Cash Common Fund banking account as at 30 June 2018 of \$0.086 million (2017: \$0.491 million). The CBA cash rate is the Reserve Bank target rate plus 20 basis points.

The Public Trustee also continued to manage a Westpac Banking Corporation (WBC) account during 2017-18 where a small number of deposits continue to be received.

(b) Deposits in cash common fund

Deposits in the Cash Common Fund act as operating cash accounts for the other Common Funds, and are interest bearing. These investments are available at call.

**The Public Trustee
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6. Financial assets held at fair value through profit and loss

	Common Funds			
	Cash		Short Term Fixed Interest	
	2018 Fair Value \$'000	2017 Fair Value \$'000	2018 Fair Value \$'000	2017 Fair Value \$'000
Designated as at fair value through profit or loss				
Fixed interest securities ¹	519 400	450 037	29 084	32 650
Total designated as at fair value through profit or loss	<u>519 400</u>	<u>450 037</u>	<u>29 084</u>	<u>32 650</u>

	Long Term Fixed Interest		Overseas Fixed Interest	
	2018 Fair Value \$'000	2017 Fair Value \$'000	2018 Fair Value \$'000	2017 Fair Value \$'000
	Designated as at fair value through profit or loss			
Fixed interest securities	51 260	63 026	-	-
Unlisted unit trusts	-	-	37 462	37 588
Total designated as at fair value through profit or loss	<u>51 260</u>	<u>63 026</u>	<u>37 462</u>	<u>37 588</u>

	Australian Shares		Overseas Shares	
	2018 Fair Value \$'000	2017 Fair Value \$'000	2018 Fair Value \$'000	2017 Fair Value \$'000
	Designated as at fair value through profit or loss			
Unlisted unit trusts	160 505	151 698	134 203	130 645
Total designated as at fair value through profit or loss	<u>160 505</u>	<u>151 698</u>	<u>134 203</u>	<u>130 645</u>

	Property	
	2018 Fair Value \$'000	2017 Fair Value \$'000
	Designated as at fair value through profit or loss	
Unlisted unit trusts	94 905	90 860
Total designated as at fair value through profit or loss	<u>94 905</u>	<u>90 860</u>

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 9.

¹ Includes other common funds deposits in the Cash Common Fund of \$126.217 million (2017: \$82.399 million).

(a) Fixed interest securities

These investments bear floating interest rates between 2.52% and 5.30% (2017: 2.44% and 5.36%). These investments are available at call.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

7. Transactions with the SA Government

	2018 \$'000	2017 \$'000
Expenses		
The Public Trustee Common Fund Distributions	13 405	14 618
Refunds & Reimbursements	1 036	896
Gain / (Loss) on The Public Trustee Common Funds	110	961
Total expenditure for entities within SA Government	<u>14 551</u>	<u>16 475</u>
Financial liabilities		
The Public Trustee Common Funds	391 749	355 698
Total funds due to entities within SA Government	<u>391 749</u>	<u>355 698</u>

The Public Trustee administers funds on behalf of a number of government entities that invest in the Common Funds.

8. Derivative financial instruments

The Public Trustee did not invest in derivative investments for the year ended 30 June 2018 (2017: \$Nil).

9. Financial instruments

(a) Financial risk management

The Public Trustee's Common Fund activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance. Only Australian domiciled pooled funds are used for overseas asset purchases. In terms of currency exposure, the Overseas Fixed Interest Common Fund is 100% hedged and the Overseas Shares Common Fund maintains a 50% hedged benchmark position which reduces currency volatility. Overseas currency exposure in the Property Common Fund is 97% hedged.

The Manager, Investment Services is responsible for ensuring that all investments are within the guidelines specified by the Public Trustee's Investment Guidelines and Procedures Manual. The Manager, Investment Services may recommend to the Public Trustee and the Public Trustee may, after consultation with the Investment Advisory Committee, approve investments outside of the Public Trustee's Investment Guidelines.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to outstanding receivables and committed transactions.

Short-term money market instruments must have a short-term Standard and Poor's (S&P) rating of A1 or in the case of the issuer being a bank under the *Banking Act 1959* a rating of A2 is accepted. Floating rate instruments must have a long-term S&P credit rating of A+ or better or where the counter party is a bank under the *Banking Act 1959*, a rating of BBB or better is accepted. Long-term investments must have long-term S&P credit ratings of A+ or better or be an investment in a Commonwealth or Semi-government bond. If there is no independent rating, the Public Trustee assesses the credit quality of the provider, taking into account its financial position and past experience.

Credit risk arises primarily with the following classes of instruments and counterparties:

- Sovereign debt of the Australian Commonwealth and State Governments
- Sovereign debt of foreign governments
- Banking corporations
- Corporate debt
- Pooled Investment Funds

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets.

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Financial Statements for the year ended 30 June 2018

9. Financial instruments (continued)

The credit quality of financial assets that are neither past due nor impaired are assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Pooled Fund Investments are not rated, however, the Public Trustee makes a thorough assessment of all Pooled Fund Managers in regard to credit and other risks prior to the investment of funds with each manager. The credit risk lies with the Pooled Fund Manager responsible for the management of the underlying investments. The Public Trustee continually monitors these assessments.

Credit risk analysis

	2018 \$'000	2017 \$'000
Cash Common Fund		
<i>Cash and short term investments</i>		
A1+	167 500	159 094
A1	121 034	110 546
A2	78 500	75 500
Cash at bank	7 489	22 090
	<u>374 523</u>	<u>367 230</u>
<i>Long term investments</i>		
AAA	3 008	2 990
AA	-	22 534
AA-	132 269	53 738
A+	4 540	6 047
A	9 038	16 084
BBB+	3 511	3 504
	<u>152 366</u>	<u>104 897</u>
Short Term Fixed Interest Common Fund		
<i>Cash and short term investments</i>		
A1+	-	11 067
A2	5 000	6 500
Cash	30 582	23 567
	<u>35 582</u>	<u>41 134</u>
<i>Long term investments</i>		
AAA	-	997
AA	-	2 014
AA-	10 540	4 034
A+	4 030	2 022
A	5 011	5 012
BBB+	1 004	1 004
BBB	3 499	-
	<u>24 084</u>	<u>15 083</u>
Long Term Fixed Interest Common Fund		
<i>Cash and short term investments</i>		
A1+	-	22 178
A2	-	1 000
Cash	45 230	29 662
	<u>45 230</u>	<u>52 840</u>
<i>Long term investments</i>		
AAA	4 335	5 355
AA+	6 553	6 727
AA	19 320	21 721
AA-	15 556	4 046
A	1 997	1 999
BBB	3 499	-
	<u>51 260</u>	<u>39 848</u>

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

9. Financial instruments (continued)

(c) Market risk

(i) Price risk

The Australian Shares Common Fund, Overseas Shares Common Fund, Property Common Fund and the Overseas Fixed Interest Common Fund are exposed to price risk. The Public Trustee is not directly exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Public Trustee diversifies its portfolio. Diversification of the portfolio is in accordance with the Public Trustee's Investment Guidelines. Irrespective of what type of investment vehicle is used, the primary focus is to ensure the risk/reward objectives of the Public Trustee's investment approach are met. The Common Funds comprise a number of sub-portfolios which invest in different sectors of the equity market.

The Australian Shares Common Fund invests primarily in ASX 300 Companies through Australian domiciled-pooled funds. The Australian Shares Common Fund portfolio consists of listed shares, convertible notes, instalment receipts, preference shares and options. No derivative products are permitted under the Public Trustee's Investment Guidelines.

Equities in the Overseas Shares Common Fund consist of investments through Australian domiciled-pooled funds that obviate exposure to currency price risk. An "active" approach is used by the fund utilising a variety of fund managers with different investment styles. This provides diversification benefits and reduces the overall level of risk.

The Property Common Fund primarily invests in listed securities from the Property Trust sector of any Australian or overseas stock exchange or any listed company whose major activity is in real properties. Investments in this class also comprise un-listed unit trusts where the holding of property or infrastructure is the primary business activity of the issuer.

(ii) Cash flow and interest rate risk

The Public Trustee is exposed to interest rate risk arising from cash investments, short term investments and Australian fixed interest investments. Instruments issued at fixed interest rates expose the Public Trustee to fair value interest rate risk and variable rate instruments expose the Public Trustee to cash flow interest rate risk.

The Cash Common Fund can invest in short term money market instruments with up to one year maturity, floating rate investment instruments with maturity terms up to 10 years if the counterparty is a bank with a credit rating of A- or better or fixed interest instruments with maturity terms up to 3 years. Securities with greater than one year maturity are restricted to make up less than 20% of the overall fund.

The Short Term Fixed Interest Common Fund can invest in fixed interest securities with maturity terms of three years if the credit rating is A+ or better, or a maturity term of up to 6 years for Commonwealth bonds, Semi-government bonds. The Long Term Fixed Interest Common Fund invests in securities with maturities up to 15 years.

(iii) Foreign exchange risk

The Overseas Fixed Interest Common Fund, the Overseas Shares Common Fund and the Property Common Fund are indirectly exposed to foreign exchange risk as a result of their investments in other unit trusts which in turn invest in financial instruments that are denominated in foreign currencies. A sensitivity analysis is provided below, outlining the exposure to each type of market risk at the end of each reporting period, showing how profit or loss and equity would have been affected by the changes in the relevant risk variable that was reasonably possible at that date. All instruments are designated as financial assets at fair value through the profit or loss; resulting in no impact on equity.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

9. Financial instruments (continued) - sensitivity analysis

Cash Common Fund

	2018				
	Carrying Amount \$'000	Interest rate risk		Price risk	
		-	+	-	+
		1%	1%	20%	10%
	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	
<i>Financial assets</i>					
Cash & cash equivalents	7 489	(75)	75	-	-
Financial assets held at fair value through profit or loss	519 400	(5 194)	5 194	-	-
Total (decrease) / increase		(5 269)	5 269	-	-

	2017				
	Carrying Amount \$'000	Interest rate risk		Price risk	
		-	+	-	+
		1%	1%	20%	10%
	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	
<i>Financial assets</i>					
Cash & cash equivalents	22 090	(221)	221	-	-
Financial assets held at fair value through profit or loss	450 037	(4 500)	4 500	-	-
Total (decrease) / increase		(4 721)	4 721	-	-

Short Term Fixed Interest Common Fund

	2018				
	Carrying Amount \$'000	Interest rate risk		Price risk	
		-	+	-	+
		1%	1%	20%	10%
	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	
<i>Financial assets</i>					
Deposits with Cash Common Fund	30 582	(306)	306	-	-
Financial assets held at fair value through profit or loss	29 084	(291)	291	-	-
Total (decrease) / increase		(597)	597	-	-

	2017				
	Carrying Amount \$'000	Interest rate risk		Price risk	
		-	+	-	+
		1%	1%	20%	10%
	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	
<i>Financial assets</i>					
Deposits with Cash Common Fund	23 567	(236)	236	-	-
Financial assets held at fair value through profit or loss	32 650	(327)	327	-	-
Total (decrease) / increase		(563)	563	-	-

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

9. Financial instruments (continued) - sensitivity analysis

Long Term Fixed Interest Common Fund

	2018				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
Carrying Amount \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	
<i>Financial assets</i>					
Deposits with Cash Common Fund	45 230	(452)	452	-	-
Financial assets held at fair value through profit or loss	51 260	(513)	513	-	-
Total (decrease) / increase		(965)	965	-	-

	2017				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
Carrying Amount \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	
<i>Financial assets</i>					
Deposits with Cash Common Fund	29 662	(297)	297	-	-
Financial assets held at fair value through profit or loss	63 026	(630)	630	-	-
Total (decrease) / increase		(927)	927	-	-

Overseas Fixed Interest Common Fund

	2018				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
Carrying Amount \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	
<i>Financial assets</i>					
Deposits with Cash Common Fund	17 155	(172)	172	-	-
Financial assets held at fair value through profit or loss	37 462	-	-	(7 492)	3 746
Total (decrease) / increase		(172)	172	(7 492)	3 746

	2017				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
Carrying Amount \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	
<i>Financial assets</i>					
Deposits with Cash Common Fund	15 152	(152)	152	-	-
Financial assets held at fair value through profit or loss	37 588	-	-	(7 518)	3 759
Total (decrease) / increase		(152)	152	(7 518)	3 759

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

9. Financial instruments (continued) - sensitivity analysis

Australian Shares Common Fund

	2018				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
Carrying Amount	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss	
\$'000	\$'000	\$'000	\$'000	\$'000	
<i>Financial assets</i>					
Deposits with Cash Common Fund	14 285	(143)	143	-	-
Financial assets held at fair value through profit or loss	160 505	-	-	(32 101)	16 051
Total (decrease) / increase		(143)	143	(32 101)	16 051

	2017				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
Carrying Amount	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss	
\$'000	\$'000	\$'000	\$'000	\$'000	
<i>Financial assets</i>					
Deposits with Cash Common Fund	5 361	(54)	54	-	-
Financial assets held at fair value through profit or loss	151 698	-	-	(30 340)	15 170
Total (decrease) / increase		(54)	54	(30 340)	15 170

Overseas Shares Common Fund

	2018				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
Carrying Amount	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss	
\$'000	\$'000	\$'000	\$'000	\$'000	
<i>Financial assets</i>					
Deposits with Cash Common Fund	10 534	(105)	105	-	-
Financial assets held at fair value through profit or loss	134 203	-	-	(26 841)	13 420
Total (decrease) / increase		(105)	105	(26 841)	13 420

	2017				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
Carrying Amount	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss	
\$'000	\$'000	\$'000	\$'000	\$'000	
<i>Financial assets</i>					
Deposits with Cash Common Fund	4 618	(46)	46	-	-
Financial assets held at fair value through profit or loss	130 645	-	-	(26 129)	13 065
Total (decrease) / increase		(46)	46	(26 129)	13 065

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

9. Financial instruments (continued) - sensitivity analysis

Property Common Fund

	2018				
	Carrying Amount \$'000	Interest rate risk		Price risk	
		-	+	-	+
		1%	1%	20%	10%
	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	
<i>Financial assets</i>					
Deposits with Cash Common Fund	8 431	(84)	84	-	-
Financial assets held at fair value through profit or loss	94 905	-	-	(18 981)	9 491
Total (decrease) / increase		(84)	84	(18 981)	9 491
	2017				
	Carrying Amount \$'000	Interest rate risk		Price risk	
		-	+	-	+
		1%	1%	20%	10%
	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	
<i>Financial assets</i>					
Deposits with Cash Common Fund	4 040	(40)	40	-	-
Financial assets held at fair value through profit or loss	90 860	-	-	(18 172)	9 086
Total (decrease) / increase		(40)	40	(18 172)	9 086

(d) Liquidity risk

The Public Trustee has working capital policies in place in order to maintain liquidity for clients. Short-term investment analysis assists in determining the amount, if any, to be invested or reinvested in order to maintain working capital. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. The Public Trustee manages the liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

(e) Fair value measurement

The fair value of financial assets and financial liabilities are estimated for recognition and measurement or for disclosure purposes. The fair value of these assets and liabilities is equal to their carrying amount.

Cash and cash equivalents are valued at nominal amounts. This asset consists of cash at bank, on hand and short-term money market deposits with maturities of three months or less that is readily converted to cash and which are subject to insignificant risk of changes in value.

Receivables and payables are valued on a historical cost basis and the Public Trustee considers that the carrying value approximates market value.

Financial assets and liabilities are held at fair value through the profit or loss. Investments in pooled funds are recorded at fair value as reported by the managers of such funds. The Public Trustee has determined the fair value of financial assets to be market value of these investments at balance date. Accounting Standard AASB 7 *Financial Instruments: Disclosures* requires disclosure of the measurement methodology used to value financial instruments. The Public Trustee invests through fund managers and utilises pricing data provided by those managers which is indirectly derived from the pricing of the underlying securities.

The Public Trustee classifies the fair value measurements of financial assets and financial liabilities using the three level fair value hierarchy as required by Accounting Standard AASB 13 *Fair Value Measurement*, set out below, to reflect the source of valuation inputs used when determining the fair value:

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

9. Financial instruments (continued) – Fair value measurement

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of these investments is based on the closing bid price for the security as quoted on the relevant exchange. Level 1 includes cash at bank and term deposits.

Level 2: valuation techniques using market observable inputs either directly or indirectly. The Common Funds invest in unlisted funds which in turn invest in liquid securities quoted on major stock exchanges. The fair value is estimated using the redemption price provided by the managers of these unlisted funds. Level 2 also includes semi-government bonds and corporate debt.

Level 3: valuation techniques using non-market observable inputs.

The table below presents the fair value measurement hierarchy of the Common Fund's financial assets:

Fair Value of Financial Assets	2018				
	Carrying Amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	TOTAL \$'000
Financial assets					
Cash and cash equivalents	133 706	133 706	-	-	133 706
Designated as at fair value through profit or loss					
Fixed interest securities	599 744	464 000	135 744	-	599 744
Unlisted unit trusts	427 075	-	427 075	-	427 075
	597 706	562 819		-	1160 525
	2017				
	Carrying Amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	TOTAL \$'000
Financial assets					
Cash and cash equivalents	104 490	104 490	-	-	104 490
Designated as at fair value through profit or loss					
Fixed interest securities	545 713	394 000	151 713	-	545 713
Unlisted unit trusts	410 791	-	410 791	-	410 791
	498 490	562 504		-	1060 994

The Public Trustee's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels 1, 2 or 3 for the recurring fair value measurements during the year ended 30 June 2018 and 2017.

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

10. Cash flow reconciliation

Cash Common Fund	2018	2017
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	7 489	22 090
Statement of Financial Position	7 489	22 090
(b) Reconciliation of profit/loss to net cash provided by operating activities:		
Net operating profit for the year	9 395	9 201
Non-cash operating activities		
Net losses / (gains) on financial instruments held at fair value through profit or loss	86	(266)
Amortisation of discounts and premiums	51	213
Movement in assets and liabilities		
Increase in receivables and other assets	(194)	(1 225)
Increase / (decrease) in payables and other liabilities	1	(29)
Adjustment for balance day transactions	6	2
Net cash provided by operating activities	9 345	7 896
Short Term Fixed Interest Common Fund	2018	2017
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	30 582	23 567
Statement of Financial Position	30 582	23 567
(b) Reconciliation of profit/loss to net cash provided by operating activities:		
Net operating profit for the year	689	1 032
Non-cash operating activities		
Net losses on financial instruments held at fair value through profit or loss	47	94
Amortisation of discounts and premiums	16	93
Movement in assets and liabilities		
Decrease in receivables and other assets	87	16
Decrease in payables and other liabilities	(1)	(1)
Net cash provided by operating activities	838	1 234
Long Term Fixed Interest Common Fund	2018	2017
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	45 230	29 662
Statement of Financial Position	45 230	29 662
(b) Reconciliation of profit/loss to net cash provided by operating activities:		
Net operating profit for the year	1 212	779
Non-cash operating activities		
Net losses on financial instruments held at fair value through profit or loss	654	1 641
Amortisation of discounts and premiums	115	169
Movement in assets and liabilities		
Decrease in receivables and other assets	116	156
Decrease in payables and other liabilities	-	(4)
Net cash provided by operating activities	2 097	2 741

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

10. Cash flow reconciliation (continued)

Overseas Fixed Interest Common Fund	2018	2017
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	17 155	15 152
Statement of Financial Position	17 155	15 152
(b) Reconciliation of profit/loss to net cash provided by operating activities:		
Net operating profit for the year	557	861
Non-cash operating activities		
Net losses on financial instruments held at fair value through profit or loss	181	2 324
Income reinvested and not received in cash	(55)	(73)
Movement in assets and liabilities		
Decrease /(increase) in receivables and other assets	1 270	(1 242)
Decrease in payables and other liabilities	-	(2)
Net cash provided by operating activities	1 953	1 868
Australian Shares Common Fund	2018	2017
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	14 285	5 361
Statement of Financial Position	14 285	5 361
(b) Reconciliation of profit/loss to net cash provided by operating activities:		
Net operating profit for the year	27 782	22 815
Non-cash operating activities		
Net gains on financial instruments held at fair value through profit or loss	(8 154)	(7 879)
Income reinvested and not received in cash	(653)	(667)
Realignment of capital distribution relating to prior year	175	-
Movement in assets and liabilities		
Increase in receivables and other assets	(2 502)	(9 956)
Decrease in payables and other liabilities	-	(10)
Net cash provided by operating activities	16 648	4 303
Overseas Shares Common Fund	2018	2017
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	10 534	4 618
Statement of Financial Position	10 534	4 618
(b) Reconciliation of profit/loss to net cash provided by operating activities:		
Net operating profit for the year	12 400	20 000
Non-cash operating activities		
Net gains on financial instruments held at fair value through profit or loss	(3 927)	(9 325)
Income reinvested and not received in cash	(347)	(228)
Movement in assets and liabilities		
Decrease in receivables and other assets	2 342	3 070
Decrease in payables and other liabilities	-	(7)
Net cash provided by operating activities	10 468	13 510

**The Public Trustee
COMMON FUNDS**

Financial Statements for the year ended 30 June 2018

10. Cash flow reconciliation (continued)

Property Common Fund	2018 \$'000	2017 \$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	8 431	4 040
Statement of Financial Position	8 431	4 040
(b) Reconciliation of profit/loss to net cash provided by operating activities:		
Net operating profit for the year	7 962	4 988
Non-cash operating activities		
Net (gains) / losses on financial instruments held at fair value through profit or loss	(4 087)	4 587
Income reinvested and not received in cash	(130)	(122)
Realignment of capital distribution relating to prior year	133	-
Movement in assets and liabilities		
Decrease / (increase) in receivables and other assets	5 778	(5 042)
Decrease in payables and other liabilities	-	(4)
Net cash provided by operating activities	9 656	4 407

11. Events after the reporting period

There were no known or material events that have occurred since the end of the reporting period which would impact on the financial position of the Common Funds.

12. Related party transactions

The Public Trustee is a Government Business Enterprise and is wholly owned and controlled by the SA Government. The Public Trustee Common Funds are wholly owned by unitholders who have invested in the funds. The Public Trustee Corporate provides Key Management Personnel (KMP) to the Common Funds and on this basis the Public Trustee Corporate is a related party together with all public authorities that are controlled and consolidated into the whole of government financial statements. Related parties also include all Common Fund KMP and their close family members.

Significant transactions with government related entities

An additional \$19.5 million was invested during 2017-18 by the Retail Shop Leases, Second Hand Motor Vehicle, Residential Tenancies and Agents Indemnity Funds by the Commissioner for Consumer Affairs (2017: \$65 million by Agents Indemnity Fund). These funds were invested across all common funds at a percentage allocation in accordance with the defined Standard Investment Strategies.

Collectively, but not individually significant transactions with government related entities

Quantitative information about transactions and balances between the Public Trustee and other SA Government entities are disclosed at note 7. In addition, management fee expenses paid to the Public Trustee corporate for the reporting period were \$10.91 million (2017: \$10.31 million).

Key management personnel

Key management personnel of the Public Trustee Common Funds include the Attorney-General, the Public Trustee Executive and the Manager Investment Services. The salary and other benefits the Attorney-General receives; the Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*. The compensation of other key management personnel is paid from the Public Trustee corporate account.

For the year ended 30 June 2018, there were no material transactions or balances to disclose with key management personnel or other related parties (2017: Nil).

**Statement of Trusts Being Administered
as at 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Trust funds under administration	3		
Deceased Estates		211 928	181 540
Trusts		123 403	126 970
Administration Matters		48 254	43 599
Court Award Orders		436 501	416 420
Protected Estates		355 832	343 842
Workers Compensation Awards		348	323
Power of Attorney		61 531	55 457
Investors		421 677	384 568
Total funds		<u>1 659 474</u>	<u>1 552 719</u>
Represented by			
Investment in Common Funds	1(b), 2		
Non current assets			
Australian equities		160 505	151 698
International equities		134 203	130 645
Property securities		94 905	90 860
Australian fixed interest investments		227 709	159 829
International fixed interest investments		37 462	37 588
		<u>654 784</u>	<u>570 620</u>
Current assets			
Cash and cash equivalents		7 489	22 090
Australian fixed interest investments		372 035	385 884
Advances to estates		3 445	8 277
Other assets		32 102	38 999
		<u>415 071</u>	<u>455 250</u>
Current liabilities			
Income distribution payable		40 381	37 472
Other liabilities		26	25
		<u>40 407</u>	<u>37 497</u>
Net Common Fund assets		<u>1029 448</u>	<u>988 373</u>
Estate assets	1(c)		
Non current assets			
Real estate		357 754	333 213
Superannuation		149 694	138 890
Personal chattels		32 548	27 454
Equities		31 219	22 642
Fixed interest and cash assets		30 239	16 275
Mortgages		54	54
		<u>601 508</u>	<u>538 528</u>
Current assets			
Other assets		40 973	37 915
Current liabilities			
Other liabilities		12 455	12 097
Net estate assets		<u>630 026</u>	<u>564 346</u>
Total net assets		<u>1 659 474</u>	<u>1 552 719</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Statement of Principal Accounting Policies

(a) Format of the Accounts

The Statement of Trusts Being Administered and related notes are special purpose financial statements that provide information on the value and nature of trusts being administered. The Statement consolidates all trusts being administered by the Public Trustee, accordingly, no Accounting Standards and other mandatory reporting requirements are applied in the preparation and presentation of this Statement.

The Public Trustee has prepared the Statement, where appropriate, based on the general principles outlined in Australian Accounting Standards.

The Statement of Trusts Being Administered has been prepared using the accrual basis of accounting. Dividend income is recognised on the date that shares are quoted as ex-dividend. Distributions from trusts are recognised on a present entitlement basis.

(b) Basis of valuation of common fund assets and liabilities

For the 2017-2018 reporting period assets for the Australian Shares Common Fund, Overseas Fixed Interest Common Fund, Overseas Shares Common Fund and the Property Common Fund are reported at market value to comply with current accounting standards.

Australian Fixed Interest Investments: Are valued at market value based on independently obtained market yields applying at balance date.

Advances to Estates: Are carried at their nominal amounts. The Public Trustee is authorised by the Public Trustee Act 1995 to advance monies where an estate has insufficient monies to make payments as authorised or required to administer the estate, usually on a short term basis. Funds advanced are a first charge on the estate's property vested under the control of the Public Trustee. The interest rate applicable on advances at 30 June 2018 was 1.90% (1.70%).

Cash at Bank and Cash Equivalents: Are carried at nominal amounts, translated at prevailing exchange rates where applicable. This asset consists of cash at bank and on hand, as well as other short term, highly liquid investments with original maturities of three months or less.

Other assets and other liabilities: Are carried at their nominal amounts.

(c) Basis of valuation for estate assets

Real Estate: For deceased estates, real estate is initially valued as at date of death. In other matters, the initial valuation is at the date the Public Trustee is being appointed manager, administrator or new trustee. The Public Trustee revalues all South Australian real estate other than accommodation bonds annually. All other real estate is revalued to current value where these values can be ascertained. Such revaluations are determined by reference to valuations established by the South Australian Valuer-General, with a revaluation last being carried out as at 30 June 2018. Accommodation bonds are valued annually at cost less retention amount until the retention terms have expired.

Superannuation: During the 2017-2018 reporting period client moneys were invested within an approved superannuation provider and were valued at fair value.

Personal Chattels: For deceased estates, valuation is at date of death; in other matters, valuation is at the date of the Public Trustee being appointed manager, administrator or new trustee. In the case of some sundry minor assets, nominal values are used for valuation purposes.

Investment by Estates in Common Funds: Valuation of estate investment in common funds is based on the underlying fair value of common funds as at balance date.

Other Estate Investments: Investments other than equities are shown at their face value. Valuation is performed at the date of the Public Trustee being appointed manager, administrator or new trustee or at the date of death in the case of deceased estates. Equities are valued at net fair value as at balance date.

The Public Trustee
STATEMENT OF TRUSTS BEING ADMINISTERED

2. Operation of the Common Funds

Common Funds managed by the Public Trustee have been established pursuant to Section 29 of the *Public Trustee Act 1995* or its predecessor legislation. Financial Statements for each common fund operated by the Public Trustee are presented within the annual report of the Public Trustee.

Investment in Common Funds (with the exception of direct investment in the Cash Common Fund) are by way of notional unit holdings in the common funds. Contributors may invest in the Cash Common Fund or alternately invest in a selection of common funds in proportions determined by one or more of the following standard investment strategies provided by the Public Trustee:

- Capital Stable
- Growth
- Balanced
- Equities

3 Trust Funds under Administration

	Number		Value	
	2018	2017	2018 \$'000	2017 \$'000
Deceased Estates				
Monies and assets held under the administration of the Public Trustee pursuant to the provisions of the <i>Public Trustee Act 1995</i>	1 297	1 331	211 928	181 540
Trusts				
Monies and assets held under the administration of the Public Trustee pursuant to the terms of a Will or a Deed of Trust	1 256	1 280	123 403	126 970
Administration Matters				
Monies paid and assets transferred to the Public Trustee on account of minor beneficiaries pursuant to the <i>Public Trustee Act 1995</i>	352	348	48 254	43 599
Court Award Orders				
Monies directed by the Court to be paid to the Public Trustee on behalf of clients and invested and applied by the Public Trustee as the Court directs and monies administered by the Public Trustee under the <i>Aged and Infirm Persons Property Act 1940</i>	792	823	436 501	416 420
Protected Estates				
Monies administered by the Public Trustee under the <i>Guardianship and Administration Act 1993</i>	3 610	3 497	355 832	343 842
Workers Compensation Awards				
Monies directed by the Court to be paid to the Public Trustee on behalf of widows and minors and invested and applied by the Public Trustee as the Court directs	7	6	348	323
Powers of Attorney				
Monies and assets held on behalf of donors who have appointed the Public Trustee to act on their behalf	284	296	61 531	55 457
Investors				
Monies invested in Common Funds pursuant to Section 29 (1) of the <i>Public Trustee Act 1995</i> by classes of persons approved by the Minister	236	246	421 677	384 568
	7 834	7 827	1 659 474	1 552 719

The Public Trustee
STATEMENT OF TRUSTS BEING ADMINISTERED

4 Unclaimed Monies

During the reporting period, amounts totalling \$391,771.61 (\$2,934,953) in respect of estates became/were identified as unclaimed monies. Payment of these amounts to the Consolidated Account pursuant to Section 32 (1) of the Public Trustee Act 1995 is expected to occur in the next financial year.