

# The Public Trustee

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## Annual Report 2004 - 2005



THE PUBLIC TRUSTEE  
For all Tasmanians. Since 1853

The Hon Judy Jackson MHA  
Attorney General, Minister for Justice and Industrial Relations,  
and Minister for Environment and Planning  
Level 10, 10 Murray Street  
HOBART TAS 7000

Dear Minister,

In accordance with Section 55 of the *Government Business Enterprises Act 1995*, we submit for your information and presentation to Parliament the Report of The Public Trustee for the year ended 30 June 2005.

The Report has been prepared in accordance with the provisions of the *Government Business Enterprises Act 1995*.

Yours faithfully,



Ann Cunningham  
Chairperson  
The Board of The Public Trustee



Peter Maloney  
Chief Executive Officer  
The Public Trustee

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## Responsible Minister

The Public Trustee is directly responsible to the Attorney General & Minister for Justice and Industrial Relations for the administration of its principal legislation and for ensuring The Public Trustee is managed in accordance with sound commercial practices.

## Principal Legislation

Two Acts of Parliament comprise the principal legislation affecting The Public Trustee.

- The *Public Trustee Act 1930* is the Portfolio Act and sets out the organisation's basic powers and duties.
- The *Government Business Enterprises Act 1995* creates the corporation and determines how The Public Trustee is operated and controlled.

## Main Undertakings

The main undertaking of The Public Trustee is to offer trustee services to the Tasmanian community by:

- preparing wills and enduring powers of attorney
- acting as an executor of estates, or estate administrator if there is no will
- assuming the role of executor when a person named in a will is unable or unwilling to act
- assisting executors and trustees in their duties
- acting as attorney for people requiring assistance to manage their financial affairs
- acting as trustee for various types of trusts including accident compensation awards
- assisting people to manage their financial affairs when The Public Trustee is appointed as a financial administrator by the Guardianship and Administration Board
- managing funds under the control of The Public Trustee in order to provide a commercial rate of return to contributors.

# Our Mission, Vision and Values

Throughout The Public Trustee, we seek to apply our mission, vision and values to decision making, programs and policies at every level, every day.

The Mission states the purpose of The Public Trustee - the reason for our existence.

The Vision is the goal for the future; it states where The Public Trustee, as an organisation, is heading.

The Values guide our behaviour and are based on the shared beliefs of the employees, management and Board of Directors of The Public Trustee.

## Mission Statement

The mission of The Public Trustee, as a Government Business Enterprise, is to offer quality, independent trustee services to the Tasmanian community.

## Vision Statement

The vision of The Public Trustee is to be commercially successful and respected as a progressive and accessible specialist in the provision of trustee services to all Tasmanians.

## Values Statement

In seeking to achieve the mission and vision of The Public Trustee, the primary values of The Public Trustee will be:

- personal and professional respect for each other and our clients
- a client service focus
- a commercial orientation in our business activities in order to ensure we deliver value to our clients and the community
- professional excellence in service delivery
- professional and personal integrity in carrying out our responsibilities.

# Chairperson's Report

It is my pleasure to present the Annual Report for the year ending 30<sup>th</sup> June 2005.

In the financial year in review the organisation achieved an exceptional financial result - a net operating profit after tax of \$922,051.

Significant factors contributing to the result were:

- a 25% increase in fees and commission revenue.
- a 4% reduction in operating expenses.

The increase in commission revenue resulted from strong real estate conditions with an increase in capital commission of 19%.

Overall revenue increased by 21%. The 4% reduction in operating expenses was attributable to significant savings in salaries.

One of the core areas of the organisation is funds management on behalf of our clients. It is therefore pleasing to note that funds under management increased by 18% to \$118M, with total assets under administration amounting to \$161M. This area of the business will continue to underpin the profitability of the organisation into the future. The two new diversified funds established specifically for The Public Trustee clients have produced significant returns for the year to June 2005 in light of strong market returns.

One of the important changes to the financial operations of the organisation, which will have effect in the financial year ending 30<sup>th</sup> June 2006, was the adoption from 1<sup>st</sup> July 2005 of the Australian Equivalents of the International Financial Reporting Standards (AEIFRS). This will be particularly so in relation to the organisation's RBF defined benefits scheme liabilities. These will increase significantly in the 2005-06 financial year and severely impact on the net tangible equity of the organisation.

To gauge the effect of these changes, the after tax profit of \$922,051 for the year ending 30<sup>th</sup> June 2005, is reduced to \$199,547 under AEIFRS. The net tangible equity, being equity adjusted for long term tax effects, of \$1,994,956 at year end has been reduced under AEIFRS to be in deficit by \$463,758.

The Board of The Public Trustee has raised its concerns regarding this with the Treasurer and the Minister for Justice. The Board is pleased to note that the Treasurer and the Minister have advised that the organisation's RBF liabilities are guaranteed by Government under the *Retirement Benefits Regulations 2005*. They have also advised that the Government is comfortable with the capital adequacy of the organisation because it is partly as a result of the first time adoption of AEIFRS and not as a result of operating performance.

In reviewing what has been a successful year, I would like to acknowledge the commitment, enthusiasm and dedication of my fellow Board members. Their thoughtful contribution to all the issues discussed at Board level is greatly appreciated. I also extend my thanks to the work of the Audit Committee chaired by Elizabeth Thomas and the Investment Committee chaired by John Fisher.

During the year Directors of the Board attended a facilitated Board Formation Workshop for the purpose of assessing the Board's performance. The outcome of the workshop confirmed that the Board is operating with the requisite skill base and appropriate governance. However, the Board has identified areas for possible improvement and an Action Plan has been formulated which is in the process of being implemented.

There have been changes at the Board level of The Public Trustee during the year in review.

In October 2004, Craig Stephens joined the Board. Craig is the Managing Director of Horwath Tas Pty Ltd and specialises in business and accounting practices. In the short time he has been with us he has already made a significant contribution.

Brett Allender resigned in February 2005. Brett served on the Board for over three years. The expert advice he provided to the organisation, particularly in the funds management area, was inestimable. I thank him for his contribution.

On a sadder note, one of our directors, Jennifer Milne, passed away. Jennifer resigned earlier in the year as a result of ill health. I would like to place on record the Board's appreciation for her contribution in the relatively short time she was with us

I also wish to recognise the hard work of our Chief Executive Officer, Peter Maloney, who continues to lead the organisation with drive and enthusiasm.

It is now 10 years since The Public Trustee became a GBE. Much has changed in the organisation in that time. The Board and staff of The Public Trustee have worked together to ensure that The Public Trustee has become commercially focused while ensuring that it continues to provide the services expected by the Tasmanian community. I look forward in the forthcoming financial year to continuing to work with fellow Board members and staff of The Public Trustee to ensure The Public Trustee continues to be a commercially successful provider of Trustee Services to the Tasmanian community.



**Ann Cunningham**

Chairperson

Board Of The Public Trustee

# Chief Executive Officer's Report

I am pleased to be able to present my report for what has been a very successful year for The Public Trustee.

We have achieved an exceptional financial result for the year. Although this has been partially the result of some one off factors, nevertheless it is a result which demonstrates the ongoing strength of the core business activities of the organisation which will underpin the financial performance of The Public Trustee into the future.

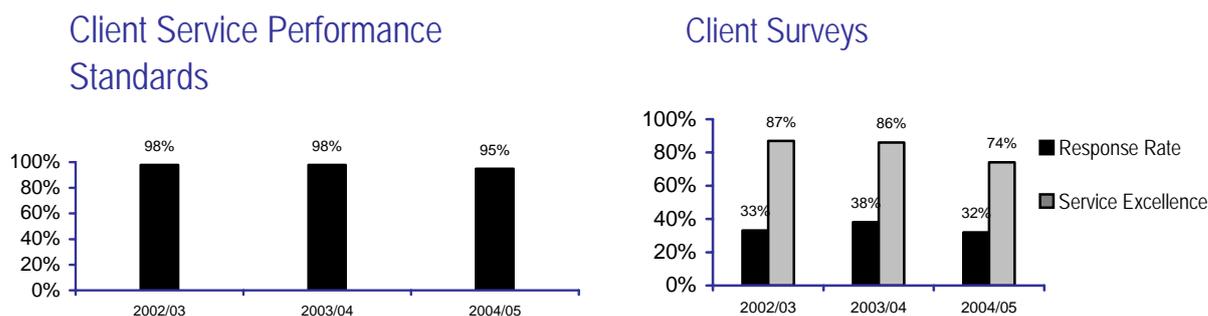
However, financial profitability is not the only measure of an organisation's success. As stated in previous Annual Reports, The Public Trustee has developed service standards that measure us against professionalism, timeliness, courtesy and communication.

In the year just completed, overall The Public Trustee achieved 95% of all service standards which, although slightly down on previous years, is an excellent result.

One of our largest clients groups is our estate beneficiaries. We survey them upon completion of our work in order to obtain qualitative information about our service in order to facilitate continuous improvement.

For the year just completed, a new survey was used for the first time. The survey was easier for beneficiaries to complete and information obtained was a better measure of our service.

In 2004-2005 we distributed 756 of the new surveys, with a 32% response rate. Of those beneficiaries who responded, 74% stated that their experience in dealing with The Public Trustee either met or exceeded their expectation. The Public Trustee has identified a number of strategies for continuous improvement of service to address the issues identified in the surveys.



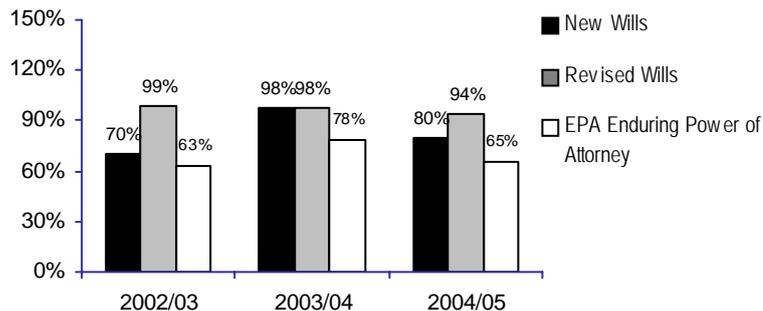
For the first time we have introduced a survey for our will writing service. This was introduced in January 2005. In the 6 months to the end of June 2005, 414 surveys were distributed with a 33% response rate. Of those who responded, 100% stated that their experience in dealing with The Public Trustee and the advice provided either met or exceeded their expectation.

This is a tremendous result and reflects well on those in the organisation who take will instructions and in particular the professionalism of the Legal Services team.

In the past year, new business in our core business operation of estate and trust administration was comparable with previous years. It is pleasing to note however that the average value of these new matters is significantly higher than in previous years, which is a positive sign for our core business.

We achieved 80% of the new will target, 94% of the revised will target and 65% of the EPA target. This performance against target is pleasing given that we did not conduct any will writing campaigns in the year in review.

### Performance Against Targets



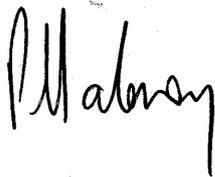
Notwithstanding the good financial result this year, we need to be mindful of the changing demographics of the Tasmanian community and the effect that this will have on the business. A strategic marketing plan has been developed to address these issues and identify opportunities for growth in our core business operations.

In the year in review, the organisation initiated a business process re-engineering project. The purpose was to review business processes in a number of business areas and redesign them to introduce efficiencies. Significant progress has been made and the changes to information systems and design of new systems are in process. This project will be completed in 2005/2006 and the new processes and systems will be introduced. Their implementation will increase the efficiency and profitability of core business activities.

As a Government owned business enterprise, The Public Trustee believes it has an obligation to inform the public about estate and trust administration and consequently community education continues to be a key focus for the organisation. In the year in review, we conducted 48 seminars around the State with a 45% increase in the number of those attending when compared with the previous year.

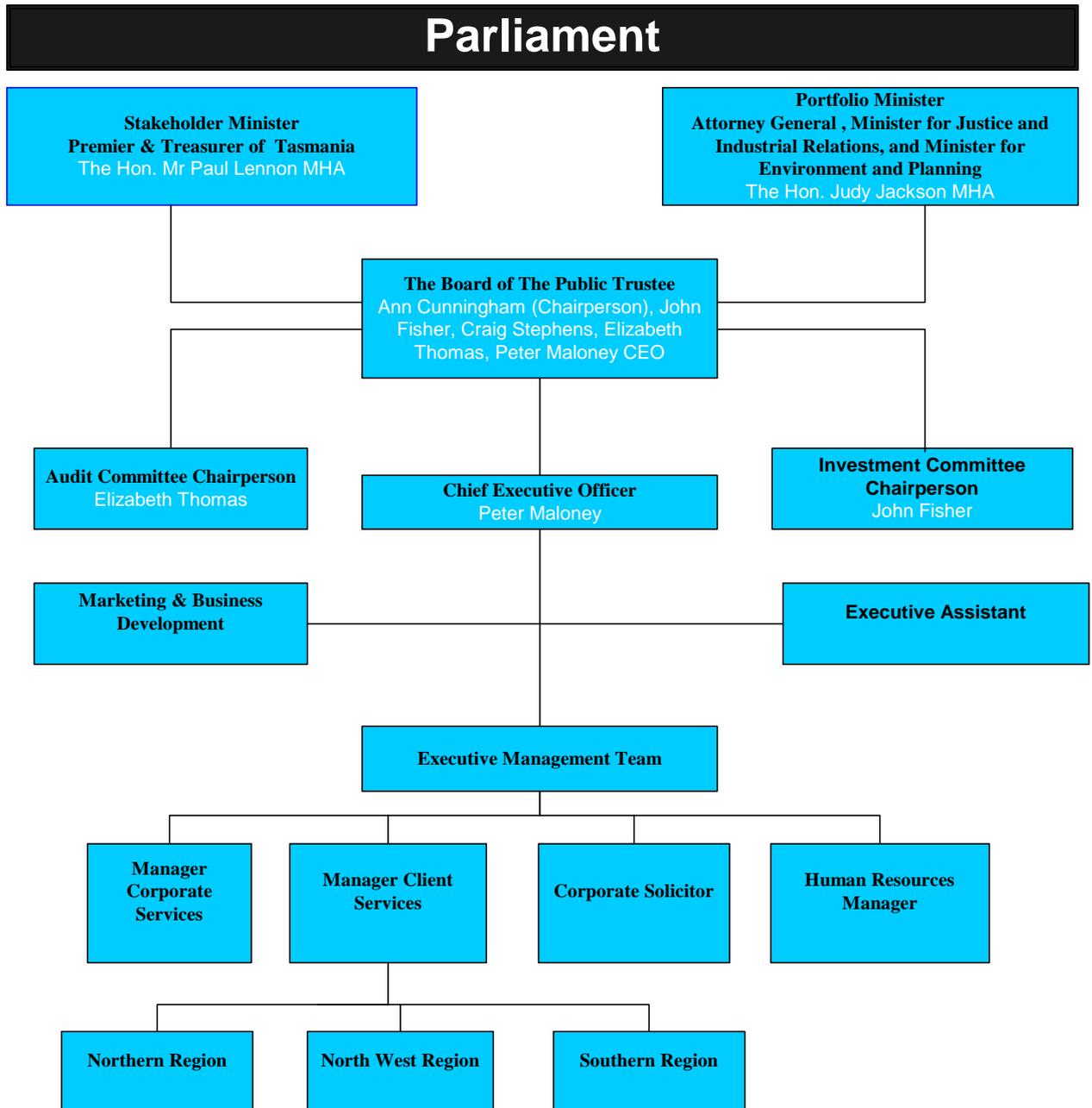
I would like to express my thanks to the Chairperson, Ann Cunningham for the support that she has given me throughout the year. She has always made herself available whenever needed and this is greatly appreciated.

Finally I would like to thank the team at The Public Trustee. This has been a very successful year and in no small part is due to their dedication in providing a professional service to The Public Trustee's clients. I look forward to working with them and the Board of The Public Trustee as we build on the achievements of the past 10 years since becoming a commercially and client focused Government Business Enterprise.

A handwritten signature in black ink, appearing to read 'P Maloney', with a stylized, cursive script.

**Peter Maloney**  
Chief Executive Officer

# Structure of The Public Trustee



# The Board of The Public Trustee

In accordance with the provisions of the *Government Business Enterprises Act 1995*, the Board of The Public Trustee is responsible to the Portfolio Minister (the Attorney General, Minister for Justice and Industrial Relations, and Minister for Environment and Planning) for ensuring that:

- the business and affairs of The Public Trustee are managed and conducted in accordance with sound commercial practice
- The Public Trustee performs its functions and achieves its legislative and corporate plan objectives.

On that basis, the Board's principle objective is to maintain and increase shareholder value while ensuring The Public Trustee's overall activities are properly managed.

The Board has established audit and investment committees to support it in matters that require more intensive review. Generally, the Board and investment committee meet monthly - the audit committee meets every two months.

The audit committee oversees the integrity of internal control and risk management strategies. The investment committee advises the Board on the investment of money held by The Public Trustee in trust, including funds invested in the common fund and group investment funds.

The Board delegates responsibility for the day to day management of the business and oversight of the implementation of strategies approved by the Board in the strategic plan to the Chief Executive Officer.

## Ann Cunningham

Chairperson of the Board of The Public Trustee May 2004  
Board Member of The Public Trustee since April 2000  
Member of the Audit Committee  
Member of the Investment Committee

Ms Cunningham is a barrister and solicitor and member of the Administrative Appeals Tribunal, The Resource Management and Planning Appeals Tribunal, Deputy President of the Mental Health Tribunal and Complaints Commissioner at the University of Tasmania. Ann is also an accredited mediator and arbitrator and is a member of the Australian Institute of Company Directors.

## **John Fisher**

Chairperson of the Investment Committee  
Member of the Audit Committee until March 2003  
Board Member of The Public Trustee since August 1996

Mr Fisher is the General Manager, Financial and Business Services for the Department of Economic Development. He has responsibility across all industry sectors for high level financial analysis of all new and existing proposals for Government financial and other types of development support.

He is a member of the Australian Institute of Company Directors and has held directorships on the boards of Australian Weaving Mills Pty Ltd and Antarctic Climate and Ecosystems Cooperative Research Centre.

John is a member of the Investment Advisory Committee for First Tasmania Investments Limited, a local venture capital fund.

## **Peter Maloney**

Board Member of The Public Trustee since August 1996  
Member of the Investment Committee since August 1996  
Chairperson of the Board of The Public Trustee May 2001- February 2003  
Chief Executive Officer of the Public Trustee February 2003

A barrister and solicitor and formerly a Senior Executive with the Department of Justice and Industrial Relations. Mr Maloney has eight years of Board experience at The Public Trustee and an extensive background in senior government administration.

## **Craig Stephens**

Board Member of The Public Trustee since October 2004  
Member of the Audit Committee

Craig is the Managing Director of Horwath Tas Pty Ltd and a member of the Australian Institute of Company Directors. He is a Chartered Accountant with over 20 years experience in the provision of business consulting and audit services.

## **Elizabeth Thomas**

Board Member of The Public Trustee since September 1995  
Chairperson of the Audit Committee - March 2003

Ms Thomas brings nearly 20 years of trustee industry knowledge and experience to the Board and the audit committee. Elizabeth works as a business consultant specialising in strategic planning and management development. Elizabeth is a member of the Australian Institute of Company Directors, a Commissioner on the Tasmanian Gaming Commission and a member of the Police Review Board.

# Corporate Plan

The Public Trustee's corporate plan serves two main purposes:

- it provides a clear vision of the valuable contribution The Public Trustee can make to the Tasmanian community
- it establishes practical initiatives that must be taken to ensure the vision contained in the plan becomes a reality.

Strategic initiatives contained in the 2005-06 to 2007-08 corporate plan focus on:

- building the business base to ensure the commercial success of The Public Trustee as a Government Business Enterprise
- managing the liability under the RBF Defined Benefits Scheme, as calculated under new accounting standards, so as to maintain a level of net tangible equity that provides adequate capital to ensure the future viability of The Public Trustee.

## Statement of Corporate Intent

The Statement of Corporate Intent has been prepared pursuant to Section 41 of the *Government Business Enterprises Act 1995*.

### a) Business Definition

The scope of the principal commercial activities undertaken by The Public Trustee are:

- to provide the general community with access to professional advice and service in relation to Trustee services including wills, estate administration, trust management and powers of attorney
- to protect the financial interests of individuals under a legal, physical or intellectual disability where The Public Trustee is appointed to act on their behalf
- to assume responsibility for administering estates and trusts, irrespective of their value.

### b) Business Direction

The general business direction of The Public Trustee for the forecast period is to perform its functions and exercise its powers so as to be a successful business by:

- operating in accordance with sound commercial practices
- operating efficiently and maximising the net worth of the business
- maximising the sustainable return to the State in accordance with the corporate plan and to perform, on behalf of the State, any community service obligations in an efficient manner.

### c) Strategic Direction

The strategic direction for The Public Trustee for the period of the corporate plan will focus on the implementation of initiatives designed to secure market share and improve efficiency and profitability in the organisation's core business activities – estate and trust administration and fund management.

### d) Business Performance Targets

The business performance targets have been set in accordance with the forecast operating profits during the planning period.

<b>Key Performance Indicators</b>	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>
Return on Tangible Assets	3.8 %	3.0%	3.8%
Return on Tangible Equity	32%	74%	70%
Net Tangible Equity to Tangible Assets Ratio	2.9%	3.4%	5.1%
Net Profit before tax	\$350,000	\$280,000	\$365,000
Shareholder Value Added	\$230,000	\$250,000	\$320,000
Debt to Equity Ratio	N/A	N/A	N/A
Interest Cover Ratio	N/A	N/A	N/A

The notional income from the \$5.77M provision for Retirement Benefits flows to the provision and has the effect of reducing the return on assets.

### e) Distribution Policy and Targets

The targets are set in accordance with the forecast operating profits during the planning period.

	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>
Dividends	\$0	\$179,500	\$110,000
Income tax equivalent payments	\$100,000	\$30,000	\$100,000
Guarantee fees	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$100,000</b>	<b>\$209,500</b>	<b>\$210,000</b>
Dividend payout ratio	50%	50%	50%

### f) Capital Structure

The equity of The Public Trustee is made up of a single reserve constituting accumulated retained profits.

No significant changes to the capital structure of The Public Trustee are envisaged during the planning period.

# Financial Commentary

## Financial Performance Indicators

The Public Trustee's corporate plan targets and key financial performance indicator results for 2004 – 2005 were:

	<b>Corporate Plan Target 2004-2005</b>	<b>Actual for 2004-2005</b>
<b>Return on Tangible Assets</b>		
Earnings before interest & Tax / Total Tangible Assets	- 2%	15%
<b>Return on Tangible Equity</b>		
Earnings after Tax / Net Tangible Assets	- 14%	59%
<b>Net Tangible Equity to Tangible Assets Ratio</b>	2%	18%

The notional income generated from the \$5.77M provision for retirement benefits flows through to the provision and has the effect of reducing the stated return on assets.

Future income tax benefits represented 19% of total assets and 63% of net assets as at 30<sup>th</sup> June 2005 and have the effect of reducing the return on assets and profit to equity ratios.

## Payments to Consolidated Fund

The Public Trustee's payments to the Consolidated Fund for 2004-2005 compared with the previous year were:

	<b>2004-2005</b>	<b>2003-2004</b>
Dividend	Nil	\$346,764
Income Tax Equivalent Payment	\$240,978	\$218,614
Guarantee Fee	Nil	Nil
<b>TOTAL</b>	<b>\$240,978</b>	<b>\$565,378</b>

## Capital Structure

The Public Trustee has no corporate borrowings. The equity of The Public Trustee is wholly represented by retained earnings.

## Distribution Targets

The targets for distribution and payments to the Consolidated Fund in 2005-2006 are:

Guarantee Fee	Nil
Income Tax Equivalent Payment	\$100,000
Dividend	Nil
<b>TOTAL</b>	<b>\$100,000</b>

## Statement on Superannuation Entitlements

The superannuation entitlements of the majority of staff are determined by the defined benefit scheme of the *Retirement Benefits Act 1993*. In relation to staff not entitled under the defined benefit scheme, employer contributions have been made to complying superannuation funds as required by the *Commonwealth Superannuation Guarantee Act*.

## Procurement Contracts

The Public Trustee had no procurement contracts in place as at 30<sup>th</sup> June 2005 valued at more than \$50,000.

## Support for Tasmanian Business

The Public Trustee supports Tasmanian business by sourcing all services and supplies within Tasmania where those services and supplies are competitively available at the standard required by The Public Trustee.

## Staffing

As at 30<sup>th</sup> June 2005 The Public Trustee employed 50 staff on a full time equivalent basis.

## Community Service Obligation Payments

In accordance with the provisions contained in Part 9 of the *Government Business Enterprises Act 1995*, community service obligations have been declared to encompass the responsibility of The Public Trustee to administer estates, trusts and the financial affairs of represented persons, notwithstanding that the financial value of these matters prohibits full cost recovery. As at 30<sup>th</sup> June 2005, matters classified as community service obligations accounted for 59% of the matters administered by The Public Trustee.

The Treasurer, as purchasing minister, enters into an agreement with The Public Trustee to fund the provision of community service obligations. Total community service obligation funding received by The Public Trustee in 2004-05 was \$793,000.

# Superannuation Certificate

I, Ann Cunningham, Chairperson of The Board of The Public Trustee hereby certify that The Public Trustee has met its obligations under the Commonwealth's Superannuation Guarantee (Administration) Act 1992 in respect of those employees of The Public Trustee who are members of the following complying superannuation schemes to which The Public Trustee contributes.

- Retirement Benefits Fund Board
- Fiducian Life Superannuation
- Super Samma NPS Fund
- Axis Superannuation Fund
- Tasplan Superannuation Fund
- Colonial Superannuation Retirement Fund
- AMP Superannuation Savings Trust



Ann Cunningham  
Chairperson  
Board Of The Public Trustee

# **Financial Statements**

## **2004-2005**

# Statement of Certification

In the opinion of the directors of The Public Trustee

- (a) the attached financial statements are drawn up so as to give a true and fair view of the results and cash flows for the year ending 30<sup>th</sup> June, 2005 and the state of affairs as at 30<sup>th</sup> June, 2005 of The Public Trustee;
- (b) the accounts have been prepared in compliance with the provisions of the Government Business Enterprises Act 1995 and Treasurer's Instructions issued under that Act;
- (c) at the date of this statement, there are reasonable grounds to believe that The Public Trustee will be able to pay its debts as and when they fall due.

The financial statements have been prepared in accordance with Australian Accounting Standards and Urgent Issues Group consensus views.

Signed in accordance with a resolution of the directors.



**ANN F. CUNNINGHAM**  
**CHAIRPERSON**  
**BOARD OF THE PUBLIC TRUSTEE**  
**1<sup>st</sup> September, 2005**



**PETER M. MALONEY**  
**DIRECTOR**  
**BOARD OF THE PUBLIC TRUSTEE**  
**1<sup>st</sup> September, 2005**

**THE PUBLIC TRUSTEE**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
For the Year Ended 30th June, 2005

	NOTE	2005 \$	2004 \$
<b>REVENUE FROM ORDINARY ACTIVITIES</b>			
Commission and Fees		4,614,470	3,689,343
Funding of Community Service Obligations		793,000	722,918
Income from Investments	3	359,688	336,933
Other Income		<u>2,073</u>	<u>32,092</u>
<b>Total Revenue from Ordinary Activities</b>		<b><u>5,769,231</u></b>	<b><u>4,781,286</u></b>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>			
Salaries and Associated Expenses		2,233,661	2,224,920
Provisions for Employment Benefits		845,087	973,206
Accommodation Expenses		115,536	118,882
Depreciation		70,926	78,626
Administration Expenses		<u>1,219,216</u>	<u>1,269,963</u>
<b>Total Expenses from Ordinary Activities</b>		<b><u>4,484,426</u></b>	<b><u>4,665,597</u></b>
<b>PROFIT (LOSS) from ordinary activities</b> before income tax expense (benefit)		<b><u>1,284,805</u></b>	<b><u>115,689</u></b>
Income tax expense (benefit) relating to ordinary activities	22	362,754	12,020
<b>Net profit (loss) from ordinary activities after related tax expense</b>		<b><u>922,051</u></b>	<b><u>103,669</u></b>
<b>TOTAL CHANGES IN EQUITY,</b> other than those resulting from transactions with owners as owners		<b><u>922,051</u></b>	<b><u>103,669</u></b>

This statement should be read in conjunction with the accompanying notes

**THE PUBLIC TRUSTEE**  
**STATEMENT OF FINANCIAL POSITION**  
As at 30th June, 2005

	NOTE	2005 \$	2004 \$
<b>CURRENT ASSETS</b>			
Cash Assets	4	5,432,536	4,102,711
Receivables	5	419,043	309,658
Other	6	<u>65,896</u>	<u>87,126</u>
<b>TOTAL CURRENT ASSETS</b>		<b><u>5,917,475</u></b>	<b><u>4,499,495</u></b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	7	3,314,785	3,363,524
Future Income Tax Benefit	22	<u>1,926,605</u>	<u>1,866,797</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>5,241,390</u></b>	<b><u>5,230,321</u></b>
<b>TOTAL ASSETS</b>		<b><u>11,158,865</u></b>	<b><u>9,729,816</u></b>
<b>CURRENT LIABILITIES</b>			
Payables	8	537,135	393,746
Current Income Tax Liability	22	265,023	95,644
Provisions	9	<u>1,643,009</u>	<u>1,902,820</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>2,445,167</u></b>	<b><u>2,392,210</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	10	4,792,137	4,350,301
Deferred Income Tax Liability	22	<u>12,446</u>	<u>241</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>4,804,583</u></b>	<b><u>4,350,542</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>7,249,750</u></b>	<b><u>6,742,752</u></b>
<b>NET ASSETS</b>		<b><u>3,909,115</u></b>	<b><u>2,987,064</u></b>
<b>EQUITY</b>			
Retained Profits	11	<u>3,909,115</u>	<u>2,987,064</u>
<b>TOTAL EQUITY</b>		<b><u>3,909,115</u></b>	<b><u>2,987,064</u></b>

This statement should be read in conjunction with the accompanying notes

**THE PUBLIC TRUSTEE**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended 30th June, 2005

	NOTE	2005 \$	2004 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from clients, government & Common Fund		5,679,772	4,711,144
Payments to employees and suppliers		-4,086,885	-3,976,471
Dividend paid		0	-346,764
Income tax equivalents paid		-240,978	-218,604
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	18	<b><u>1,351,909</u></b>	<b><u>169,305</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Increase) Decrease in investment in Common Fund		-1,350,000	-500,000
Payments for property, plant & equipment		-22,084	-97,244
Proceeds from sale of property, plant & equipment		<u>0</u>	<u>420,000</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b><u>-1,372,084</u></b>	<b><u>-177,244</u></b>
Net increase (decrease) in cash held		-20,175	-7,939
Cash at the beginning of the year		<u>252,711</u>	<u>260,650</u>
<b>CASH AT THE END OF THE YEAR</b>	18	<b><u>232,536</u></b>	<b><u>252,711</u></b>

This statement should be read in conjunction with the accompanying notes

### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The Public Trustee was established under The Public Trustee Act 1930.

#### **(a) BASIS OF ACCOUNTING**

The Government Business Enterprises Act 1995 requires The Public Trustee to keep proper accounts and records of its transactions and affairs, in accordance with the accounting principles which generally apply in commercial practice.

This financial report is a general purpose financial report and has been prepared on an accrual accounting basis and in accordance with Australian Accounting Standards and Urgent Issues Group consensus views. They are prepared on an historical cost basis and do not take into account changing money values, or unless otherwise stated, current valuations of non current assets or liabilities.

#### **(b) REVENUE RECOGNITION**

##### *Commission and Fees*

Commission and fees are taken progressively throughout the administration of the estates and trusts under the control of The Public Trustee. Commission is charged when the individual assets are realised throughout the course of the administration or at the time of distribution if the asset is transferred to a beneficiary. Fees are either charged at the time the service is performed or at the time the next statement of account for the administration is prepared. Both the volume of work required and the fine legal distinctions that may be necessary to determine when a commission or fee is chargeable render the accruing of these commissions and fees inappropriate.

##### *Funding of Community Service Obligations*

Payments under the agreement with Government to provide Community Service Obligations are recognised as they accrue.

##### *Interest and Rental Income*

Interest and rental income are recognised as they accrue.

## **(c) INVESTMENTS**

These Financial Statements refer only to the funds owned by The Public Trustee as a corporate entity.

As part of the role of Executor and Trustee, The Public Trustee holds assets in trust on behalf of clients during the course of estate and trust administrations. These assets do not form part of these accounts.

## **(d) DEPRECIATION AND AMORTISATION OF NON CURRENT ASSETS**

Non current assets excluding freehold land and buildings on freehold land are depreciated over their useful economic lives using the straight-line method of depreciation. Assets are first depreciated in the year of acquisition or from the time the asset is held ready for use.

Freehold land and buildings on freehold land are held as investment properties on which revenue by way of rental income and capital appreciation are expected and no depreciation is charged.

Note 7 provides further detail of non current assets.

## **(e) LEASED ASSETS**

Leases under which The Public Trustee assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

### **Finance Leases**

A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed.

### **Operating Leases**

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

## **(f) VALUATION OF FREEHOLD LAND AND BUILDINGS ON FREEHOLD LAND**

The valuations of freehold land and buildings on freehold land are as determined by directors and are based on independent valuations. The independent valuations are obtained every three years.

Potential capital gains tax is only taken into account if the asset is held for sale.

## **(g) GOODS AND SERVICES TAX**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST).

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable or payable is included as a current asset or liability in the statement of financial position.

## **(h) EMPLOYEE ENTITLEMENTS**

Provision is made for employee benefit entitlements accumulated as a result of employees rendering services up to the reporting date. The benefits include wage and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflows using market interest rates for terms of maturity approximating the terms of the related liability.

All calculations of liabilities for employee benefit entitlements include on-costs of payroll tax, workers compensation insurance and superannuation.

Sick leave entitlements are non-vested. On the basis of the low level of usage previously experienced by The Public Trustee, the liability for sick leave is not material and no provision has been made.

Liabilities under the RBF defined benefit scheme are calculated by a government appointed actuary. Changes in the liability are expensed in the Statement of Financial Performance.

## **(i) RECEIVABLES**

Trade debtors are non-interest bearing and are recognised at the nominal amount due. No provision is made for doubtful debts.

## **(j) PAYABLES**

Creditors are carried at cost, are non-interest bearing and normally settled on 30 day terms.

## NOTE 2: CHANGES IN ACCOUNTING POLICY

There have been no changes in accounting policy during the year.

## NOTE 3: INCOME FROM INVESTMENTS

	2005 \$	2004 \$
Income from the Common Fund	193,195	160,900
Rental Income	<u>166,493</u>	<u>176,033</u>
	<u><b>359,688</b></u>	<u><b>336,933</b></u>

## NOTE 4: CASH ASSETS

	2005 \$	2004 \$
Cash on Hand	1,050	1,050
Investment in Common Fund	<u>5,431,486</u>	<u>4,101,661</u>
<b>Total Cash Assets</b>	<u><b>5,432,536</b></u>	<u><b>4,102,711</b></u>

The Common Fund is established under The Public Trustee Act 1930 as a single fund to hold capital moneys vested in The Public Trustee during the administration of deceased estates, represented persons, trusts and other matters under the control of The Public Trustee.

The investment in the Common Fund is carried at cost.

## NOTE 5: CURRENT RECEIVABLES

	2005 \$	2004 \$
Trade Debtors	<u>419,043</u>	<u>309,658</u>
<b>Total Receivables</b>	<u><b>419,043</b></u>	<u><b>309,658</b></u>

## NOTE 6: OTHER CURRENT ASSETS

	2005 \$	2004 \$
Prepayments	59,476	73,002
Rent Inducement, less amortisation	<u>6,420</u>	<u>14,124</u>
<b>Total Other Current Assets</b>	<b><u>65,896</u></b>	<b><u>87,126</u></b>

## NOTE 7: PROPERTY PLANT AND EQUIPMENT

	2005 \$	2004 \$
Freehold Land at fair value	<u>775,500</u>	<u>775,500</u>
Buildings on Freehold land at fair value	<u>2,405,000</u>	<u>2,405,000</u>
Improvements to Buildings, at cost	306,816	306,816
Accumulated Depreciation	<u>276,920</u>	<u>258,982</u>
	<u>29,896</u>	<u>47,834</u>
Fixtures, Furniture and Equipment, at cost	772,997	749,083
Accumulated Depreciation	<u>668,608</u>	<u>613,893</u>
	<u>104,389</u>	<u>135,190</u>
<b>Total Property Plant and Equipment</b>	<b><u>3,314,785</u></b>	<b><u>3,363,524</u></b>

The fair values of freehold land and of buildings on freehold land have been determined by directors at balance date based on independent valuations obtained in June 2003 using the capitalisation of income approach.

The reconciliation of the movement in each class of property, plant and equipment is as follows:

	2005	2004
	\$	\$
<b>Freehold Land</b>		
Balance at beginning of year	775,500	875,500
Disposals	<u>0</u>	<u>-100,000</u>
<b>Balance at End of Year</b>	<b><u>775,500</u></b>	<b><u>775,500</u></b>
<b>Buildings on Freehold Land</b>		
Balance at beginning of year	2,405,000	2,673,000
Disposals	<u>0</u>	<u>-268,000</u>
<b>Balance at End of Year</b>	<b><u>2,405,000</u></b>	<b><u>2,405,000</u></b>
<b>Improvements to Buildings</b>		
Balance at beginning of year	47,834	78,576
Disposals	0	-9,369
Depreciation	<u>-17,938</u>	<u>-21,373</u>
<b>Balance at End of Year</b>	<b><u>29,896</u></b>	<b><u>47,834</u></b>
<b>Fixtures, Furniture and Equipment</b>		
Balance at beginning of year	135,190	105,714
Acquisitions	23,914	97,244
Disposals	0	-8,790
Depreciation	<u>-54,715</u>	<u>-58,978</u>
<b>Balance at End of Year</b>	<b><u>104,389</u></b>	<b><u>135,190</u></b>

Depreciation of Plant & Equipment is on a straight line basis over the anticipated useful life of each asset.

The ranges of useful lives for major asset classes are:

Furniture	7-10 years
Electronic and Computer Equipment	3-5 years
Fixtures and Improvements	5 years

The capitalisation threshold for items of furniture and equipment is \$300.

## NOTE 8: CURRENT PAYABLES

	2005 \$	2004 \$
Creditors	<u>537,135</u>	<u>393,746</u>
<b>Total Current Payable</b>	<b><u>537,135</u></b>	<b><u>393,746</u></b>

Trade creditors are normally settled within 30 days.

## NOTE 9: CURRENT PROVISIONS

	2005 \$	2004 \$
Annual Leave	231,213	238,829
Long Service Leave	370,894	350,848
Retirement Benefits	<u>1,040,902</u>	<u>1,313,143</u>
<b>Total Current Provisions</b>	<b><u>1,643,009</u></b>	<b><u>1,902,820</u></b>

Information relating to employee retirement entitlements is provided at Note 17.

## NOTE 10: NON-CURRENT PROVISIONS

	2005 \$	2004 \$
Long Service Leave	64,127	95,424
Retirement Benefits	<u>4,728,010</u>	<u>4,254,877</u>
<b>Total Non-Current Provisions</b>	<b><u>4,792,137</u></b>	<b><u>4,350,301</u></b>

Information relating to employee retirement entitlements is provided at Note 17.

## **NOTE 11: RETAINED PROFITS**

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
Retained profits at the start of the year	2,987,064	3,230,159
Net profit for the year	922,051	103,669
Dividend paid	<u>0</u>	<u>-346,764</u>
<b>Retained Profits at the End of the Year</b>	<b><u>3,909,115</u></b>	<b><u>2,987,064</u></b>

## **NOTE 12: CONTINGENT LIABILITIES**

The Public Trustee has entered into Deeds of Indemnity with each Director and Executive Team member by which The Public Trustee will indemnify the Officers against any action that may be taken against them for actions undertaken on behalf of The Public Trustee in the performance of their duties within specified limitations. At the date of adoption of these financial statements, there are no actual or potential material claims of which the Directors or Officers are aware.

## **NOTE 13: REMUNERATION OF DIRECTORS**

The Directors in office during the year to 30<sup>th</sup> June 2005 were Ms. E.F. Thomas, Mesdames A.F. Cunningham and J.F. Milne and Messrs. P.M. Maloney, J.R. Fisher, B.S. Allender and C.J. Stephens.

The remuneration (including the salary paid to the C.E.O. but excluding superannuation) paid or payable to Directors of The Public Trustee during the year to 30<sup>th</sup> June 2005 was \$168,886 (\$185,282 for 2003-2004). The total amount paid to superannuation plans on behalf of Directors during the period was \$24,407 (\$7,183 for 2003-2004).

## **NOTE 14: GOING CONCERN**

These financial statements have been prepared on the going concern basis recognising that The Public Trustee will continue to function and fund itself on the same basis as for the year ended 30<sup>th</sup> June 2005.

## **NOTE 15: CREDIT AND LOAN FACILITIES**

The Public Trustee maintained no used or unused credit standby arrangements or loan facilities as at 30<sup>th</sup> June 2005.

## NOTE 16: RELATED PARTY TRANSACTIONS

There were no transactions with related parties by the economic entity during the year.

## NOTE 17: PROVISION FOR RETIREMENT BENEFITS

- (a) The majority of staff are members of the Retirement Benefits Fund defined benefit scheme. The scheme was closed to new members as from 15 May 1999. All other staff are members of an accumulation scheme.

The State Actuary conducts an annual valuation of the past service and accrued liabilities within the Retirement Benefits Fund defined benefit scheme at the reporting date. Any shortfall between the value of these benefits and the market value of the Retirement Benefits Fund assets relating to those members, determines the amount of any unfunded superannuation liability, and is shown as a liability in The Public Trustee's Statement of Financial Position.

A discounted cashflow method is used to value liabilities. Forecast pension and lump sum payments are adjusted for a factor representing the probability of payment and are discounted to the valuation date using the assumed discount rate.

The major valuation assumptions are as follows.

Discount Rate	7.0%
Salary Inflation	4.5%
Rate of pension increases	2.5%
Rate of preserved benefits increase	4.0%

The funding status of The Public Trustee's share of the defined benefit scheme at the reporting date, based on actuarial valuations, is summarised as follows:

	2005	2004	Change
	\$	\$	
Vested Benefits	8,811,098	8,506,621	3.6%
Accrued Benefits	8,002,788	7,682,927	4.2%
<i>Less</i> RBF Assets	2,233,876	2,114,907	5.6%
<b>Deficit</b>	<b><u>5,768,912</u></b>	<b><u>5,568,020</u></b>	<b>3.6%</b>
Classified as:			
Current	1,040,902	1,313,143	
Non-current	<u>4,728,010</u>	<u>4,254,877</u>	
<b>Total</b>	<b><u>5,768,912</u></b>	<b><u>5,568,020</u></b>	

## NOTE 18: STATEMENT OF CASH FLOWS

### (a) Reconciliation of Cash

Cash includes cash on hand and the cash component of the investment in the Common Fund. The reported cash component of the investment in the Common Fund is based on an estimate of the maximum short term cash requirements of the Office. Cash at the end of the year is reconciled to the related items in Note 4 as follows: -

	<b>2005</b>	<b>2004</b>
	\$	\$
Cash on Hand	1,050	1,050
Cash Investment in Common Fund	<u>231,486</u>	<u>251,661</u>
<b>Cash at the End of the Year</b>	<b><u>232,536</u></b>	<b><u>252,711</u></b>
Cash Investment in Common Fund	231,486	251,661
Balance of Investment in Common Fund	<u>5,200,000</u>	<u>3,850,000</u>
<b>Investment in Common Fund</b>	<b><u>5,431,486</u></b>	<b><u>4,101,661</u></b>

### (b) Reconciliation of net cash provided by operating activities to operating result

	<b>2005</b>	<b>2004</b>
	\$	\$
Operating Profit (Loss)	1,284,805	115,689
Depreciation Expense	70,296	78,626
Increase in Provisions for Employee Benefits	182,024	658,710
Increase in Creditors	145,221	-46,462
(Increase) Decrease in Debtors	-95,857	-47,481
Income Tax Equivalentents Paid	-240,978	-218,604
Dividend Paid	0	-346,764
Sundry	<u>6,398</u>	<u>-24,409</u>
<b>Total Cash Provided By Operating Activities</b>	<b><u>1,351,909</u></b>	<b><u>169,305</u></b>

## **NOTE 19: LEASING COMMITMENTS**

Obligations under non-cancellable operating leases of computer equipment, motor vehicles and premises as at 30<sup>th</sup> June were:

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
Amounts payable not later than 1 year	77,312	51,462
Payable later than 1 year and less than 5 years	<u>67,412</u>	<u>70,214</u>
<b>Total Amounts Payable</b>	<b><u>144,724</u></b>	<b><u>121,676</u></b>

## **NOTE 20: AUDITOR'S REMUNERATION**

Amounts due for the audit of financial reports:

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
Tasmanian Audit Office	16,850	16,350

No other services are provided by Tasmanian Audit Office

## **NOTE 21: GOVERNMENT APPROPRIATIONS AND GRANTS**

The Public Trustee received no Government appropriations or grants during the year ended 30<sup>th</sup> June 2005.

In accordance with an agreement for The Public Trustee to undertake certain Community Service Obligations on behalf of the Government, The Public Trustee is entitled to receive a payment of \$793,000 for services supplied during the year (\$772,918 in 2003-2004).

## NOTE 22: INCOME TAX EQUIVALENTS

- (a) The prima facie tax equivalent on operating profit differs from the tax equivalent provided in the accounts as follows:

	2005 \$	2004 \$
Operating Profit (Loss)	<u>1,284,805</u>	<u>115,689</u>
Prima Facie Tax (Benefit)	385,442	34,707
<b>Tax Effect of Permanent Differences</b>		
Building Allowance & Rent Inducement	-22,688	-22,687
<b>Income Tax Expense (Benefit) Provided on Operating Profit</b>	<b><u>362,754</u></b>	<b><u>12,020</u></b>
Comprising:		
Current income tax provision	410,357	209,128
Deferred income tax liability, current year	12,205	-3,757
Future income tax benefit, current year	<u>-59,808</u>	<u>-193,351</u>
	<b><u>362,754</u></b>	<b><u>12,020</u></b>

- (b) Provision for Current Income Tax

Balance at beginning of year	95,644	95,102
Income tax paid	-76,187	-83,219
PAYG instalments paid	-164,791	-135,385
Current year's income tax expense	<u>410,357</u>	<u>219,146</u>
	<b><u>265,023</u></b>	<b><u>95,644</u></b>

- (c) Future Income Tax Liabilities

Timing differences between taxable and accounting income	12,446	241
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- (d) Future Income Tax Benefits

Timing differences between taxable and accounting income	1,926,605	1,866,797
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## NOTE 23: STATEMENT OF TAXATION EQUIVALENTS

	2005	2004
	\$	\$
Operating Profit (Loss) as per Financial Statements	1,284,805	115,689
<b><u>ADD</u></b>		
Depreciation as per accounts	72,653	80,353
Net increase (decrease) in annual leave provision	-7,617	20,780
Net increase (decrease) in long service leave provisions	-11,251	52,841
Net increase in staff retirement provisions	208,351	585,088
Increase (decrease) in accrued audit and super provisions	-15,084	2,455
(Increase) decrease in accrued rental income	-40,682	320
Rent inducement amortised	7,704	7,704
<b>TOTAL ADDBACKS</b>	<b><u>214,074</u></b>	<b><u>749,541</u></b>
<b><u>DEDUCT</u></b>		
Tax Depreciation	47,691	51,415
Building Allowance	83,329	83,329
<b>TOTAL SUBTRACTIONS</b>	<b><u>131,020</u></b>	<b><u>134,744</u></b>
<b>NET INCOME</b>	<b>1,367,859</b>	<b>730,486</b>
(Accumulated losses at beginning of year)	<u>0</u>	<u>0</u>
<b>TAXABLE INCOME</b>	<b><u>1,367,859</u></b>	<b><u>730,486</u></b>
<b>TAX EQUIVALENT PAYABLE</b>	<b><u>410,358</u></b>	<b><u>219,146</u></b>

## NOTE 24: FINANCIAL INSTRUMENTS

### (a) Interest Rate Risk

The Public Trustee's exposure to interest rate risk and effective interest rates on financial assets and liabilities as at 30<sup>th</sup> June are:

	Weighted Average Effective Interest Rate %	Variable Interest Rate \$	Non-interest Bearing \$
<b>2005 Financial Assets</b>			
Cash		0	1,050
Investment in Common Fund	5.01	5,431,486	0
Debtors		<u>0</u>	<u>419,043</u>
Total Financial Assets		<u><b>5,431,486</b></u>	<u><b>420,093</b></u>
<b>2005 Financial Liabilities</b>			
Creditors		<u>0</u>	<u>537,135</u>
<b>2004 Financial Assets</b>			
Cash		0	1,050
Investment in Common Fund	4.90	4,101,661	0
Debtors		<u>0</u>	<u>309,659</u>
Total Financial Assets		<u><b>4,101,661</b></u>	<u><b>310,709</b></u>
<b>2004 Financial Liabilities</b>			
Creditors		<u>0</u>	<u>393,746</u>

### (b) Net Fair Value

The net fair value of the financial assets and liabilities of The Public Trustee approximates their carrying value.

### (c) Credit Risk Management

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Public Trustee minimises the credit risk of the investment in the Common fund by ensuring that the assets of the Common Fund are invested in secure capital stable investments.

### (d) Policies and Conditions

Debtors and Creditors are carried at nominal values. The investment in the Common Fund is held at cost. The cash component of the Common Fund investment (Note 18) is available at call and the balance is available subject to the liquidity of the investments of the Fund.

## **NOTE 25: SUBSEQUENT EVENTS**

No matters or events have arisen between the end of the financial year and the date of this report that in the opinion of Directors has a significant affect or may significantly affect the financial performance of position of The Public Trustee.

## **NOTE 26: INTERNATIONAL FINANCIAL REPORTING STANDARDS**

For reporting periods beginning after 1 January 2005, The Public Trustee will prepare Financial Statements based on the Australian Equivalents of the International Financial Reporting Standards (AEIFRS) as issued by the Australian Accounting Standards Board.

These Financial Statements have been prepared in accordance with Australian accounting standards and other financial reporting requirements applicable for reporting periods ended 30 June 2005.

The transition to the AEIFRS will materially affect The Public Trustee's liability for Employee Entitlements. As detailed in Note 17, the majority of staff are members of a defined benefit superannuation scheme. Under the new standard there are additional disclosure requirements and changes to the actuarial assumptions used in the calculation of The Public Trustee's liability under the scheme.

The discount rate used to determine the present value of The Public Trustee's future liabilities under the scheme will change from the expected earnings rate to a rate based on AAA credit rated bonds. The impact of the change will be to reduce the discount rate and to substantially increase the deemed present value of the future liabilities.

Under the new standards, The Public Trustee's liabilities under the defined benefit scheme as at 30 June 2005, will increase by \$2,458,714 to \$8,227,626. After allowing for the future tax benefit that will accrue, The Public Trustee's equity will reduce by \$1,721,100 to \$2,188,015. The expense for the year to 30 June 2005 would be \$1,660,253 before tax under the new standard in comparison to an expense of \$628,104 under the existing standards.

The following tables summarise the adjustments to the financial performance for the year 30 June 2005 and the financial position of The Public Trustee as at 30 June 2005 that would apply if these financial statements were prepared under the new standards.

The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of the transition may differ from the estimates disclosed as a result of further reviews by The Public Trustee of the effect of the transition and changes to standards and their interpretations.

**THE PUBLIC TRUSTEE**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
For the Year Ended 30th June, 2005

	<b>2005</b>	<b>2005</b>
	<b>Current</b>	<b>AEIFRS</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE FROM ORDINARY ACTIVITIES</b>		
Commission and Fees	4,614,470	4,614,470
Funding of Community Service Obligations	793,000	793,000
Income from Investments	359,688	359,688
Other Income	2,073	2,073
	<u>5,769,231</u>	<u>5,769,231</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>		
Salaries and Associated Expenses	2,233,661	2,233,661
Provisions for Employment Benefits	845,087	1,877,236
Accommodation Expenses	115,536	115,536
Depreciation	70,926	70,926
Administration Expenses	1,219,216	1,219,216
	<u>4,484,426</u>	<u>5,516,575</u>
<b>PROFIT BEFORE TAX</b>	<u><b>1,284,805</b></u>	<u><b>252,656</b></u>
<b>Income tax expense</b>	362,754	53,109
<b>PROFIT AFTER TAX</b>	<u><u><b>922,051</b></u></u>	<u><u><b>199,547</b></u></u>

**THE PUBLIC TRUSTEE**  
**STATEMENT OF FINANCIAL POSITION**  
As at 30th June, 2005

	<b>2005</b>	<b>2005</b>
	<b>Current</b>	<b>AEIFRS</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>		
Cash Assets	5,432,536	5,432,536
Receivables	419,043	419,043
Other	<u>65,896</u>	<u>65,896</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>5,917,475</u></b>	<b><u>5,917,475</u></b>
<b>NON-CURRENT ASSETS</b>		
Property, Plant and Equipment	3,314,785	3,314,785
Future Income Tax Benefit	<u>1,926,605</u>	<u>2,664,219</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<b><u>5,241,390</u></b>	<b><u>5,979,004</u></b>
<b>TOTAL ASSETS</b>	<b><u>11,158,865</u></b>	<b><u>11,896,479</u></b>
<b>CURRENT LIABILITIES</b>		
Payables	537,135	537,135
Current Income Tax Liability	265,023	265,023
Provisions	<u>1,643,009</u>	<u>2,086,642</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>2,445,167</u></b>	<b><u>2,888,800</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Provisions	4,792,137	6,807,218
Deferred Income Tax Liability	<u>12,446</u>	<u>12,446</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b><u>4,804,583</u></b>	<b><u>6,819,664</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>7,249,750</u></b>	<b><u>9,708,464</u></b>
<b>NET ASSETS</b>	<b><u>3,909,115</u></b>	<b><u>2,188,015</u></b>
<b>EQUITY</b>		
Retained Profits	<u>3,909,115</u>	<u>2,188,015</u>

# Independent Audit Report



*Tasmanian Audit Office*

## **INDEPENDENT AUDIT REPORT**

**To the Members of the Parliament of Tasmania**

**The Public Trustee**

Financial Report for the Year Ended 30 June 2005

### **Matters Relating to the Electronic Presentation of the Audited Financial Statements**

This audit report relates to the financial statements published in both the annual report and on the website of The Public Trustee for the year ended 30 June 2005. The Directors are responsible for the integrity of both the annual report and the website.

The audit report refers only to the financial statements and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements.

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in The Public Trustee's annual report.

### **Scope**

*The financial report and the Directors' responsibilities*

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes to the financial statements, and the statement from Directors for the year ended 30 June 2005.

The Directors are responsible for the preparation and true and fair presentation of the financial report in accordance with Section 52 (1) of the *Government Business Enterprises Act 1995*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

*Audit approach*

I conducted an independent audit in order to express an opinion to the Members of the Parliament of Tasmania. My audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

I performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Government Business Enterprises Act 1995*, the Treasurer's Instructions, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is

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consistent with my understanding of The Public Trustee's financial position, and of its performance as represented by the results of its operations and cash flows.

I formed my audit opinion on the basis of these procedures, which included:

- Examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- Assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

While I considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of my procedures, my audit was not designed to provide assurance on internal controls.

The Audit Opinion expressed in this report has been formed on the above basis.

### **Independence**

In conducting my audit, I have met applicable independence requirements of Australian professional ethical pronouncements.

### **Audit Opinion**

In my opinion the financial report of The Public Trustee:

- i. Presents fairly the financial position of The Public Trustee as at 30 June 2005, and the results of its operations and its cash flows for the year then ended; and
- ii. Is in accordance with the Treasurer's Instructions issued under the *Government Business Enterprises Act 1995* and applicable Accounting Standards and other mandatory financial reporting requirements in Australia.

### **TASMANIAN AUDIT OFFICE**



H M Blake  
**AUDITOR-GENERAL**

HOBART  
25 October 2005

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# Public Interest Disclosures Act 2002

In accordance with the *Public Interest Disclosures Act 2002*, The Public Trustee has developed procedures and established a system for reporting disclosures of improper conduct or detrimental action by The Public Trustee or its employees.

Any person wishing to obtain a copy of these procedures may do so by downloading an electronic version of the document from our website [www.publictrustee.tas.gov.au](http://www.publictrustee.tas.gov.au) or a hard copy of it is available on request from any of our branches.

During the year in review, no disclosed matters were made to The Public Trustee.