Annual Report 2014/15

Public Trustee

26 October 2015

The Hon Dr Vanessa Goodwin MLC
Attorney General
Minister for Justice
Minister for Corrections
Minister for the Arts
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 2015.

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

Yours faithfully,

Craig Stephens
Chairperson
The Board of the Public Trustee

David Benbow
Chief Executive Officer
Public Trustee

Contents

1. Responsible Minister

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

2. 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; and

- The *Government Business Enterprises Act 1995* creates the corporation and determines how the Public Trustee is operated and controlled.

3. 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;

- 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; and

- managing funds under the control of the Public Trustee in order to provide a commercial rate of return to contributors.

4. 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

To offer specialist and independent trustee services to all Tasmanians.

Vision Statement

To be recognised for our professionalism, respected for our integrity and valued by our clients.

Values Statement

In seeking to achieve the mission and vision of the Public Trustee, the primary values of the staff, management and Board of Directors of the Public Trustee are:

- Respect – personal and professional respect for each other and our clients.
- Service – a client service focus achieved by teamwork across the whole organisation.
- Integrity – open, honest and ethical service delivery.

5. Chairperson's Report

It is my pleasure to present the Annual Report for the year ended 30 June 2015.

Financial Year Result

The organisation achieved a profit after tax for the financial year of $388k compared with a profit last year of $739k. Total comprehensive income for the 2015 financial year amounted to $2,172k compared to $985k for the financial year ended 2014.

Factors contributing to the profit after tax result were:

- total revenue from activities was 0.6% lower than last year;

- of total revenue, commissions and fees decreased by 2.8% on last year and Community Service Obligation funding increased by 5.9%;

- total expenses from ordinary activities increased by 7.5% during the year. Salaries and associated expenses were up 7.9% on the prior year as a result of normal award increases and vacant positions from the 2014 financial year being filled for the full 2015 financial year. Administration expenses increased by 13.1% - the majority of the increase a result of one off costs associated with the refurbishment of the 116 Murray Street premises.

- dividend distributions on the Public Trustee's investment of its corporate funds was $597k up from $555k in 2014;

- corporate investments increased by $590k in value (before tax) compared with an increase of $907k last year; and

- total comprehensive income includes a remeasurement of the defined benefit liability of $1,959k (before tax) significantly up on the actuarial loss of $555k in 2014.

During the year capital expenditure of $1,111k was incurred on the refurbishment of the 116 Murray Street premises. This refurbishment will improve operational efficiency and culture, and most importantly improve the customer experience for all clients of the Public Trustee.

Dividend to Government

On the 29th August 2014, the Treasurer made public that Government Business Enterprises are required to pay 90% of net profits after tax as a dividend each year, unless a business can justify a lower pay-out policy.

The Public Trustee has an agreement with Government that a dividend will only become payable should the amount of that dividend exceed the Community Service Obligation funding gap for that year.

No dividend will be paid to Government in respect of the financial year ended June 2015 as the Public Trustee's operating profit after tax for the year ended June 2015 did not exceed the Community Service Obligation funding gap.

Community Service Obligation Agreement with Government

An important service provided by the Public Trustee of Tasmania is the financial management of affairs for clients appointed to the Public Trustee by order of the Guardianship and Administration Board (GAB).

As at 30 June 2015 the Public Trustee managed the affairs of 559 Community Service Obligation Represented Person clients, an increase of 13 of these clients in comparison with the same period last year.

The current Community Service Obligation Agreement with Government commenced from the 1st July 2014 for a three year period. The review recognised the degree of underfunding in the previous agreement, and as a result Community Service Obligation funding has been increased by $50,000 per annum over previous funding in order to reduce the shortfall. In addition the Government has determined not to seek payment of a dividend while the amount of any dividend is less than the funding gap. This is to be reviewed on an annual basis.

During this financial year Treasury and the Public Trustee undertook a review of the fees and charges being applied to Community Service Obligation Represented Persons who are clients of the Public Trustee via appointment by the Guardianship and Administration Board. The outcome of this review is yet to be determined.

Governance matters

As in previous years, the Directors and Senior Managers undertook a facilitated review of the organisation's Corporate Plan. The strategies identified will form the basis of action items for the Board and the organisation over the next four years.

The Public Trustee regularly reviews its various strategies and policies. The Risk Management and Business Continuity Plans are reviewed annually.

Corporate governance continues to be a matter of focus for the Board. All Directors are graduates of the Australian Institute of Company Directors (AICD) through which they maintain their professional development and corporate governance knowledge. A formal Board Review has been undertaken in recent months to assess the performance of the Board and identify areas for improvement in Board operations.

The Board is also actively working to plan appropriate replacements to the Board. The Board currently consists of five Directors, a reduction of one on previous years. The Board continues to manage gender diversity amongst its members whilst ensuring appointments meet with the skills requirement of the organisation.

I thank my fellow Board members for their hard work and support to the organisation with particular thanks going to Beth Mathison, who chairs the Audit Committee and will be retiring from the Board in December.

I would like to thank the management and staff of the Public Trustee for their efforts and contribution to the Organisation during the financial year and in particular their assistance to myself as Chairperson and the Board during that time.

Craig Stephens
Chairperson
Board of the Public Trustee

6. Chief Executive Officer's Report

I have pleasure in presenting my report for the financial year 2014-15.

Operational improvement initiatives

Refurbishment 116 Murray Street Premises

During this financial year the Public Trustee invested $1.1 Million in the refurbishment of our Hobart office. This renovation was long overdue and now provides a modern and highly functional workspace for both our staff and clients. Included in the redevelopment were the provision of bathroom facilities for the disabled and the removal of the ground floor security arrangements allowing all clients access to reception areas on both floors of the office.

Regional Service Delivery Model Review

Over many years the required consistency of service levels between the three regional areas in the State has been difficult to resolve. In this year the Public Trustee has conducted a review of our service delivery across the State and has implemented a number of initiatives that will resolve this inconsistency. There are a number of initiatives yet to be implemented due to their dependency on the implementation of improved technology.

This year the Public Trustee appointed a full time legal professional in the North of the State, providing estate planning advice and the ability to facilitate business development activities within the region.

Client Management System Project

The Public Trustee has commenced a key IT project intended for completion in June 2016. A Client Management System is being developed that will provide customer service improvements and organisational productivity gains. This system will replace the predominately paper-based file system currently utilised by the Public Trustee. This system will allow for greater transparency in performance and allow for an improved process when transferring matters between staff.

The system will provide the organisation with greater flexibility when considering work allocation across the three administration centres across the State. Client outcomes will be improved significantly as a result of the ability to review files online rather than requiring the physical paper file.

This system will complement the current trust accounting system utilised by the Public Trustee (called TACT) by providing document workflow functionality along with significant improvements in marketing products and services to existing and potential clients.

Marketing Strategy 2015/16 – 2018/19

When developing the 2015/16 – 2018/19 Corporate Plan we considered it imperative that a complementary marketing strategy be developed for the organisation. The Public Trustee has been working with AT&M, a marketing group based in Launceston, to assist in the development of the overall strategy including rebranding and promotion of the Public Trustee's products and services. This strategy will be finalised early in 2016 and will be incorporated in the 2016/17 budgeting process.

Represented Persons

A significant role undertaken by the Public Trustee is the management of the financial affairs of Represented Persons under an order of the Guardianship and Administration Board.

In 2013 the Public Trustee undertook to survey these clients and their support network, to better understand how we were performing in the delivery of this service. The survey identified several areas in which the Public Trustee could improve the provision of services to Represented Persons. In particular the process of initiating contact and establishing client needs on appointment was highlighted. Processes for assisting clients to take responsibility for their own financial matters and reduce their reliance on Public Trustee were also identified.

This group of clients and their support network will be surveyed again in early 2016.

Beneficiary Survey

The Public Trustee has regularly surveyed its beneficiary clients over a number of years. This year the Public Trustee undertook a review of the methodology and content of the Deceased Estate Client Beneficiary Survey. This review expanded the information gathered on various components of the administration process and the survey can now be completed and submitted online. Early indications of client satisfaction levels have been positive and we look forward to longer term trends to analyse further success in this area.

Marketing and Communication

Community engagement

The Public Trustee engages with various community groups across Tasmania each year via a program of educational activities and seminars. The main objective of this program is to raise the awareness of our products and services.

Two key campaigns are our annual seminar series and seniors week seminars.

In March 2015 the annual seminar series was made available to the general public for the first time. The seminar topic was ‘Choose an Executor, your guide to the Estate administration process’. The seminars were held in Devonport, Launceston and Hobart providing the community with an opportunity to consider the responsibilities of the role of an Executor to an estate. The Seminar explained the role of the Executor and shared the various experiences the Public Trustee has seen in its role as a professional trustee, and discussed the most commonly asked questions and concerns regarding the administration of a deceased estate.

The Public Trustee, along with the Office of the Public Guardian, participated in Seniors Week by holding seminars in Devonport, Launceston and Hobart presenting on Enduring Powers of Attorney and Enduring Guardianship. The seminars explained the importance and the difference between the two provisions. There was an overwhelming response to the seminars with the two Hobart sessions fully booked. It was pleasing to see that many adult children attended with their parents to ensure that both generations understood the responsibilities and expectations of being an Attorney or Guardian.

Comparative figures for Wills written by the Public Trustee and seminars held across the State are shown below.

	2014/15	2013/14
New Wills	629	744
Revision Wills	931	1071
Seminars and presentations held	29	30
Seminar and presentation attendees	959	933

Information Updates

The Public Trustee produces a bi-annual newsletter that is either emailed or mailed to clients and stakeholders. Copies of the newsletters are also available on our website.

Further improvements have been made to the Public Trustee's website. The main objective was to provide relevant information relating to the most commonly asked questions regarding Wills, Enduring Powers of Attorney, Estate administration, Trusts and Financial Administration.

Funds Management

The Public Trustee is responsible for the management of client funds arising from a number of differing circumstances. This diversity of circumstances requires the Public Trustee to be able to implement investment strategies for clients for varying time frames.

This requirement to consider investment risk is managed by the Public Trustee collectively investing client and trust funds into one of three available investment funds. The Common Fund is cash based and is utilised for circumstances where there is no appetite for investment risk due to a limited investment timeframe. The other two investment funds invest in a varying mix of asset classes increasing the level of investment risk but also having an expectation of higher investment returns over longer periods.

The Public Trustee directly manages investments in the Common Fund and outsources investment management of the Group Investment Fund number 1 and 2.

Our Staff

The Public Trustee recognises and acknowledges our greatest asset is our staff who play a crucial role in the delivery of effective and efficient services to our clients. To assist our employees to do this, the year in review has seen a continuation of our focus on improving individual, team and organisational performance; enhancing people management skills; developing effective leadership behaviours; and the continuous development of additional knowledge and skills at all levels. Development opportunities included workshops on identifying how to work more effectively with clients; awareness of the purpose and role of the National Disability Insurance Scheme; recognising elder abuse; project management essentials; and skills development for new supervisors.

Maintaining a healthy and safe workplace continues to be a high priority for the Public Trustee. Monitoring of progress on the Public Trustee's Workplace Health and Safety Action Plan is undertaken by the Executive Management team on a monthly basis. Health and wellbeing initiatives included stress awareness workshops; manual handling training; ergonomic workstation assessments at induction and as required; flu vaccinations;

ergonomic stretching software; and the continued provision of an employee assistance program.

Evaluation of the annual employee survey undertaken at the end of 2014 has resulted in the development of an organisation-wide and individual team action plans, developed from employee feedback on what works and doesn’t work well across the organisation. Organisation-wide actions include managers attending training on managing performance and underperformance; a review of our Performance Management Agreement System including refining the process and refresher training for managers; the provision of regular evidence-based feedback on performance; and recognising and rewarding good performance. Action plans are reviewed by the Executive Management Team each month to ensure progress is maintained.

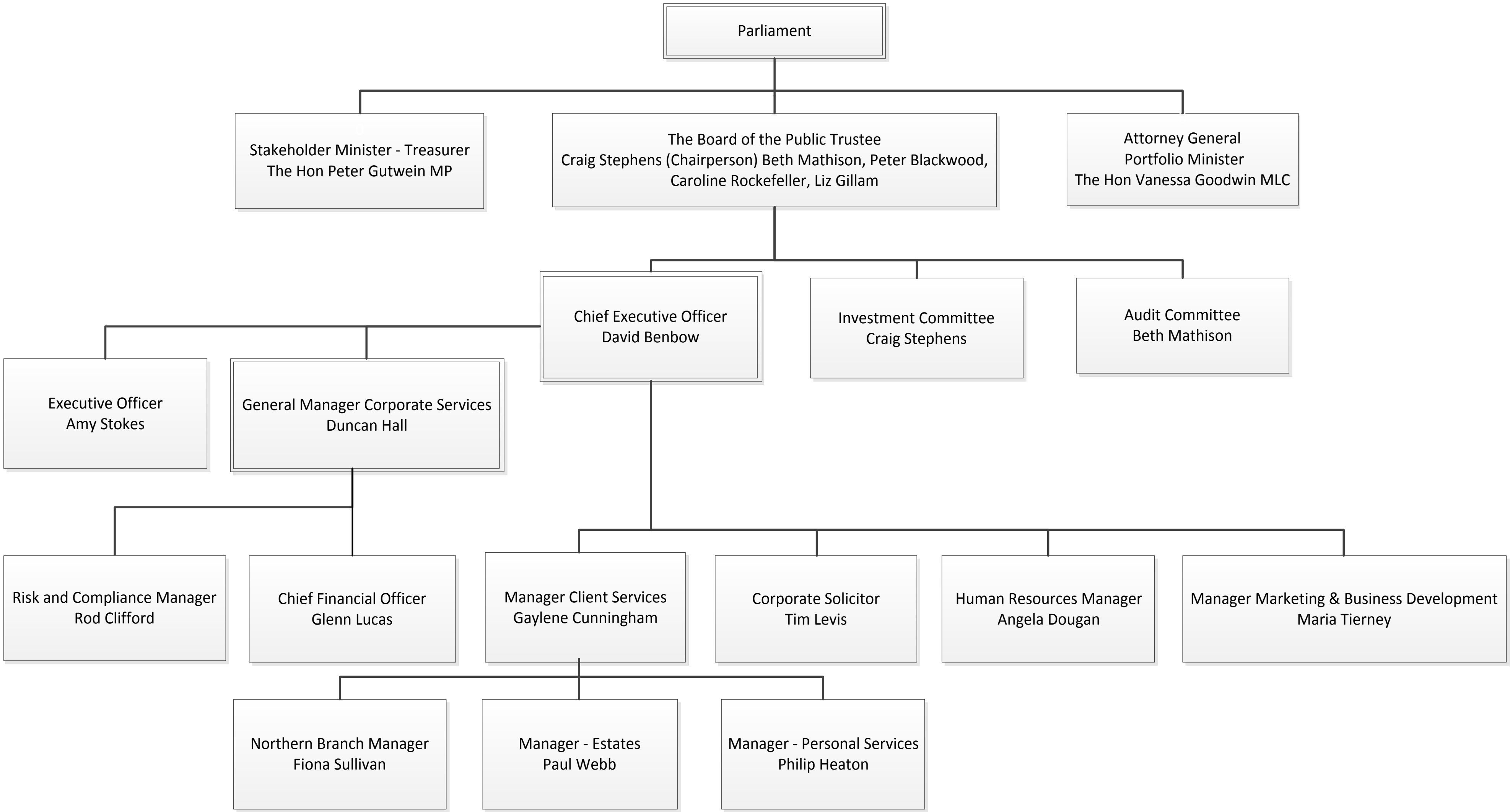
The focus over the next 12 months is to ensure we have the right people, in the right place at the right time. Key actions to achieve this include a focus on workload management and ensuring workload levels provide a stimulating and challenging work environment whilst remaining achievable for employees; continuing to build leadership capability; ensuring effective team structures are in place to support business needs; and ensuring the timeliness of recruitment and selection processes.

Finally I would like to acknowledge the invaluable support I have received from the Board of Directors and the commitment of the Public Trustee team.

David Benbow
Chief Executive Officer

7. Structure of the Public Trustee

Parliament



8. Corporate Governance

The Board of the Public Trustee

The Public Trustee is a Government Business Enterprise owned by the Government on behalf of the Tasmanian Community. It is established under the *Government Business Enterprises Act 1995*.

The Board of the Public Trustee is responsible to the Treasurer and the Attorney General for managing and conducting the business and affairs of the Public Trustee in accordance with sound commercial practice. It ensures that the Public Trustee performs its statutory obligations.

In carrying out its responsibilities, the Board:

- sets the strategic direction of the organisation;
- secures and monitors organisational performance;
- ensures compliance with statutory requirements; and
- manages risk.

The Board currently comprises five independent Directors. All Directors are appointed by the Treasurer and the Attorney-General on the recommendation of the Board. Directors are selected on the basis of their complementary skills and ability to add value to the Board. Directors are appointed after consideration by the Government Director Selection Advisory Panel.

A number of committees have been established to assist the Board in carrying out its functions and responsibilities.

One of the major responsibilities of the Board is to manage risk, not only in the interest of the Public Trustee, but also to protect the interest of its clients. The Audit Committee is responsible for monitoring corporate risk assessment processes and controls the establishment of, and ongoing compliance with, an internal risk control framework.

The Public Trustee manages large sums of money on behalf of its clients. It has established an Investment Committee which also has responsibility for the oversight of the organisation's investment review processes to ensure that appropriate client investment decisions are made.

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.

Board members:

Craig Stephens BCom
Chairperson as from 16 April 2013

Board Member October 2004
Chairperson of the Investment Committee
Member of the Audit Committee
Graduate member of the Australian Institute of Company Directors

Mr Stephens is a Chartered Accountant. His background in corporate accounting, risk management and auditing provide an important contribution to the Board skill set. Craig is a key contributor to the Board's budgeting and financial management processes.

Beth Mathison BA, Grad Dip IR & HR, MBA

Board Member March 2007
Chairperson of the Audit Committee (since April 2013)
Fellow of the Australian Institute of Company Directors
Fellow of the Australian Institute of Management

Ms Mathison's wide ranging experience including strategic and business planning, governance, financial advice and feasibilities, contract negotiations, profitability improvement, marketing and human resource management has been gained during the course of an extensive career as CEO, Managing Director and Consultant in private, corporate and not-for-profit sectors in Australia and the UK.

Beth is currently a Director of St Michael’s Collegiate School, Managing Director of Centaur Business Networks Pty Ltd and has previously held Directorships of the MS Society of Tasmania, HR Workbench International Sydney, Cameron Park Pty Ltd Scotland, Super Bee Pty Ltd Queensland and was a member and VP of the Australasian Management Board of SIRVA Corporation, NY.

Peter Blackwood

Board Member January 2010
Member of the Audit Committee
Fellow of the Australian Institute of Company Directors

Prior to joining the Board Mr Blackwood had a long career in the not-for-profit sector having been CEO of Oak Tasmania. Peter brings with him extensive experience in the community sector and is currently also a Director of Common Ground Tasmania.

Caroline Rockefeller BCom

Board Member January 2010
Member of the Investment Committee
Graduate member of the Australian Institute of Company Directors

Ms Rockefeller has an extensive private sector background in the banking and financial services sector which has given her an understanding of financial markets and investment principles. This is particularly valuable in her role as a member of the Public Trustee's Investment Committee.

Liz Gillam LLB

Board Member December 2013
Member of the Investment Committee
Graduate and Fellow of the Australian Institute of Company Directors.

Ms Gillam has significant experience at an executive level within the Tasmanian Government and has many years' experience as a senior policy person and executive with the Local Government Association of Tasmania. At the present time she is the Chair of the Tasmanian Electoral Commission, a member of the Tasmanian Integrity Commission, member of the Local Government Board and Chairperson of the St Michael's Collegiate School Board.

Board Performance Review

The Board conducted an annual Self Assessment by way of a questionnaire completed by all Directors. The questions relate to the role of the Board, mission and direction of the Public Trustee, finances of the Public Trustee, role of the CEO, directors duties and Board meetings. When these are completed, the Board met in an open session to discuss the results and determine required actions.

CEO Performance Review

The performance of the CEO is reviewed annually against a performance management agreement. The review is conducted by the Chairman of the Board and outcomes reported to the full Board.

Code of Conduct

The Board has adopted a Code of Conduct for Directors. Please refer to our website www.publictrustee.tas.gov.au for further information.

Board Attendance

The number of Board and Committee meetings held in the period each Director held office during the financial year and the number of meetings attended by each Director is as follows:

	Board Meetings		**Audit Committee**		**Investment Committee**	
	Number Held	Number attended	Number held	Number attended	Number held	Number attended
Craig Stephens	13	12	4	4	6	6
Beth Mathison	13	12	4	4	N/A	N/A
Caroline Rockefeller	13	11	N/A	N/A	6	6
Liz Gillam	13	13	N/A	N/A	6	6
Peter Blackwood	13	11	4	4	N/A	N/A

Disclosure requirements

Directors have the right to seek independent professional advice in relation to matters pertaining to the Public Trustee and their role as a Director. The cost of that advice will be paid by the Public Trustee. When seeking such advice, Directors are required to inform the Chairperson in advance.

9. Statement of Corporate Intent

The Statement of Corporate Intent (SCI) is a high level summary of the Corporate Plan and includes a performance agreement between the Board of the Public Trustee and the Shareholding Ministers.

The Performance Agreement details the key financial and non-financial targets for the Public Trustee, as agreed between the Board and the Shareholding Ministers through an annual Corporate Planning process. It also details estimates for the following three years.

The SCI has been prepared in accordance with the Ministerial Charter for the Public Trustee.

Strategic Direction

The Public Trustee is a Government Business Enterprise (GBE) established by the *Public Trustee Act 1930*. Principal commercial activities undertaken include the provision to the general community of access to professional advice and service in relation to trustee services including:

- preparation of Wills;
- estate administration;
- trust management and powers of attorney; and
- protection of the financial interests of individuals under a legal, physical or intellectual disability where the Public Trustee is appointed to act on their behalf.

The strategic direction of the Public Trustee for the period of the Corporate Plan focuses on the implementation of strategies designed to increase market share in the commercial deceased estate administration business and the efficiency and profitability of the Public Trustee, consistent with its Community Service Obligations.

Over the Corporate Plan period the Public Trustee will be focussed on:

- building its commercial business base to ensure the commercial success of the Public Trustee;
- shaping and promoting the public profile of the Public Trustee within the Tasmanian community;
- increasing efficiencies in business processes through innovation and continuous improvement; and
- delivery of higher quality of client service through continuous improvement.

10. Key Performance Indicators

The Performance Agreement regarding the key financial and non-financial targets for the year ended 30 June 2015, year ending 30 June 2016 and estimates for the following three years is detailed in the tables below.

Financial Targets

	Target 2014-15	Target 2015-16	Estimates		
			2016-17	2017-18	2018-19
Operating Profit Before Tax ($ ‘000)	347	142	126	57	51
Operating Profit After Tax ($’000)	243	99	88	40	36
Net Profit after Tax ($m)	407	277	272	228	227
Capital Expenditure ($ ‘000)	1,050	887	420	100	100
Operating Margin	1.04	1.02	1.01	1.01	1.01
Return on Assets (%)	1.7%	0.7%	0.6%	0.3%	0.2%
Return on Equity (%)	7.2%	4.1%	3.9%	3.2%	3.1%
Capital Adequacy (%)	13.3%	24.8%	26.3%	27.6%	28.9%

Key Non-Financial Performance Indicators

	Target 2014-15	Target 2015-16	Estimates		
			2016-17	2017-18	2018-19
Number of new Wills written	750	800	900	1,200	1,500
Number of revision Wills written	1,000	1,000	800	700	500
Beneficiary survey results (overall satisfaction rating)	85%	75%	75%	75%	75%
Will client survey results (overall satisfaction rating)	85%	85%	85%	85%	85%

On the 29th August 2014, the Treasurer made public that Government Business Enterprises are required to pay 90% of net profits after tax as a dividend each year, unless a business can justify a lower pay-out policy. The Public Trustee has an agreement with Government that a dividend will only become payable should the amount of that dividend exceed the Community Service Obligation funding gap for that year.

Financial Returns to Government

	Target 2014-15	Target 2015-16	Estimates		
			2016-17	2017-18	2018-19
Dividends Paid ($ ‘000)	nil	nil	nil	nil	nil
Tax Equivalents Paid ($ ’000)	239	130	43	38	17
Total	239	130	43	38	17

Community Service Obligations

In line with the terms of the Public Trustee's Ministerial Charter, the Government will provide funding to assist in meeting the cost of non-commercial activities (Community Service Obligations) required to be undertaken by the Public Trustee.

The Public Trustee performs the following Community Service Obligations on behalf of the Government:

- Administration of Absolute Estates with a gross asset value of less than $60,000
- Administration of Continuing Trust and Life Tenancy Estates with a gross asset value of less than $100,000
- Administration and management of Minor Trusts with a gross asset value of less than $20,000, and
- Management of assets for Represented Persons with a gross asset value of less than $100,000

The Public Trustee has entered into a Community Service Obligation Agreement for three years effective from 1 July 2014 to 30 June 2017. A summary of the maximum funding amounts set out in the new agreement is set out as follows:

CSO Funding	Target 2015-16	Estimates 2016-17	2017-18	2018-19
Community Service Obligations ($ '000)	1,642	1,728	1,764	1,800

Definitions

Operating Profit Before Tax means Operating revenue less operating expenditure

Operating Profit After Tax means Operating profit before tax less income tax payable on operating profit

Net Profit after Tax means Net profit before tax less income tax

Operating Margin means Operating revenue / operating expenditure

Return on Assets means Operating Profit before Tax / [(Opening Assets + Closing Assets)/2]

Return on Equity means Net Profit after Tax / [(Opening Equity + Closing Equity)/2]

Capital Adequacy means Tangible Reserves / Tangible Assets

11. Financial Commentary

The Statement of Corporate Intent sets out the key financial and non-financial targets for 2014-15. The actual performance against these targets is shown below.

Financial Returns to Government

	Target 2014-15	**Actual 2014-15**
Dividends Paid ($ ‘000)	nil	262
Tax Equivalents Paid ($ ’000)	239	237
Total	239	499

Financial Targets

	Target 2014-15	**Actual 2014-15**
Operating Profit Before Tax ($ ‘000)	347	435
Operating Profit After Tax ($’000)	243	388
Net Profit after Tax ($000)	407	2,172
Capital Expenditure ($ ‘000)	1,050	472
Operating Margin	1.04	1.06
Return on Assets (%)	1.7	2.1
Return on Equity (%)	7.2	36.8
Capital Adequacy (%)	13.3	22.3

The favourable result for net profit after tax was a result of better than anticipated changes in investments in managed funds and a favourable remeasurement of defined benefit liabilities.

The key return ratios are favourable as a consequence of the higher than targeted comprehensive income with a similar asset base.

The improved Capital Adequacy result was mainly due to the movement in the valuation of the RBF liability.

Non-Financial Targets

	Target 2014-15	Actual 2014-15
Number of new Will written	750	629
Number of revisions Will written	1,000	931
Beneficiary survey results (%)	85%	91%
Will client survey results (%)	85%	99%

Capital Structure

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

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 June 2015 the Public Trustee employed 53.9 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 June 2015, matters classified as Community Service Obligations accounted for 50% (2014:49%) of the matters administered by the Public Trustee. The net avoidable cost to meet these obligations for the 2015 financial year was $2,059,886 (2014: $1,872,863).

The Treasurer, as purchasing minister, enters into an agreement with the Public Trustee to fund the provision of Community Service Obligations. The funding received by the Public Trustee for the 2015 financial year was $1,556,000 (2014: $1,470,000).

12. Financial Statements

Public Trustee

ABN 11 223 649 773

Financial Statements
30 June 2015

13. Auditor’s Independence Declaration

Tasmanian
Audit Office

Level 8, 144 Macquarie Street, Hobart, Tasmania, 7000
Postal Address: GPO Box 851, Hobart, Tasmania, 7001
Phone: 03 6173 0900 | Fax: 03 6173 0999
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

10 August 2015

The Board of Directors
Public Trustee
116 Murray Street
HOBART TAS 7000

Dear Board Members

Auditor’s Independence Declaration

In relation my audit of the financial report of Public Trustee for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of Australian Auditing Standards in relation to the audit

(b) any applicable code of professional conduct in relation to the audit.

As agreed with the Audit Committee, a copy of this declaration must be included in the Annual Report.

Yours sincerely

E R De Santi
Deputy Auditor-General

Statement of profit or loss and other comprehensive income
for the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Continuing operations			
Revenue	4	**7,666**	**7,755**
Other income	5	**670**	**629**
Total revenue		**8,336**	**8,384**
Administrative expenses		**(1,863)**	**(1,647)**
Depreciation expense		**(102)**	**(106)**
Employee benefits expense	6	**(4,989)**	**(4,623)**
Finance expense	6	**(523)**	**(533)**
Occupancy expenses		**(424)**	**(439)**
Total expenses		**(7,901)**	**(7,348)**
Profit before income tax equivalent		**435**	**1,036**
Income tax equivalent expense	7a	**(47)**	**(297)**
Profit for the year		**388**	**739**
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Remeasurement of defined benefit liability	18	**1,959**	**(555)**
Related tax	7c	**(588)**	**166**
		1,371	**(389)**
Items that are or may be reclassified to profit or loss:			
Fair value movement in investments in managed funds		**590**	**907**
Related tax	7c	**(177)**	**(272)**
		413	**635**
Other comprehensive income, net of tax		**1,784**	**246**
Total comprehensive income		**2,172**	**985**

The accompanying notes form part of these financial statements.

Statement of financial position
for the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Assets			
Current assets			
Cash and cash equivalents	11	**3,677**	3,351
Trade and other receivables	12	**305**	332
Prepayments		**4**	37
Total current assets		**3,986**	3,720
Non-current assets			
Other financial assets	13	**12,281**	11,700
Deferred tax assets	16	**3,248**	3,791
Plant and equipment	14	**1,365**	437
Total non-current assets		**16,894**	15,928
Total assets		**20,880**	19,648
Liabilities			
Current liabilities			
Trade and other payables	15	**1,296**	528
Current tax liabilities		**130**	97
Provisions	17	**1,329**	1,016
Total current liabilities		**2,755**	1,641
Non-current liabilities			
Provisions	17	**10,947**	12,739
Total non-current liabilities		**10,947**	12,739
Total liabilities		**13,702**	14,380
Net assets		**7,178**	5,268
Equity			
Retained earnings		**6,130**	4,633
Reserves	19	**1,048**	635
Total equity		**7,178**	5,268

The accompanying notes form part of these financial statements.

Statement of changes in equity
for the year ended 30 June 2015

	Note	Fair value reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2013		-	4,283	4,283
Total comprehensive income				
Profit		-	739	739
Other comprehensive income		635	(389)	246
Total comprehensive income		635	350	985
Transactions with owners of the Entity				
Dividends	10	-	-	-
Total transactions		-	-	-
Balance at 30 June 2014		635	4,633	5,268
Balance at 1 July 2014		635	4,633	5,268
Total comprehensive income				
Profit		**-**	**388**	**388**
Other comprehensive income		**413**	**1,371**	**1,784**
Total comprehensive income		**413**	**1,759**	**2,172**
Transactions with owners of the Entity				
Dividends	10	**-**	**(262)**	**(262)**
Total transactions		**-**	**(262)**	**(262)**
Balance at 30 June 2015		**1,048**	**6,130**	**7,178**

The accompanying notes form part of these financial statements.

Statement of cash flows
for the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from clients		**8,287**	8,354
Payments to suppliers and employees		**(7,694)**	(8,273)
Interest received		**67**	74
Income tax equivalent paid		**(237)**	(200)
Net cash from operating activities	21	**423**	(45)
Cash flows from investing activities			
Distributions from financial assets		**632**	746
Proceeds from disposal of plant and equipment		**5**	-
Purchase of plant and equipment		**(472)**	(82)
Net cash provided by investing activities		**165**	664
Cash flows from financing activities			
Dividends paid		**(262)**	-
Net cash used in financing activities		**(262)**	-
Net increase in cash held		**326**	619
Cash and cash equivalents at the beginning of year	11	**3,351**	2,732
Cash and cash equivalents at the end of year	11	**3,677**	3,351

The accompanying notes form part of these financial statements.

Notes to the financial statements
for the year ended 30 June 2015

Note 1. Reporting entity

The Public Trustee ("the entity") is a for-profit Tasmanian Government Business Enterprise operating since 1853 offering professional, independent trustee services to the Tasmanian community. The duties and obligations of the entity are set out in the *Trustee Act 1898* and the *Public Trustee Act 1930* determines the constitution and regulation of the entity.

The Public Trustee's Australian Business Number is 11 223 649 773. Its principal place of business is 116 Murray Street, Hobart, Tasmania.

Note 2. Basis of accounting

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB"), the *Government Business Enterprise Act 1995* and related Treasurer's Instructions. The financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"). They were authorised by the directors for issue on 10 August 2015. Details of the entity's accounting policies, including changes during the year, are included in Notes 29 and 30.

Rounding

Amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar unless otherwise stated. Rounding is consistent with Class Order 98/0100 dated 10 July 1998, issued by the Australian Securities and Investments Commission, related to "rounding off' of amounts in the financial statements.

Note 3. Use of judgements and estimates

In preparing these financial statements judgements, estimates and assumptions have been made that affect the application of the entity's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Key estimates

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

(i) Impairment - general
The entity assesses impairment at each reporting period by evaluation of conditions and events specific to the entity that may be indicative of impairment triggers. There was no impairment recognised in the current year.

(ii) Employee benefits
Assumptions utilised in the determination of the entity's employee entitlement provisions are discussed in note 31 (g).

(iii) Financial instruments
Assumptions utilised in the determination of the entity's valuation of its investment are discussed in note 26.

(iv) Defined benefit superannuation fund obligations
Actuarial assumptions utilised in the determination of the entity's defined benefit superannuation fund obligations are discussed in note 18.

Notes to the financial statements
for the year ended 30 June 2015

	2015 $'000	2014 $'000

Note 4. Revenue

	2015 $'000	2014 $'000
Fees and commissions	**6,110**	6,285
Funding of community service obligations	**1,556**	1,470
	7,666	7,755

Note 5. Other income

	2015 $'000	2014 $'000
Dividends received from other persons	**597**	555
Interest received from other persons	**67**	74
Rent	**1**	-
Proceeds on disposal of property and equipment	**5**	-
	670	629

Note 6. Net profit for the year

Profit before income tax includes the following specific expenses:

Expenses

	2015 $'000	2014 $'000
Employee benefits expense		
- wages and salaries	**3,590**	3,118
- defined benefits superannuation service cost (note 18)	**205**	189
- long service leave	**122**	141
- recreation leave	**401**	574
- superannuation	**333**	219
- other associated personnel expenses	**338**	382
	4,989	4,623
Finance expenses		
- defined benefits superannuation interest cost (note 18)	**523**	533

	2015 $'000	2014 $'000

Note 7. Tax equivalent expense

a. The components of income tax equivalent expense comprise:

	2015 $'000	2014 $'000
Current tax	**269**	227
Deferred tax	**(222)**	70
	47	297

b. The prima facie income tax equivalent on profit before income tax is reconciled to income tax equivalent as follows:

	2015 $'000	2014 $'000
Prima facie tax payable on profit before income tax at 30% (2014: 30%)		
- entity	**130**	311
Add tax effect of:		
- Entertainment	**1**	1
- Other	**3**	-
- Under provision for income tax in prior years	**-**	3
Less tax effect of:		
- available franking credits	**(37)**	(49)
- foreign tax credits	**(3)**	(3)
- taxable capital gain / (non-taxable capital gain)	**(47)**	34
Income tax attributable to entity	**47**	297

c. Tax effects relating to each component of other comprehensive income:

	2015 $'000	2014 $'000
Remeasurement of defined benefit liability		
Before tax amount	**1,959**	(555)
Income tax equivalent (expense) benefit	**(588)**	166
Net-of-tax amount	**1,371**	(389)
Fair value movement in investments in managed funds		
Before tax amount	**590**	907
Income tax equivalent (expense) benefit	**(177)**	(272)
Net-of-tax amount	**413**	635

Note 8. Key management personnel compensation

The aggregate compensation to key management personnel of the entity is set out below

	2015 $'000	2014 $'000
Short-term employee benefits	**540**	601
Post-employment benefits	**48**	49
	588	650

(a) Director remuneration

The following table discloses the remuneration details for each person that acted as a director during the current and previous financial years:

2015					
Director Remuneration	**Directors' fees $'000**	**Committee fees $'000**	**Superannuation $'000**	**Other $'000**	**Total 2015 $'000**
Non-Executive Directors					
Mr C Stephens - Chairperson	35	3	4	-	42
Ms L Gillam	20	2	2	-	24
Mr P Blackwood	20	1	2	-	23
Ms B Mathison	20	1	2	-	23
Ms C Rockefeller	20	2	2	-	24
Total	**115**	**9**	**12**	**-**	**136**

2014					
Director Remuneration	**Directors' fees $'000**	**Committee fees $'000**	**Superannuation $'000**	**Other $'000**	**Total 2014 $'000**
Non-Executive Directors					
Mr C Stephens - Chairperson	35	3	3	-	41
Mr P Blackwood	20	2	2	-	24
Ms L Gillam (from 2 December 2013)	7	1	1	-	9
Ms B Mathison	20	3	2	-	25
Ms C Rockefeller	20	1	2	-	23
Total	**102**	**10**	**10**	**-**	**122**

Non-executive directors are appointed by the Governor-in-Council on the joint recommendation of the Treasurer and Portfolio Minister. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be reappointed.

The level of fees paid to non-executive directors is administered by the Department of Premier and Cabinet. Superannuation is paid at the appropriate rates as prescribed by superannuation guarantee legislation. No other leave, termination or retirement benefits are accrued or paid to directors. Directors are entitled to reimbursement of expenses incurred while attending to Board business.

Non-executive directors' remuneration is reviewed periodically whenever there is an increase in State Service wages with increases subject to approval by the Treasurer and Portfolio Minister.

Notes to the financial statements
for the year ended 30 June 2015

(b) Executive remuneration

The following table discloses the remuneration details for each person that acted as a senior executive during the current and previous financial years:

2015							
Executive Remuneration	**Salary**	**Short term incentives**	**Super-annuation**	**Vehicles**	**Other benefits**	**Other non-monetary benefits ***	**Total 2015**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Mr D Benbow - Chief Executive Officer (from 11 February 2014)	140	-	13	16	-	5	174
Mr D Hall - General Manager Corporate Services	130	-	12	16	-	(7)	151
Mr T Levis – Corporate Solicitor	116	-	11	-	-	5	132
Total	**386**	**-**	**36**	**32**	**-**	**3**	**457**

2014							
Executive Remuneration	**Salary**	**Short term incentives**	**Super-annuation**	**Vehicles**	**Other benefits**	**Other non-monetary benefits ***	**Total 2014**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Mr D Benbow- Chief Executive Officer (from 11 February 2014)	49	-	5	5	-	7	66
Mr D Hall - General Manager Corporate Services	130	-	12	16	-	(5)	153
Mr T Levis – Corporate Solicitor	108	-	10	-	-	(1)	117
Mr P Maloney # (to 21 February 2014)	170	-	12	14	-	(33)	163
Total	**457**	**-**	**39**	**35**	**-**	**(32)**	**499**

*****Other benefits represent movements in recreation and long service leave entitlements.

Mr P Maloney's final payment includes an eligible termination payment on retirement.

The entity has determined that its senior executives are those that are in roles that have the authority and responsibility for planning, directing and controlling the entity's activities. The entity is reviewing the structure of its Executive Management Team with a view to finalisation of its composition during the year ending 30 June 2016.

The employment terms and conditions of the Chief Executive Officer and the General Manager Corporate Services are contained in individual employment contracts which prescribe total remuneration, superannuation, annual and long service leave, motor vehicle and salary sacrifice provisions. The Corporate Solicitor is employed pursuant to the Legal Practitioners Agreement 2010.

The Chief Executive Officer is appointed by the Premier on the recommendation of the Board. The remuneration package is in accordance with the Senior Executive Service determination. There is no provision within the senior executives' remuneration packages for the payment of short term incentives based on meeting key performance indicators.

The performance of each senior executive, including the Chief Executive Officer, is reviewed annually.

The terms of employment of the Chief Executive Officer and the General Manager Corporate Services, contain a termination clause that requires the senior executive or the Board to provide a minimum notice period of up to 6 months prior to termination of the contract. Employment contracts have durations not exceeding five years.

(c) Overseas travel

There was no overseas travel undertaken on behalf of the entity during the year by the Chairman, Directors or Chief Executive Officer.

	2015 $	2014 $

Note 9. Auditor's remuneration

	2015 $	2014 $
Remuneration of the auditor for:		
- auditing the financial statements	**29,700**	30,650

Note 10. Dividends

	2015 $'000	2014 $'000
Declared and paid	**262**	-

Note 11. Cash and cash equivalents

	2015 $'000	2014 $'000
Cash at bank and on hand	**1**	1
Short term bank deposits	**3,676**	3,350
	3,677	3,351

The effective interest rate on short-term bank deposits was between 1.7% and 2.4% (2014: between 2.4% and 2.8%).

Reconciliation of cash
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2015 $'000	2014 $'000
Cash and cash equivalents	**3,677**	3,351

In its capacity as trustee and financial administrator the entity holds funds on behalf of its clients that are not available for use by the entity. Details of the cash held under management and trusteeship have been included at note 27.

Note 12. Trade and other receivables

	2015 $'000	2014 $'000
Current		
Trade receivables	**305**	332

Credit risk
The entity has no significant concentration of credit risk with respect of any single counterparty or group of counterparties. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the entity.

The following table details the entity's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered "past due" when the debt has not been settled, with the terms and conditions agreed between the entity and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the entity.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross	Past due and impaired	Past due but not impaired (days overdue) < 30 days	31 - 60 days	61 - 90 days	> 90 days	Within trade terms
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2015							
Trade receivables	**305**	**-**	**-**	**-**	**-**	**-**	**305**
2014							
Trade receivables	332	-	-	-	-	-	332

	2015 $'000	2014 $'000

Note 13. Other financial assets

	2015 $'000	2014 $'000
Non-current		
Investments in managed funds at fair value through other comprehensive income (a)	**12,281**	11,700
	12,281	11,700

(a) The entity elected to adopt AASB 9 with a date of initial application of 1 July 2013. The entity has elected to classify its investments in managed funds as fair value through other comprehensive income. There are no fixed returns or fixed maturity dates attached to these investments. No intention to dispose of any investments in managed funds assets existed at 30 June 2015.

Note 14. Plant and equipment

	2015 $'000	2014 $'000
Plant and equipment		
Leasehold improvements at cost	**1,270**	342
Accumulated amortisation	**(196)**	(236)
	1,074	106
Fixtures, furniture and equipment at cost	**1,068**	1,098
Accumulated depreciation	**(839)**	(767)
	229	331
Capital works in progress	**62**	-
	62	-
	1,365	437

Movement in carrying amounts
Movement in the carrying amounts of each class of plant and equipment between the beginning and end of the current financial year:

	2015 $'000	2014 $'000
Leasehold improvements		
Balance at 1 July	**106**	120
Additions	**-**	3
Reclassifications	**1,050**	-
Assets written-off	**(66)**	-
Depreciation expense	**(16)**	(17)
Balance at 30 June	**1,074**	106
Fixtures, furniture and equipment		
Balance at 1 July	**331**	341
Additions	**21**	79
Reclassifications	**(26)**	-
Assets written-off	**(11)**	-
Depreciation expense	**(86)**	(89)
Balance at 30 June	**229**	331
Capital works in progress		
Balance at 1 July	**-**	-
Additions	**1,099**	-
Reclassification	**(1,024)**	-
Assets written-off	**(13)**	-
Balance at 30 June	**62**	-

	2015 $'000	2014 $'000

Note 15. Trade and other payables

	2015 $'000	2014 $'000
Current		
Trade payables	**650**	146
Sundry payables and accrued expenses	**646**	382
	1,296	528

Note 16. Deferred tax asset

	2015 $'000	2014 $'000
Non Current		
Deferred tax assets		
Balance at 1 July	**3,791**	3,964
Provisions – employee benefits	**(459)**	68
Other expenses	**93**	(5)
Change in value of managed funds	**(177)**	(236)
Balance at 30 June	**3,248**	3,791

Note 17. Provisions

	2015 $'000	2014 $'000
Analysis of total provisions		
Current		
Insurance excess	**50**	-
Recreation leave	**345**	310
Long service leave	**223**	217
Defined benefits obligation	**711**	489
Total current	**1,329**	1,016
Non-current		
Long service leave	**269**	206
Defined benefits obligation	**10,678**	12,533
Total non-current	**10,947**	12,739
Total provisions	**12,276**	13,755
Insurance excess		
Balance at 1 July	**-**	-
Additional provisions	**50**	-
Balance at 30 June	**50**	-
Employee benefits		
Balance at 1 July	**13,755**	13,529
Additional provisions	**1,242**	1,729
Amounts used	**(812)**	(1,503)
Unused amounts reversed - *	**(1,959)**	-
Balance at 30 June	**12,226**	13,755

* - The unused amount wholly relates to the entity's defined benefits obligation.

Provision for insurance excess

Provision for insurance excess arises from a legal matter. Further details of this matter have not been disclosed as the matter is the subject of legal privilege.

Provision for long term employee benefits
Provision for employee benefits represents amounts accrued for annual leave, long service leave and defined benefits obligations.

The current portion of this provision included the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the entity does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next twelve months. However these amounts must be classified as current liabilities since the entity does not have an unconditional right to defer settlement of these amounts in the event employees wish to use their leave entitlements.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 31(g).

Note 18. Retirement benefit obligations

Fund information
The Retirement Benefits Fund ("RBF") is a defined benefit fund in which members receive lump sum benefits on resignation and lump sum or pension benefits on retirement, death or invalidity. The defined benefit section of RBF is closed to new members. All new members receive accumulation only benefits.

Reconciliation of the defined benefit obligation	**2015 $'000**	**2014 $'000**
Present value of the defined benefit obligation at the beginning of the year	**15,606**	15,333
Current service cost	**205**	189
Interest cost	**626**	636
Contributions by plan participants	**58**	54
Actuarial (gains) losses	**(1,735)**	661
Benefits paid	**(784)**	(1,245)
Taxes, premiums and expenses	**(22)**	(22)
Present value of the defined benefit obligation at the end of the year	**13,954**	15,606

The defined benefit obligation consists entirely of amounts from plans that are wholly or partly funded.

Reconciliation of the fair value of scheme assets		
Fair value of plan assets at the beginning of the year	**2,584**	2,520
Interest income	**103**	104
Actual return on plan assets less interest income	**224**	105
Employer contributions	**402**	1,068
Contributions by plan participants	**58**	54
Benefit paid	**(784)**	(1,245)
Taxes, premiums and expenses	**(22)**	(22)
Fair value of plan assets at the end of the year	**2,565**	2,584

Reconciliation of the assets and liabilities recognised in the statement of financial position		
Defined benefit obligation	**13,954**	15,606
Fair value of plan assets	**(2,565)**	(2,584)
Net superannuation liability (asset)	**11,389**	13,022
Current net liability	**711**	489
Non-current net liability	**10,678**	12,533
	11,389	13,022

Notes to the financial statements
for the year ended 30 June 2015

	2015 $'000	2014 $'000
Expense recognised in the statement of comprehensive income		
Service cost	**205**	189
Interest cost	**523**	533
	728	722
Amounts recognised in other comprehensive income		
Actuarial (gains) losses	**(1,959)**	555
Cumulative amount recognised in other comprehensive income		
Cumulative amount of actuarial (gains) losses at end of prior year	**4,728**	4,173
Actuarial (gains) losses recognised during the year	**(1,959)**	555
Cumulative amount of actuarial (gains) losses at end of year	**2,769**	4,728
Actual return on fund assets		
Actual return on plan assets	**223**	105

Fair value of fund assets

		As at 30 June 2015^		
Asset category	**Total**	**Quoted prices in active markets for identical assets - Level 1**	**Significant observable inputs – Level 2**	**Unobservable inputs – Level 3**
	$'000	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	445	445	-	-
Equity instruments	1,750	797	768	185
Debt instruments	344	94	141	109
Derivatives	5	-	5	-
Real estate	21	-	21	-
Total	**2,565**	**1,336**	**935**	**294**

^ Estimated based on assets allocated to Public Trustee as at 30 June 2015 and asset allocation of the RBF Scheme as at 30 June 2014.

Fair value of the entity's own financial instruments
The fair value of the fund assets includes no amounts relating to:
- any of the entity's own financial instruments, and
- any property occupied by, or other assets used by, the entity.

Principal actuarial assumptions at the statement of financial position date

As at	30 June 2015	30 June 2014
Discount rate	**4.80 pa**	4.10 pa
Expected salary increase rate	**3.00 pa**	3.00 pa
Expected rate of increase in compulsory preserved amounts	**4.50 pa**	4.50 pa
Expected pension increase rate	**2.50 pa**	2.50 pa

	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000
Historical information					
Present value of defined benefit obligation	**13,954**	15,606	15,333	16,946	12,669
Fair value of plan assets	**(2,565)**	(2,584)	(2,520)	(2,463)	(2,353)
Deficit in plan	**11,389**	13,022	12,813	14,483	10,316
Experience adjustment (gain) loss plan assets	**-**	-	(38)	(156)	163
Experience adjustment (gain) loss plan liabilities	**(444)**	96	153	455	(193)

	2016 $'000
Expected contributions	
Expected employer contributions	**711**

Note 19. Reserves

	2015 $'000	2014 $'000
Fair value reserve	635	
Balance at beginning of year	**-**	-
Adoption of AASB 9	**-**	635
Fair value movement in investments in managed funds (net of related tax)	**413**	-
Balance at end of the year	**1,048**	635

The fair value reserve is used to recognise the change in fair values of managed investment funds that are measured at fair value through other comprehensive income from 1 July 2014.

Note 20. Leasing commitments

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements.

Payable – minimum lease payments:	2015 $'000	2014 $'000
- Not later than one year	**578**	608
- Later than one year but not later than five years	**1,472**	1,731
- Later than five years	**404**	733
	2,454	3,072

The property lease in Hobart was renegotiated during the year ended 30 June 2014 and is a non-cancellable lease with a seven year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments should be increased by 3% per annum. An option exists to renew the lease at the end of the seven year term for an additional term of three years.

The property lease in Launceston is a non-cancellable lease with a five year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments should be increased at the higher of consumer price index ("CPI") or 0% per annum. An option exists to renew the lease at the end of the five year term for an additional term of five years.

The property lease term in Burnie was extended during the year ended 30 June 2014. The lease is a non-cancellable lease with a six year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments should be increased at the higher of consumer price index ("CPI") or 0% per annum. An option exists to renew the lease at the end of the six year term for an additional term of five years.

The property lease in Devonport is a non-cancellable lease with a two year term, with rent payable monthly in advance. This lease was renegotiated for a two year term during the year ended 30 June 2015. An option exists to renew the lease at the end of the two year term for an additional term of two years.

Note 21. Cash flow information

		2015 $'000	2014 $'000
a.	**Reconciliation of cash flows from operations with profit after income tax**		
	Profit after income tax before other comprehensive income	**388**	739
	Non-cash flows in profit:		
	Depreciation	**102**	106
	Impairment expense	**90**	-
	Distribution income treated as investing activities	**(597)**	(555)
	Proceeds on disposal of plant and equipment	**(5)**	-
	Changes in assets and liabilities:		
	Decrease/ (increase) in trade and other receivables	**34**	(7)
	Increase / (decrease) in trade and other payables	**120**	(95)
	Decrease / (increase in tax assets	**(190)**	96
	Increase / (decrease) / increase in provisions	**481**	(329)
	Cash flows from / (used in) operations	**423**	(45)

Note 22. Contingent liabilities and contingent assets

The entity had no contingent liabilities and no contingent assets at the end of the reporting period.

Note 23. Events after the reporting period

The directors are not aware of any significant events since the end of the reporting period.

Note 24. Operating segments

The entity provides trustee and related financial services and operates predominantly in Tasmania and has no separate operating segments.

Note 25. Related party transactions

a. The entity's main related parties are as follows:

Key management personnel
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel.

For details of disclosures relating to key management personnel, refer to note 8: Key management personnel compensation.

Other related parties
Other related parties include entities over which key management personnel have joint control.

b. Transactions with related parties
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The Directors of the entity for the year ended 30 June 2015 were:
- Mr CJ Stephens, Chairman
- Ms B Mathison
- Ms CJM Rockefeller
- Mr PR Blackwood
- Ms L Gillam

Notes to the financial statements
for the year ended 30 June 2015

Note 26. Financial risk management

The entity's financial instruments consist mainly of deposits with banks, investments in unlisted managed funds and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows.

	2015 $'000	2014 $'000
Financial assets		
Cash and cash equivalents	**3,677**	3,351
Trade and other receivables	**305**	332
Other financial assets	**12,281**	11,700
	16,263	15,383
Financial liabilities		
Trade and other payables	**1,296**	528

Financial risk management policies
The directors' overall risk management strategy seeks to assist the entity in meeting its financial targets, while minimising potential adverse effects on financial performance.

Specific financial risk exposure and management
The main risks the entity is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

There have been no substantive changes in the types of risks the entity is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk
Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the entity.

Credit risk is managed through maintaining procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 14 to 30 days from the date of invoice.

The entity minimises the risks associated with the investment of its corporate funds by investing strictly in accordance with its Corporate Funds Investment Policy which complies with the Treasurer's Instruction GBE 07-44-01. That policy contains a risk management plan and a risk register which have strategies to address risks identified. The policy is monitored regularly and reviewed on an annual basis by the directors.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the directors have otherwise cleared as being financially sound.

Credit risk exposures
The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The entity has no significant concentrations of credit risk with any single counterparty or entity of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 12.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 12.

Credit risk related to balances with banks and other financial institutions is managed in accordance with approved board policy. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings:

	2015 $'000	2014 $'000
Cash and cash equivalents		
- AA- Rated	**3,677**	3,350
Financial assets		
- AAAm Rated	**1,250**	1,050
- Unrated	**11,031**	10,650
	12,281	11,700

b. Liquidity risk

Liquidity risk arises from the possibility that the entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The entity manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities,
- maintaining a reputable credit profile,
- only investing surplus cash with major financial institutions, and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflect the undiscounted contractual maturity for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Total	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Financial liabilities due for payment						
Trade and other payables	(1,296)	(528)	-	-	(1,296)	(528)
Total expected outflows	(1,296)	(528)	-	-	(1,296)	(528)
Financial assets – cash flow realisable						
Cash and cash equivalents	3,677	3,351	-	-	3,677	3,351
Trade, and other receivables	305	332	-	-	305	332
Financial assets	-	-	12,281	11,700	12,281	11,700
Total anticipated inflows	3,982	3,683	12,281	11,700	16,263	15,383
Net inflow on financial instruments	2,686	3,155	12,281	11,700	14,967	14,855

c. Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The entity is also exposed to earnings volatility on floating rate instruments. The financial instruments which primarily expose the entity to interest rate risk are government and fixed interest securities and cash and cash equivalents.

Price risk

Price risk relates to the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held. Such risk is managed through diversification of investments across industries and geographic locations.

Notes to the financial statements
for the year ended 30 June 2015

Sensitivity analysis
The following table illustrates sensitivities to the entity's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit $'000	Equity $'000
Year ended 30 June 2015		
+/- 100 bps in interest rates	**37**	**26**
+/- 100 bps in investments	**123**	**86**
Year ended 30 June 2014		
+/- 100 bps in interest rates	34	23
+/- 100 bps in investments	117	82

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Net fair values

(i) Fair value estimation
The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the entity. Most of these instruments, which are carried at amortised cost (i.e. trade receivables) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the entity.

(ii) Financial instruments measured at fair value
The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted unit prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2015				
Financial assets				
Investments in unlisted managed funds	**-**	**12,281**	**-**	**12,281**
2014				
Financial assets				
Investments in unlisted managed funds	-	11,700	-	11,700

The fair value of investments in unlisted managed funds has been based on the closing quoted unit prices at the end of the reporting period, excluding transaction costs.

Note 27. Client assets under management and trusteeship

The entity manages the assets of its clients pursuant to *The Public Trustee Act 1930.* These assets are not reflected in the Statement of Financial Position as they are held in trust. The entity maintains two investment funds to provide clients with a prudent investment for the particular circumstances of each client. The details of the fund assets are as follows:

	Common Fund $'000	No. 1 Fund $'000	No. 2 Fund $'000	Total '000
2015				
Net assets				
Cash	**11,153**	**159**	**867**	**12,179**
Term deposits	**56,000**	**-**	**-**	**56,000**
Receivables	**-**	**96**	**1,301**	**1,397**
Financial assets				
- Cash	**-**	**3,454**	**5,684**	**9,138**
- Australian fixed interest *	**-**	**2,708**	**21,015**	**23,723**
- Australian equities *	**-**	**1,326**	**20,596**	**21,922**
- Property securities *	**-**	**512**	**8,287**	**8,799**
- International equities *	**-**	**550**	**8,448**	**8,998**
- International equities (hedged) *	**-**	**524**	**7,408**	**7,932**
Payables	**-**	**(97)**	**(1,005)**	**(1,102)**
	67,153	**9,232**	**72,601**	**148,986**
Equity				
Client funds	**63,476**	**9,232**	**72,601**	**145,309**
Entity funds	**3,677**	**-**	**-**	**3,677**
	67,153	**9,232**	**72,601**	**148,986**
2014 – restated #				
Net assets				
Cash	1,830	398	871	3,099
Term deposits	56,000	-	-	56,000
Receivables	-	152	1,605	1,757
Financial assets				
- Cash	-	3,499	5,484	8,983
- Australian fixed interest *	-	2,885	21,148	24,033
- Australian equities *	-	1,347	21,912	23,259
- Property securities *	-	579	7,124	7,703
- International equities *	-	595	8,307	8,902
- International equities (hedged) *	-	634	8,865	9,499
Payables	-	(131)	(1,417)	(1,548)
	57,830	9,958	73,899	141,687
Equity				
Client funds	54,479	9,958	73,899	138,336
Entity funds	3,351	-	-	3,351
	57,830	9,958	73,899	141,687

* These investments are in unlisted unit trusts which would, applying the fair value hierarchy outlined in note 26(c) (ii), be categorised as level 2.

- The prior year's financial statements were presented on a cumulative basis (i.e. pre-distribution) for the No.1 and No.2 Funds. In the current year financial statements net assets have been presented on a net asset value basis (i.e. post distribution). The comparative year disclosures have been restated accordingly.

A summary of the investment flows to and from each fund and the allocation of net fund earnings follows:

	Common Fund $'000	No. 1 Fund $'000	No. 2 Fund $'000	Total $'000
2015				
Fund value				
Balance at 1 July	57,830	9,958	73,899	141,687
Applications	**108,835**	**1,119**	**3,609**	**113,563**
Redemptions	**(99,512)**	**(2,097)**	**(8,658)**	**(110,267)**
Net profit	**1,344**	**445**	**6,115**	**7,904**
Distributions	**(1,344)**	**(193)**	**(2,364)**	**(3,901)**
Balance at 30 June	**67,153**	**9,232**	**72,601**	**148,986**
2014 – restated #				
Fund value				
Balance at 1 July	61,702	9,903	64,372	135,977
Applications	141,932	2,550	8,661	153,143
Redemptions	(145,804)	(2,968)	(4,910)	(153,682)
Net profit	1,519	667	8,098	10,284
Distributions	(1,519)	(194)	(2,322)	(4,035)
Balance at 30 June	57,830	9,958	73,899	141,687

- The prior year's financial statements were presented on a cumulative basis (i.e. pre-distribution) for the No.1 and No.2 Funds. In the current year financial statements net assets have been presented on a net asset value basis (i.e. post distribution). The comparative year disclosures have been restated accordingly.

Note 28. Economic dependency

The entity is reliant on the funding received from the Tasmanian Government in respect of the Community Service Obligations (CSO) performed by the entity. The amount of CSO funding received by the entity during the year ended 30 June 2015 was $1,556,000 (2014: $1,470,000).

Note 29. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement bases
Investments in unlisted managed funds	Fair value - closing quoted unit prices at the end of the reporting period, excluding transaction costs.
Net defined benefits obligation	Fair value of plan assets less the present value of the defined benefit obligation.

Note 30. Changes in accounting estimates

Except the changes below, the entity has consistently applied the accounting policies set out in Note 30 to all periods in these financial statements.

(a) Impact of change in determining discount rate

The approach to setting the discount rate as at 30 June 2015 has changed. In prior years, the discount rate was based on the yields on Commonwealth government bonds. At 30 June 2015, a corporate bond yield has been used. The use of the corporate bond rate is used to value employee benefits liabilities if a deep market for these bonds exists. In April 2015, a study commissioned by the Group of 100 Inc (Australia's peak body for chief financial officers and senior finance executives) and the Actuaries Institute concluded that a deep market in high quality corporate bonds now exists in Australia.

As a result, the entity has used the corporate bond rate as the discount rate to:

- value its defined benefits obligation liability and long service leave provisions as at 30 June 2015; and
- estimate the defined benefit cost for the year ending 30 June 2016.

Previous disclosures were prepared using discount rates based on yields on Commonwealth government bonds.

Notes to the financial statements
for the year ended 30 June 2015

The table below shows a comparison of the net defined benefit obligation recognised at 30 June 2015 using a discount rate based on corporate bond yields of 4.8% and the estimated net liability that would have been recognised had a discount rate based on government bond yields been used of 3.7%.

As at	**30 June 2015**
	$'000
Net defined benefit liability (using corporate bond yield of 4.8%)	11,389
Net defined benefit liability (using government bond yield of 3.7%)	13,374
Difference	(1,985)

The effect of using a discount rate based on corporate bond yields is to reduce the net defined benefit liability at 30 June 2015 by $1,985,000.

The estimated defined benefit cost for the year ending 30 June 2016 is $26,000 higher as a result of using a discount rate based on corporate bond yields.

The effect of using a discount rate on corporate bond yields is to reduce the long service provision at 30 June 2015 by $20,897.

Notes to the financial statements
for the year ended 30 June 2015

Note 31. Significant accounting policies

Except for the changes explained in Note 30, the entity has consistently applied the following accounting policies to all periods presented in these financial statements.

a. Income tax equivalent

Pursuant to the *Government Business Enterprise Act 1995* the entity is required to pay an income tax equivalent to the State of Tasmania as if it were a company pursuant to Australian income tax laws. The entity has applied tax effect accounting principles prescribed in AASB112 *Income Taxes*.

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

No deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b. Plant and equipment

Each class of plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses.

(i) Plant and equipment
Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit of loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1 (e) for details of impairment).

(ii) Depreciation
The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Leasehold improvements	10%
Fixtures, furniture and equipment	10% to 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

c. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

d. Financial instruments

Non-derivative financial assets

The entity initially recognises financial assets on the trade date at which the entity becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. If the financial asset is not subsequently measured at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. The entity subsequently measures financial assets at either amortised cost or fair value.

The entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset that is created or retained by the entity is recognised as a separate asset or liability.

On initial recognition, the entity classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. In accordance with the transitional provisions of AASB 9, the classification of the financial assets that the entity held at the date of initial application was based on the facts and circumstances of the business model in which the financial assets were held at that date.

Financial assets measured at amortised cost

A financial asset is subsequently measured at amortised cost using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise, on specified dates, to cash flows that are solely payments to principal and interest.

The entity's policy on impairment is the same as that applied in its financial statement as at and for the year ended 30 June 2013 for loans and receivables and held-to-maturity investments (see note (f)).

Financial assets measured at fair value

Financial assets other than those classified as financial assets measured at amortised cost are subsequently measured at fair value with all changes in value recognised in profit or loss.

However, for investments in non-rated managed funds that are not held for trading, the entity may elect at initial recognition to present gains and losses in other comprehensive income. For instruments measured at fair value through other comprehensive income, gains or losses are never classified to profit or loss and no impairments are recognised in profit or loss. Distributions earned from such investments are recognised in profit or loss unless the distribution clearly represents a repayment of part of the cost of the investment.

Non-derivative financial liabilities

The entity initially recognises financial liabilities on the trade date, which is the date the entity becomes a party to the contractual provision of the instrument.

The entity classified all other non-derivative financial liabilities into the amortised cost measurement category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities comprise trade and other payables.

Impairment

At the end of each reporting date, the entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

De-recognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

e. Impairment of assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f. Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(iii) Defined benefits plan

The entity's defined benefits plan is in respect of current and former employees who have defined benefits arising from membership of the contributory section of the Retirement Benefits Fund ("RBF), which is a Board of the Tasmanian Government.

The entity's net obligation in respect of its defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a Tasmanian Government appointed qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the entity, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.
To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the corporate bond discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The entity recognises gain and losses on settlement of a defined benefit plan when the settlement occurs.

(iv) Other long-term employee benefits

The entity's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

g. Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.
Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting date.

Notes to the financial statements
for the year ended 30 June 2015

h. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

i. Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable.

(i) Commissions

Commissions revenue is recognised as the relevant administration transactions occur.

(ii) Fees

Fees revenue from rendering a service is recognised as the service is provided.

(iii) Funding of Community Service Obligations (CSO)

CSO funding revenue is recognised as the CSOs are performed.

(iv) Interest revenue is recognised using the effective interest method.

(v) Dividend revenue is recognised when the right to receive a dividend has been established.

j. Trade and other payables

Trade and other payables represent the liability for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

k. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO").

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows in the Statement of Cash Flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from clients or payments to suppliers.

l. Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

m. Dividends

The entity pays dividends in accordance with its statutory requirements as determined under Part 11 Division 2 of the *Government Business Enterprises Act 1995*.

On the 29th August 2014, the Treasurer made public that Government Business Enterprises are required to pay 90% of net profits after tax as a dividend each year, unless a business can justify a lower pay-out policy. The entity has an agreement with Government that a dividend will only become payable should the amount of that dividend exceed the Community Service Obligation funding gap for that year.

n. Pending accounting standards

Certain new accounting standards and interpretations have been published and are not mandatory for 30 June 2015 reporting periods. The entity's assessment of the impact of the relevant new standards and interpretations is set out below.

(i) AASB 15 Revenue from Contracts with Customers, and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (effective from 1 January 2017)

Under the new standard, a single model that applies to contracts with customers and two approaches to recognising revenue, at a point in time or over time is proposed. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This standard is effective for the entity's financial statements ending on 30 June 2018.

The entity has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

14. Statement of Certification

In the opinion of the directors of the Public Trustee ("the entity"):

a) the financial statements and notes of the entity are in accordance with the *Government Business Enterprises Act 1995*, including:

   (i) giving a true and fair view of the results and cash flows for the year ended 30 June 2015 and the financial position as at 30 June 2015 of the entity; and

   (ii) complying with the Australian Accounting Standards and Interpretations and with the Treasurer's Instructions.

b) there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due.

This declaration has been made after receiving the following declaration from the Chief Executive Officer and Chief Financial Officer of the entity:

a) the financial records of the enterprise for the year ended 30 June 2015 have been properly maintained in accordance with Section 51 of the *Government Business Enterprises Act 1995*;

b) the financial statements and notes for the year ended 30 June 2015 have been prepared in accordance with Section 52 of the *Government Business Enterprises Act 1995*; and

c) the financial statements and notes for the year ended 30 June 2015 give a true and fair view.

Signed in accordance with a resolution of the directors:

Craig J Stephens
Director

Caroline JM Rockefeller
Director

Hobart, 11 August 2015

15. Independent Auditor's Report

Tasmanian Audit Office

Level 8, 144 Macquarie Street, Hobart, Tasmania, 7000
Postal Address: GPO Box 851, Hobart, Tasmania, 7001
Phone: 03 6173 0900 | Fax: 03 6173 0999
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

Independent Auditor's Report

To Members of the Tasmanian Parliament

Public Trustee

Financial Report for the Year Ended 30 June 2015

Report on the Financial Report

I have audited the accompanying financial report of Public Trustee, which comprises the statement of financial position as at 30 June 2015 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the certification statement by the Directors.

Auditor's Opinion

In my opinion:

(a) Public Trustee's financial report:

  (i) presents fairly, in all material respects, its financial position as at 30 June 2015, and its financial performance, cash flows and changes in equity for the year then ended

  (ii) is in accordance with the *Government Business Enterprises Act 1995* and Australian Accounting Standards

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

The Responsibility of the Directors for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Section 52 (1) of the *Government Business Enterprises Act 1995*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

My independence declaration was provided to the Directors on the same date as this auditor's report and is included in the Annual Report.

Tasmanian Audit Office

E R De Santi
Deputy Auditor-General

Hobart
12 August 2015

16. Superannuation Declaration

I hereby certify that the Public Trustee has met its obligations under the Commonwealth's *Superannuation Guarantee (Administration) Act 1992* in respect of any employee who is a member of a complying superannuation scheme to which the Public Trustee contributes.

David Benbow
Chief Executive Officer

Hobart, 10 August 2015

17. 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 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 or by the Public Trustee.

18. Payment of Accounts and Buy Local disclosures

In accordance with Treasurer's Instruction, disclosures are made in respect of payment of accounts and buying local.

Accounts due or paid within each year	
Measure	
Creditors Days	17 days
Number of accounts due for payment	1403
Number of accounts paid on time	1398
Amount due for payment	$ 2.95 Million
Amount paid on time	$ 2.83 Million
Number of payments for interest on overdue accounts	NIL
Interest paid on overdue accounts	NIL

Commentary

Reason for delays

Disputed accounts

Purchases from Tasmanian Business	
% of purchases from Tasmanian businesses	96.2 %
Value of purchases from Tasmanian businesses Exc GST)	$ 2.84 Million

Consultancies valued at more than $50,000 (ex GST)

Name of consultant	Location	Description	Period of engagement	Amount
KPMG	Tas	Internal Audit	Period of contract (Jul 14 to June 15)	$ 72,900
X-Squared	Tas	Architectural services for Hobart Office Refurbishment	Period of contract (Aug 2014 to Oct 15)	$ 137,600
			Total	**$ 210,500**
There were two consultants engaged for $50,000 or less totalling				**$ 31,088**
			Total Payment to Consultants	**$ 241,588**

19. Managing Performance in the Public Trustee

In accordance with *Employment Direction No. 26 – Managing Performance in the State Service*, employment practices at Public Trustee are aligned to meet priorities, strategies, operational plans and the corporate values. Priorities are identified through the corporate planning process, individual unit business plans and alignment with individual roles within the organisation.

Public Trustee places a high importance on performance management and this is reinforced through a number of practices. Public Trustee's performance management system includes a comprehensive induction program; the probationary process (where applicable); the development of annual performance agreements with all employees; the identification of learning and development needs; career progression planning; and regular reviews of an individual's performance against their plan.

20. Investment Fund Special Purpose Annual Reports for the Year Ended 30 June 2015

Public Trustee Common Fund
Special Purpose Annual Report - 30 June 2015

General information

The Public Trustee Common Fund was established under Section 38 of The Public Trustee Act 1930 and is authorised to invest in the manner permitted by The Trustee Act 1898.

The Common Fund is a capital secure cash fund with a very low exposure to the risk of any loss.

Under the provisions of The Public Trustee Act 1930 capital and interest invested in The Public Trustee Common Fund is guaranteed by the State of Tasmania.

The objective of the Fund is to provide investors with a capital secure investment generating a consistent income stream in line with market rates.

Interest is calculated on the daily balances and credited quarterly on 31st March, 30th June, 30th September and 31st December.

The information provided in this annual report is unaudited.

Interest Rate History

Average Annual Rate to 30 June 2015	
1 Month	1.80%
3 Months	1.76%
6 Months	2.00%
1 year	2.22%
2 years	2.39%
3 years	2.79%
5 years	3.37%

Statement of comprehensive income - unaudited

	Year ended 30 June 2015 $'000	30 June 2014 $'000
Investment revenue		
Interest income	**2,007**	2,176
Total investment revenue	**2,007**	2,176
Expenses		
Management fees charged by Public Trustee	**663**	657
Total operating expenses	**663**	657
Net profit attributable to account holders	**1,344**	1,519
Distributions to account holders	**(1,344)**	(1,519)
Amount retained but not distributed	**-**	-

Statement of financial position - unaudited

	Notes	As at 30 June 2015 $'000	30 June 2014 $'000
Assets			
Cash and cash equivalents		**67,153**	57,830
Total assets		**67,153**	57,830
Net assets attributable to unitholders - liability	4	**67,153**	57,830

Statement of changes in net assets attributable to unitholders - unaudited

	Year ended 30 June 2015 $'000	30 June 2014 $'000
Total net assets attributable to unitholders at the beginning of the year	**57,830**	61,702
Net profit attributable to unitholders	**1,344**	1,519
Distributions to unitholders	**(1,344)**	(1,519)
Application for units	**108,835**	141,932
Redemption of units	**(99,512)**	(145,804)
Total net assets attributable to unitholders at the end of the year	**67,153**	57,830

Statement of cash flows - unaudited

	Year ended 30 June 2015 $'000	30 June 2014 $'000
Cash flows from operating activities		
Interest received	**2,007**	2,176
Management fees	**(663)**	(657)
Net cash inflow/(outflow) from operating activities	**1,344**	1,519
Cash flows from financing activities		
Applications	**108,835**	141,932
Redemptions	**(99,512)**	(145,804)
Distributions paid	**(1,344)**	(1,519)
Net cash inflow/(outflow) from financing activities	**7,979**	(5,391)
Net increase/(decrease) in cash and cash equivalents	**9,323**	(3,872)
Cash and cash equivalents at the beginning of the year	**57,830**	61,702
Cash and cash equivalents at the end of the year	**67,153**	57,830

1 General information

The Public Trustee Common Fund (Common Fund) was established under Section 38 of The Public Trustee Act 1930 and is authorised to invest in the manner permitted by The Trustee Act 1898.

The Common Fund is a capital secure cash fund with a very low exposure to the risk of any loss.

Under the provisions of The Public Trustee Act 1930 capital and interest invested in the Common Fund is guaranteed by the State of Tasmania.

The objective of the Common Fund is to provide investors with a capital secure investment generating a consistent income stream in line with market rates. Money currently held in the Common Fund includes the Public Trustee's corporate funds as well as client funds held on trust.

The Common Fund is managed by the Public Trustee.

The information provided in this annual report is unaudited.

2 Basis of accounting

This special purpose financial report has been prepared in accordance with the requirements of the Common Fund's Governing Rules.

The financial report has been prepared on a historical cost basis.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders.

The financial statements are presented in Australian dollars. Both the functional and presentation currency is Australian dollars ($).

The financial statements comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and the Common Fund's Governing Rules.

Rounding

Amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar unless otherwise stated. Rounding is consistent with Class Order 98/0100 dated 10 July 1998, issued by the Australian Securities and Investments Commission, related to "rounding off' of amounts in the financial statements.

New and amended standards adopted by the Common Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2014 that would be expected to have a material impact on the Common Fund.

3 Summary of 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 in the following text.

(a) Impairment of financial assets

At the end of each reporting date, the Common Fund assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

(b) Financial instruments

Non-derivative financial assets

The Common Fund initially recognises financial assets on the trade date at which the entity becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. If the financial asset is not subsequently measured at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. The Common Fund subsequently measures financial assets at either amortised cost or fair value.

The entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset that is created or retained by the entity is recognised as a separate asset or liability.

On initial recognition, the entity classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. In accordance with the transitional provisions of AASB 9, the classification of the financial assets that the entity held at the date of initial application was based on the facts and circumstances of the business model in which the financial assets were held at that date.

Financial assets measured at amortised cost

A financial asset is subsequently measured at amortised cost using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise, on specified dates, to cash flows that are solely payments to principal and interest.

Financial assets measured at fair value

Financial assets other than those classified as financial assets measured at amortised cost are subsequently measured at fair value with all changes in value recognised in profit or loss.

(c) Investment revenue recognition

Investment revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Common Funds and the revenue can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Interest received from investments in cash and cash equivalents

Interest income is recognised using the effective interest rate method.

(d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank, deposits at call and short-term deposits with an original maturity of 12 months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(e) Taxation

Under current legislation, the Common Fund is not subject to income tax provided the unitholders are presently entitled to the income of the Common Fund and the Common Fund fully distributes net taxable income.

(f) Distributions

Interest is calculated on the daily balances and credited quarterly on 31st March, 30th June, 30th September and 31st December. The distributions are recognised in profit or loss as distributions to account holders.

(g) Unit holders

Investment in the Common Fund is by direct investment in cash or cash equivalents.

(h) Goods and Services Tax (GST)

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

when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority,
in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

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

The Common Fund qualifies for Reduced Input Tax Credits (RITC) on management fees. These RITCs recoverable by the Common Fund from the ATO are recognised in the statement of comprehensive income.

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 taxation authority is classified as part of operating cash flows.

(i) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Common Fund no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(j) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period and have not been early adopted by the Fund.

There are no standards that are not yet effective and that are expected to have a material impact on the Common Fund in the current or future reporting periods and on foreseeable future transactions.

4 Net assets attributable to unitholders - liability

	As at	
	30 June 2015 $'000	30 June 2014 $'000
Client funds	**63,476**	54,479
Corporate funds	**3,677**	3,351
Net assets attributable to unitholders - liability	**67,153**	57,830

5 Financial risk management

The Common Fund's financial instruments consist of deposits with bank.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows.

	2015 $'000	2014 $'000
Financial assets		
Cash and cash equivalents	**67,153**	57,830
	67,153	57,830

Financial risk management policies
The Common Fund's overall risk management strategy seeks to assist the Common Fund in meeting its financial targets, while minimising potential adverse effects on financial performance.

Specific financial risk exposure and management
The main risks the Common Fund is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

There have been no substantive changes in the types of risks the entity is exposed to, how these risks arise, or the Common Fund's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk
Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Common Fund.

The Common Fund minimises the risks associated with investment by investing strictly in accordance with its Governing Rules.

Risk is also minimised through investing funds in financial institutions that maintain a high credit rating.

Credit risk exposures
The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Common Fund has a concentration of credit risk with a single counterparty as all funds are held with the one bank. This concentration is managed as under the provisions of The Public Trustee Act 1930 capital and interest invested in the Common Fund is guaranteed by the State of Tasmania.

Credit risk related to balances with banks and other financial institutions is managed in accordance with approved board policy. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings:

	2015 $'000	2014 $'000
Cash and cash equivalents		
- AA- Rated	**67,153**	57,830
	67,153	57,830

b. Liquidity risk
Liquidity risk arises from the possibility that the Common Fund might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Common Fund manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

c. Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows. The Common Fund is also exposed to earnings volatility on floating rate instruments. The financial instruments which primarily expose the entity to interest rate risk are cash and cash equivalents.

6 Related part transactions

A management fee is calculated by the Public Trustee against money invested in the Common Fund at the rate of 1.1% (inclusive of GST) of the value of the Common Fund on a daily basis. The management fee is charged as at the last business day of each month.

7 Events after the reporting period

The Common Fund is not aware of any significant events since the end of the reporting period.

Public Trustee Group Investment Fund 1 Special Purpose Annual Report - 30 June 2015

General information

The Group Investment Fund 1 invests in a portfolio of diversified investments. The Fund is designed for those clients requiring an investment over the medium term with a moderate exposure to market risk. The Fund holds a major proportion of funds in defensive assets (cash and Australian fixed interest) with some exposure to growth assets (property, Australian shares and international shares).

The benchmark asset allocation of the fund is as follows

Benchmark Asset Allocation	
Cash	40%
Australian Fixed Interest	30%
Australian Shares	15%
International Shares	5%
International Shares – Hedged to AUD	5%
Property	5%

The investments of the fund are managed by professional investment managers appointed by the Public Trustee. The Public Trustee also utilizes the services of an external administrator and custodian.

Income is distributed quarterly in January, April, July and October each year.

The performance of the Group Investment Fund 1, after fees, to the 30th June 2015 is as follows;

Performance after Fees to 30 June 2015	
1 Month	-1.73%
3 Months	-2.06%
6 Months	1.24%
1 year	4.72%
2 years	5.90%
3 years	6.74%
5 years	6.30%

The information provided in this annual report is unaudited.

Statement of comprehensive income - unaudited

	Year ended 30 June 2015 $'000	30 June 2014 $'000
Investment revenue		
Dividend/distribution income	**400**	367
Interest income	**1**	1
Net gains on financial instruments held at fair value through profit or loss	**233**	456
Other income	**-**	14
Total investment revenue	**634**	838
Expenses		
Management fees charged by Public Trustee	**96**	101
Custody fees	**67**	65
Other expenses	**26**	5
Total operating expenses	**189**	171
Net profit attributable to account holders	**445**	667
Distributions to account holders	**(193)**	(194)
Change in net assets attributable to unitholders	**(252)**	(473)
Amount retained but not distributed	**-**	-

Statement of financial position - unaudited

	Notes	As at 30 June 2015 $'000	30 June 2014 $'000
Assets			
Cash and cash equivalents		**159**	398
Receivables		**96**	152
Financial assets at fair value through profit or loss		**9,074**	9,539
Total assets		**9,329**	10,089
Liabilities			
Distributions Payable		**59**	103
Payables		**38**	28
Total liabilities (excluding net assets attributable to unitholders)		**97**	131
Net assets attributable to unitholders - liability	4	**9,232**	9,958

Statement of changes in net assets attributable to unitholders - unaudited

	Year ended 30 June 2015 $'000	30 June 2014 $'000
Total net assets attributable to unitholders at the beginning of the year	**9,958**	9,903
Net profit attributable to unitholders	**445**	667
Distributions to unitholders	**(193)**	(194)
Application for units	**1,119**	2,550
Redemption of units	**(2,097)**	(2,968)
Total net assets attributable to unitholders at the end of the year	**9,232**	9,958

Statement of cash flows - unaudited

	Year ended 30 June 2015 $'000	30 June 2014 $'000
Cash flows from operating activities		
Proceeds from sale of financial instruments held at fair value through Profit or loss	**1,049**	3,054
Purchase of financial instruments held at fair value through profit or loss	**(350)**	(2,460)
Dividends received	**454**	455
Interest received	**1**	1
Other revenue received	**2**	13
Responsible entity's fees paid	**(97)**	(102)
Custodian fees paid	**(67)**	(65)
Payment of other expenses	**(15)**	(4)
Net cash inflow/(outflow) from operating activities	**977**	892
Cash flows from financing activities		
Receipts from issue of units	**1,119**	2,550
Payments for redemption of units	**(2,097)**	(2,968)
Distributions paid	**(238)**	(282)
Net cash inflow/(outflow) from financing activities	**(1,216)**	(700)
Net increase/(decrease) in cash and cash equivalents	**(239)**	192
Cash and cash equivalents at the beginning of the year	**398**	206
Cash and cash equivalents at the end of the year	**159**	398

1 General information

The Group Investment Fund 1 invests in a portfolio of diversified investments with 70% invested in defensive assets (cash and fixed interest) and 30% in growth assets (shares and property) and is designed for clients requiring an investment over the medium term with moderate exposure to market risk.

The Group Investment Fund 1 is managed by the Public Trustee.

The information provided in this annual report is unaudited.

2 Basis of accounting

This special purpose financial report has been prepared in accordance with Australian Accounting Standards as issued by the Australian Accounting Standards Board.

The financial report has been prepared on an accruals basis.

The financial statements are presented in Australian dollars. Both the functional and presentation currency is Australian dollars.

Rounding

Amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar unless otherwise stated. Rounding is consistent with Class Order 98/0100 dated 10 July 1998, issued by the Australian Securities and Investments Commission, related to "rounding off' of amounts in the financial statements.

New and amended standards adopted by the Group Investment Fund1

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2014 that would be expected to have a material impact on the Group Investment Fund 1.

3 Summary of 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 in the following text.

(a) Impairment of financial assets

At the end of each reporting date, the Group Investment Fund 1 assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

(b) Financial instruments

Non-derivative financial assets

The Group Investment Fund 1 initially recognizes financial assets on the trade date at which the entity becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value being the consideration given.

On initial recognition, the entity classifies its financial assets as subsequently measured at either amortized cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. In accordance with the transitional provisions of AASB 9, the classification of the financial assets that the entity held at the date of initial application was based on the facts and circumstances of the business model in which the financial assets were held at that date.

The entity derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset that is created or retained by the entity is recognised as a separate asset or liability.

Financial assets measured at amortised cost

A financial asset is subsequently measured at amortised cost using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise, on specified dates, to cash flows that are solely payments to principal and interest.

Financial assets measured at fair value

Financial assets other than those classified as financial assets measured at amortised cost are subsequently measured at fair value with all changes in value recognised in profit or loss.

(c) Investment revenue recognition

Investment revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group Investment Fund 1 and the revenue can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Interest received from investments in cash and cash equivalents

Interest income is recognised using the effective interest rate method.

Distributions from unlisted manages investment schemes
Distributions from unlisted managed investment schemes are recognised in the Statement of Comprehensive Income in the year the income was earned by the unlisted managed investment scheme. Distributions received may include capital gains. The Fund is required to offset carried forward capital losses with any capital gains received as part of a distribution. If this situation arises the distributable income of the Fund will not be the same as the distributions the Fund receives.

(d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank, deposits at call and short-term deposits with an original maturity of 12 months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(e) Taxation

Under current legislation, the Group Investment Fund 1 is not subject to income tax provided the unitholders are presently entitled to the income of the Group Investment Fund 1 and the Group Investment Fund 1 fully distributes net taxable income.

(f) Distributions

Income is calculated quarterly and is distributed to investors in January, April, July and October.

(g) Unit holders

Redeemable units

All units issued by the Fund provide investors with the right to require redemption for cash and give rise to a financial liability.

Unit prices

Unit prices are calculated as the net assets of the Fund, less estimated costs, divided by the number of units on issue.

Change in net assets attributable to investors

Non-distributable income, which may comprise unrealised changes in the fair value of investments, net capital losses, tax deferred income, accrued income not yet assessable and non-deductible expenses are reflected in the Statement of Comprehensive Income as change in net assets attributable to unitholders.

(h) Goods and Services Tax (GST)

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

when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

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

The Group Investment Fund 1 qualifies for Reduced Input Tax Credits (RITC) on management fees. These RITCs recoverable by the Group Investment Fund 1 from the ATO are recognised in the statement of comprehensive income.

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 taxation authority is classified as part of operating cash flows.

(i) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group Investment Fund 1 no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(j) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period and have not been early adopted by the Fund.

There are no standards that are not yet effective and that are expected to have a material impact on the Group Investment Fund 1 in the current or future reporting periods and on foreseeable future transactions.

4 Net assets attributable to unitholders - liability

	As at	
	30 June 2015 $’000	30 June 2014 $’000
Client funds	**9,232**	9,958
Net assets attributable to unitholders - liability	**9,232**	9,958

5 Financial risk management

The Group Investment Fund 1 financial instruments consist mainly of investments in unlisted managed funds.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows.

	2015 $'000	2014 $'000
Financial assets		
Cash and cash equivalents	**159**	398
Receivables	**96**	152
Financial assets at fair value through profit or loss	**9,074**	9,539
	9,329	10,089
Financial liabilities		
Trade and other payables	**97**	131

Financial risk management policies
The Group Investment Fund 1's overall risk management strategy seeks to assist the entity in meeting its financial targets, while minimising potential adverse effects on financial performance.

Specific financial risk exposure and management
The main risks the Group Investment Fund 1 is exposed to through its financial instruments are investment manager risk, liquidity risk and market risk.

There have been no substantive changes in the types of risks the entity is exposed to, how these risks arise, or the Group Investment Fund 1's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Investment manager risk
Investment manager risk is the risk that an investment in a fund managed by an external fund manager does not achieve the performance objectives of the Fund. To reduce this risk the Public Trustee utilises the services of a professional asset consultant when selecting managers and in monitoring their ongoing performance. In addition the Public Trustee's Investment Committee, a Board subcommittee, reviews the performance of the Fund's investment managers on a quarterly basis.

b. Liquidity risk
Liquidity risk arises from the possibility that the entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The entity manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis;
- investing with reputable investment managers; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflect the undiscounted contractual maturity for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities due for payment						
Trade and other payables	(97)	(131)	-	-	(97)	(131)
Total expected outflows	(97)	(131)	-	-	(97)	(131)
Financial assets – cash flow realisable						
Cash and cash equivalents	159	398	-	-	159	398
Receivables	96	152	-	-	96	152
Financial assets at fair value	9,074	9,539	-	-	9,074	9,539
Total anticipated inflows	9,329	10,089	-	-	9,329	10,089
Net inflow on financial instruments	9,232	9,958	-	-	9,232	9,958

c. Market risk

Interest rate risk

Investments in the Group Investment Fund 1 are subject to interest rate risk and movements in interest rates will have an impact on the underlying value of its investments. For example the market value of an Australian Government Bond will increase in value when interest rates are declining. The Fund has 70% of its assets invested in defensive assets (cash and fixed interest) and 30% in growth assets (Property and Equity).

Market price risk

Market price risk is the risk that the value of the investments will fluctuate as a result of changes in market prices. The Managed Investment Funds invest in listed and unlisted securities across a wide range of securities and is therefore subject to market price risk. Managers Price risk is mitigated by selecting investments that have a robust investment process in place. Risk is further reduced by having the Portfolio diversified across the major recognised assets classes.

Net fair values

(i) Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the entity. Most of these instruments, which are carried at amortised cost (i.e. trade receivables) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the entity.

(ii) Financial instruments measured at fair value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted unit prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2015				
Financial assets				
Investments in unlisted managed funds	**-**	**9,074**	**-**	**9,074**
2014				
Financial assets				
Investments in unlisted managed funds	-	9,539	-	9,539

The fair value of investments in unlisted managed funds has been based on the closing quoted unit prices at the end of the reporting period, excluding transaction costs.

6 Related party transactions

A management fee is calculated by the Public Trustee against money invested in the Group Investment Fund 1 at the rate of 1.1% (inclusive of GST) of the value of the Group Investment Fund 1 on a daily basis. The management fee is charged as at the last business day of each month.

7 Events after the reporting period

The Group Investment Fund 1 is not aware of any significant events since the end of the reporting period.

Public Trustee Group Investment Fund 2 Special Purpose Annual Report - 30 June 2015

General information

The Public Trustee Group Investment Fund 2 invests in a portfolio of diversified investments. The fund is designed for those clients requiring a balanced exposure to market risk in their investment portfolio over a longer timeframe (6+ years). The fund holds a major proportion of funds in growth assets (property, Australian shares and International shares) with some exposure to defensive assets (cash and Australian fixed interest).

The benchmark asset allocation of the fund is as follows

Benchmark Asset Allocation	
Cash	10%
Australian Fixed Interest	30%
Australian Shares	30%
International Shares	10%
International Shares – Hedged to AUD	10%
Property	10%

The investments of the fund are managed by professional investment managers appointed by the Public Trustee. The Public Trustee also utilizes the services of an external administrator and custodian.

Income is distributed quarterly in January, April, July and October each year.

The performance of the Group Investment Fund 2, after fees, to the 30th June 2015 is as follows;

Performance after Fees to 30 June 2015	
1 Month	-3.01%
3 Months	-3.24%
6 Months	2.99%
1 year	8.66%
2 years	10.49%
3 years	12.03%
5 years	9.54%

The information provided in this annual report is unaudited.

Statement of comprehensive income - unaudited

	Year ended 30 June 2015 $'000	30 June 2014 $'000
Investment revenue		
Dividend/distribution Income	**3,531**	3,394
Interest income	**5**	3
Net gains on financial instruments held at fair value through profit or loss	**3,447**	5,503
Other income	**-**	63
Total investment revenue	**6,983**	8,963
Expenses		
Management fees charged by Public Trustee	**723**	740
Custody fees	**67**	65
Other expenses	**78**	60
Total operating expenses	**868**	865
Net profit attributable to account holders	**6,115**	8,098
Distributions to account holders	**(2,364)**	(2,322)
Change in net assets attributable to unitholders	**(3,751)**	(5,776)
Amount retained but not distributed	**-**	-

Statement of financial position - unaudited

	Notes	**As at 30 June 2015 $'000**	30 June 2014 $'000
Assets			
Cash and cash equivalents		**867**	871
Receivables		**1,301**	1,605
Financial assets at fair value through profit or loss		**71,438**	72,840
Total assets		**73,606**	75,316
Liabilities			
Distributions Payable		**895**	1,316
Payables		**110**	101
Total liabilities (excluding net assets attributable to unitholders)		**1,005**	1,417
Net assets attributable to unitholders - liability	4	**72,601**	73,899

Statement of changes in net assets attributable to unitholders - unaudited

	Year ended 30 June 2015 $'000	30 June 2014 $'000
Total net assets attributable to unitholders at the beginning of the year	**73,899**	64,372
Net profit attributable to unitholders	**6,115**	8,098
Distributions to unitholders	**(2,364)**	(2,322)
Application for units	**3,609**	8,661
Redemption of units	**(8,658)**	(4,910)
Total net assets attributable to unitholders at the end of the year	**72,601**	73,899

Statement of cash flows - unaudited

	Year ended 30 June 2015 $'000	30 June 2014 $'000
Cash flows from operating activities		
Proceeds from sale of financial instruments held at fair value through Profit or loss	**7,914**	3,606
Purchase of financial instruments held at fair value through profit or loss	**(3,066)**	(6,415)
Dividends received	**3,836**	4,392
Interest received	**5**	3
Other revenue received	**-**	53
Responsible entity's fees paid	**(723)**	(732)
Custodian fees paid	**(67)**	(65)
Payment of other expenses	**(68)**	(56)
Net cash inflow/(outflow) from operating activities	**7,831**	786
Cash flows from financing activities		
Receipts from issue of units	**3,609**	8,661
Payments for redemption of units	**(8,658)**	(4,910)
Distributions paid	**(2,786)**	(3,420)
Net cash inflow/(outflow) from financing activities	**(7,835)**	331
Net increase/(decrease) in cash and cash equivalents	**(4)**	1,117
Cash and cash equivalents at the beginning of the year	**871**	(246)
Cash and cash equivalents at the end of the year	**867**	871

1 General information

The Group Investment Fund 2 invests in a diversified portfolio with 40% invested in cash and fixed interest and 60% in shares and property. The Fund is designed for those clients requiring a balanced exposure to market risk in the investment portfolio over a longer timeframe (6+ years).

The Group Investment Fund 2 is managed by the Public Trustee.

The information provided in this annual report is unaudited.

2 Basis of accounting

This special purpose financial report has been prepared in accordance with Australian Accounting Standards as issued by the Australian Accounting Standards Board.

The financial report has been prepared on an accruals basis.

The financial statements are presented in Australian dollars. Both the functional and presentation currency is Australian dollars.

Rounding

Amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar unless otherwise stated. Rounding is consistent with Class Order 98/0100 dated 10 July 1998, issued by the Australian Securities and Investments Commission, related to "rounding off' of amounts in the financial statements.

New and amended standards adopted by the Group Investment Fund 2

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2014 that would be expected to have a material impact on the Group Investment Fund 2.

3 Summary of 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 in the following text.

(a) Impairment of financial assets

At the end of each reporting date, the Group Investment Fund 2 assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

(b) Financial instruments

Non-derivative financial assets

The Group Investment Fund 2 initially recognizes financial assets on the trade date at which the entity becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value being the consideration given.

On initial recognition, the entity classifies its financial assets as subsequently measured at either amortized cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. In accordance with the transitional provisions of AASB 9, the classification of the financial assets that the entity held at the date of initial application was based on the facts and circumstances of the business model in which the financial assets were held at that date.

The entity derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset that is created or retained by the entity is recognised as a separate asset or liability.

Financial assets measured at amortised cost

A financial asset is subsequently measured at amortised cost using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise, on specified dates, to cash flows that are solely payments to principal and interest.

Financial assets measured at fair value

Financial assets other than those classified as financial assets measured at amortised cost are subsequently measured at fair value with all changes in value recognised in profit or loss.

(c) Investment revenue recognition

Investment revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group Investment Fund 2 and the revenue can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Interest received from investments in cash and cash equivalents

Interest income is recognised using the effective interest rate method.

Distributions from unlisted manages investment schemes
Distributions from unlisted managed investment schemes are recognised in the Statement of Comprehensive Income in the year the income was earned by the unlisted managed investment scheme. Distributions received may include capital gains. The Fund is required to offset carried forward capital losses with any capital gains received as part of a distribution. If this situation arises the distributable income of the Fund will not be the same as the distributions the Fund receives.

(d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank, deposits at call and short-term deposits with an original maturity of 12 months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(e) Taxation

Under current legislation, the Group Investment Fund 2 is not subject to income tax provided the unitholders are presently entitled to the income of the Group Investment Fund 2 and the Group Investment Fund 2 fully distributes net taxable income.

(f) Distributions

Income is calculated quarterly and is distributed to investors in January, April, July and October.

(g) Unit holders

Redeemable units

All units issued by the Fund provide investors with the right to require redemption for cash and give rise to a financial liability.

Unit prices

Unit prices are calculated as the net assets of the Fund, less estimated costs, divided by the number of units on issue.

Change in net assets attributable to investors

Non-distributable income, which may comprise unrealised changes in the fair value of investments, net capital losses, tax deferred income, accrued income not yet assessable and non-deductible expenses are reflected in the Statement of Comprehensive Income as change in net assets attributable to unitholders.

(h) Goods and Services Tax (GST)

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

when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

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

The Group Investment Fund 2 qualifies for Reduced Input Tax Credits (RITC) on management fees. These RITCs recoverable by the Group Investment Fund 2 from the ATO are recognised in the statement of comprehensive income.

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 taxation authority is classified as part of operating cash flows.

(i) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group Investment Fund 2 no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(j) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period and have not been early adopted by the Fund.

There are no standards that are not yet effective and that are expected to have a material impact on the Group Investment Fund 2 in the current or future reporting periods and on foreseeable future transactions.

4 Net assets attributable to unitholders - liability	**As at**	
	30 June 2015 $'000	30 June 2014 $'000
Client funds	**72,601**	73,899
Net assets attributable to unitholders - liability	**72,601**	73,899

5 Financial risk management

The Group Investment Fund 2 financial instruments consist mainly of investments in unlisted managed funds.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows.

	2015 $'000	2014 $'000
Financial assets		
Cash and cash equivalents	**867**	872
Receivables	**1,301**	1,605
Financial assets at fair value through profit or loss	**71,438**	72,839
	73,606	75,316
Financial liabilities		
Trade and other payables	**1,005**	1,417

Financial risk management policies
The Group Investment Fund 2's overall risk management strategy seeks to assist the entity in meeting its financial targets, while minimising potential adverse effects on financial performance.

Specific financial risk exposure and management
The main risks the Group Investment Fund 2 is exposed to through its financial instruments are investment manager risk, liquidity risk and market risk.

There have been no substantive changes in the types of risks the entity is exposed to, how these risks arise, or the Group Investment Fund 2's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Investment manager risk
Investment manager risk is the risk that an investment in a fund managed by an external fund manager does not achieve the performance objectives of the Fund. To reduce this risk the Public Trustee utilises the services of a professional asset consultant when selecting managers and in monitoring their ongoing performance. In addition the Public Trustee's Investment Committee, a Board subcommittee, reviews the performance of the Fund's investment managers on a quarterly basis.

b. Liquidity risk
Liquidity risk arises from the possibility that the entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The entity manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis,
- investing with reputable investment managers,
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflect the undiscounted contractual maturity for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities due for payment						
Trade and other payables	(1,005)	(1,417)	-	-	(1,005)	(1,417)
Total expected outflows	(1,005)	(1,417)	-	-	(1,005)	(1,417)
Financial assets – cash flow realisable						
Cash and cash equivalents	867	871	-	-	867	871
Receivables	1,301	1,605	-	-	1,301	1,605
Financial assets at fair value	71,438	72,840	-	-	71,438	72,840
Total anticipated inflows	73,606	75,316	-	-	73,606	75,316
Net inflow on financial instruments	72,601	73,899	-	-	72,601	73,899

c. Market risk

Interest rate risk

Investments in the Group Investment Fund 2 are subject to interest rate risk and movements in interest rates will have an impact on the underlying value of its investments. For example the market value of an Australian Government Bond will increase in value when interest rates are declining. The Fund has 70% of its assets invested in defensive assets (cash and fixed interest) and 30% in growth assets (Property and Equity).

Market price risk

Market price risk is the risk that the value of the investments will fluctuate as a result of changes in market prices. The Macquarie and Black Rock Investment Funds invest in listed and unlisted securities across a wide range of securities and is therefore subject to market price risk. Managers Price risk is mitigated by selecting investments that have a robust investment process in place. Risk is further reduced by having the Portfolio diversified across the major recognised assets classes.

Net fair values

(i) Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the entity. Most of these instruments, which are carried at amortised cost (i.e. trade receivables) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the entity.

(ii) Financial instruments measured at fair value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted unit prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2015				
Financial assets				
Investments in unlisted managed funds	**-**	**71,438**	**-**	**71,438**
2014				
Financial assets				
Investments in unlisted managed funds	-	72,840	-	72,840

The fair value of investments in unlisted managed funds has been based on the closing quoted unit prices at the end of the reporting period, excluding transaction costs.

6 Related party transactions

A management fee is calculated by the Public Trustee against money invested in the Group Investment Fund 2 at the rate of 1.1% (inclusive of GST) of the value of the Group Investment Fund 2 on a daily basis. The management fee is charged as at the last business day of each month.

7 Events after the reporting period

The Group Investment Fund 2 is not aware of any significant events since the end of the reporting period.