Annual Report 2010/2011

If it's important to you,
it's important to us.

Public Trustee

The Hon Brian Wightman MP
Attorney General and Minister for Justice,
Level 10, 15 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 2011.

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

Yours faithfully,

Ann Cunningham	Peter Maloney
Chairperson	Chief Executive Officer
The Board of the Public Trustee	Public Trustee

Contents

Responsible Minister

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

Principal Legislation

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

- The *Public Trustee Act 1930* is the Portfolio Act and sets out the organisation's basic powers and duties.

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

Main Undertakings

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

- preparing Wills and Enduring Powers of Attorney

- acting as an executor of estates, or estate administrator if there is no Will

- assuming the role of executor when a person named in a Will is unable or unwilling to act

- acting as attorney for people requiring assistance to manage their financial affairs

- acting as trustee for various types of trusts including accident compensation awards

- assisting people to manage their financial affairs when the Public Trustee is appointed as a financial administrator by the Guardianship and Administration Board

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

Our Mission, Vision and Values

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

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

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

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

Mission Statement

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

Vision Statement

To be the first choice provider of trustee services in Tasmania.

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 team work across the whole organisation.
- Integrity – open, honest and ethical service delivery.

Chairperson's Report

It is my pleasure to present the Annual Report for the year ended 30 June 2011.

It is pleasing to note that after last year's financial result the organisation has achieved a sound financial result this year - a profit after tax for the financial year of $532,910 compared with a loss last year of $98,592.

Factors contributing to the result were:

- total revenue from activities was 11% higher than last year;
- of total revenue, commission and fees increased by 4% on last year;
- total expenses from ordinary activities increased by 7% during the year with salaries and associated expenses up 9%.

The significant factor in the result for the year is the $1,009,445 dividend distribution on the Public Trustee's investments of its corporate funds. This was significantly higher than was expected.

In last year's report I noted the fact that there has been a significant change in the business undertaken by the Public Trustee, namely the increasing number of clients whose affairs we manage by order of the Guardianship and Administration Board (GAB). This trend has continued in the year in review.

As at June 2003 there were 268 such clients of whom 70% were Community Service Obligations (CSOs) or 187 clients. As at 30 June 2011 there were 610 clients (72% CSOs or 441 clients). This number will continue to increase. These clients now constitute 31% of the Public Trustee's business up from 12% in 2003. Many of this client base, particularly the CSO clients, have challenging behaviours and the relative resources required to service them exceeds the proportion of total matters they represent. The resources required to service them will increase. This changing business will continue to provide challenges for the Public Trustee with its impact on the resources required to provide the service to these clients.

It was in this context that the Public Trustee carried out an external review of the CSO funding model to provide the basis for the Government's CSO funding. The findings of this review were presented to the Government as part of the negotiations for the new three-year CSO funding agreement to commence as from 1 July 2011. It is pleasing to note that the funding model was agreed by Government. Unfortunately due to its own budgetary constraints, the Government was unable to fund us at the level required by the funding model. In the first year of the agreement this will see a shortfall in CSO funding of $800,000. This lack of funding will place significant financial pressures on the Public Trustee going forward given the resources required to continue to service the increasing CSO GAB clients.

Funds under management which total $144M continue to be a core area of business for the organisation. The deposit rate paid by the Public Trustee's Common Fund during the year was competitive and reflected market trends. Interest rates paid to contributors ranged from 3.49% to 4.83% per annum and averaged 4.14%. These rates reflect the upturn in cash rates as a result of the global financial crisis.

In my last report I pointed out that the Public Trustee had commissioned an external consultant to conduct a strategic review of its investment strategies and objectives. As a result of that review we have appointed an external custodian to assist us in managing the funds. As part of that review the No 3 fund was closed and investors' funds placed in the No 2 fund which has identical asset allocation, fund manager, fund management style and performance as the No 3 fund. This was undertaken to reduce the custodial costs of managing the extra fund which was deemed unnecessary.

The Public Trustee's two remaining diversified group investment funds, No 1 and No 2 Funds have exposure to varying allocations of defensive and growth assets. Since being established in May 2004 the funds have provided annualised returns over the past five years of 3.7% and 2.15% respectively to the end of June 2011. These returns have clearly been affected by the significant downturn in the markets flowing from the global financial crisis.

During the year the service delivery model review, which was conducted in the previous year, was implemented in the Hobart office. There are now specialist teams to deal with different streams of the business which will provide better delivery of service to our clients.

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

Corporate governance continues to be a matter of focus for the Board. During the year in review the risk management framework of the organisation was updated.

The Board also conducted its annual review of its performance to identify areas where there can be improvement. This review covered the areas of the Board, Directors' duty, finances, mission and direction and meetings.

I would like to acknowledge the work of my fellow Board members who carry out the responsibilities with commitment, enthusiasm and dedication. Particular thanks go to the Audit Committee chaired by Craig Stephens and the Marketing Committee chaired by Beth Mathison.

My thanks are extended to the Chief Executive Officer, Peter Maloney, and the management team for their ongoing dedication to the organisation. I would also like to acknowledge the work of our employees and their commitment to continue to provide a high level of service to our clients. Without it the organisation would not be in the position it is at the present time.

It is now 16 years since the Public Trustee became a Government Business Enterprise. The change in its business in that time will provide a challenge to the organisation to continue to provide Community Service Obligations as part of the Government's social policy objectives whilst remaining a commercially successful business. I am confident that the Board and the staff of the organisation are well placed to meet those challenges.

Ann Cunningham
Chairperson
Board of the Public Trustee

Chief Executive Officer’s Report

I have pleasure in presenting my report for the financial year 2010-11. We have achieved an operating profit which is very pleasing.

The results of our other performance measures are also pleasing. The Public Trustee surveys its clients to gauge feedback as to the standard of service we provide.

Our largest client group is our beneficiaries. The service we provide to them is at the core of our business.

Of 561 surveys sent to beneficiaries during 2010-2011, we received a response rate of 37%. Of those beneficiaries who responded, 86% stated their experience in dealing with the Public Trustee either met or exceeded their expectation. This is measured against a target of 85% so this is a very pleasing result. The feedback from these surveys is most welcome and is used by the Public Trustee to assist us in developing strategies for continuous improvement in client service.

Our Will client surveys continue to produce outstanding results. For the year in review we distributed 652 surveys with a 63% response rate. Of those who responded, 100% stated that their experience with dealing with the Public Trustee met or exceeded their expectations. This once again is a tremendous result and reflects well on those in the organisation who take Will instructions and in particular the professionalism of the Legal Services team.

Our new business in our core areas was comparable with last year. We wrote 762 new Wills and 896 revision Wills. We continued with our program of regional visits throughout the State for the purposes of Will writing. There were 22 such visits throughout the year. We visited a number of new places for the first time. This was well received by those persons who made a booking to see our representative. We have received excellent feedback from the people in the places we visited. They are very appreciative that we travel to their region to provide this service.

Public presentations and seminars continue to be a core area of activity for the organisation. We conducted 57 seminars and presentations around the state to a variety of groups and organisations with 1745 attendees.

We continue to be active in the area of marketing and communication. Once again a marketing and promotional brand awareness campaign was conducted in print and TV media. The campaign has been updated recently with a new print and TV media campaign.

We continued with a number of other marketing strategies, particularly in relation to communicating more frequently with our Will clients. Once again this year we provided our popular seminars in Hobart, Launceston, Devonport and Burnie for our Will clients. This provides them with up to date information on matters of interest to them in relation to their financial legacy. The seminars were well attended. The topics on this occasion were genealogical research, administering deceased estates and new Government legislation in regard to intestacy laws.

We also produced two editions of our newsletter ‘Matters of Trust’ which contains useful information for our clients and the Tasmanian community.

This year there has continued to be a strong focus on human resource management issues. At the Public Trustee we acknowledge that our people are our most important asset and that they must be engaged, skilled and managed effectively.

In 2010 a major project commenced to change the culture of the Public Trustee to align it with the organisational values of Service, Respect and Integrity and their associated behaviours. The extent of culture change in the past year was measured in August 2011 and significant positive change has occurred. This success is due to a consistent effort on the part of managers and the HR staff. Culture change is a long term process and further implementation strategies are being developed.

Culture change does not occur without effective leadership and considerable effort has been made to develop leadership and management capability. Quarterly Leadership Forums have been held on topics such as effective people management, encouraging innovation and managing change. As well, all leaders have been individually coached to improve their emotional intelligence which is the foundation of sound leadership.

Improvement in efficiencies in business processes continues to be a high priority. The organisation carried out a review to evaluate the effectiveness of its processes and key controls in place relating to the identification and achievement of business efficiency strategies. As a result of that review the organisation has established a Business Improvement Steering Committee which is responsible for all business improvement initiatives. It also introduced a business change management framework to assist in identifying and implementing efficiencies in processes.

Arising out of that review the organisation engaged an external organisation to review and recommend changes for efficiency improvements in five key process areas in the organisation. Those recommendations have been agreed and will be implemented in the current year.

Improvement in client service continues to be a strong focus of the organisation and this is one of the reasons for the projects mentioned above. We have also concluded the Service Delivery Model Review, one of the major aims of which was to improve service delivery to our clients. The review recommendations were implemented in the past year.

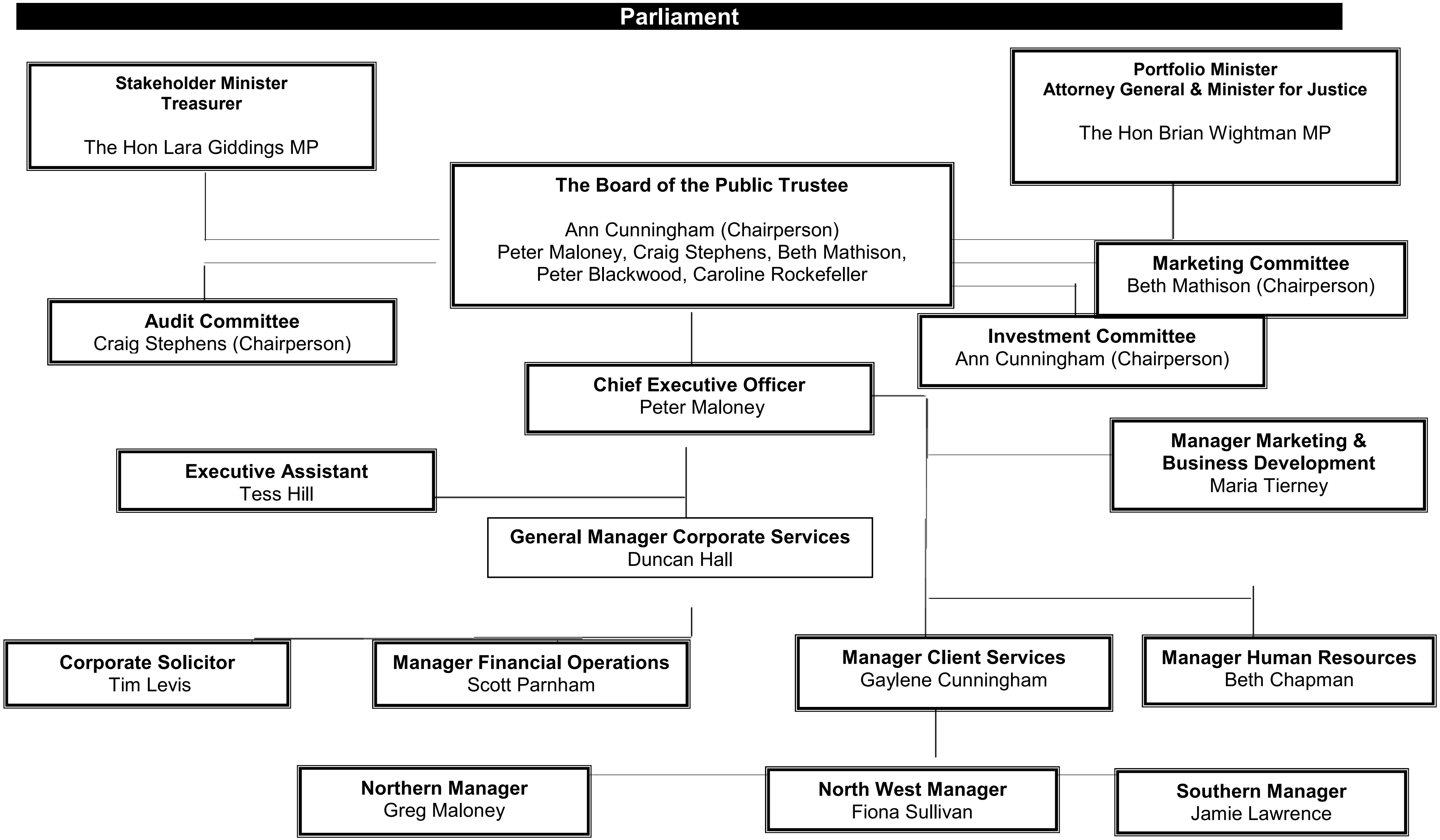
In conclusion I would like to once again thank the Chairperson of the Board, Ann Cunningham and my fellow Directors. Their contribution to the organisation and their support and assistance to me is invaluable. They give of their time freely outside normal Board and Committee meetings. It is greatly appreciated.

I would like to thank the Public Trustee team for all their efforts during this past year. As the Chairperson has said in her report, there are challenges ahead for the organisation. I look forward to working with the team at the Public Trustee and the Board in meeting those challenges and ensuring that the Public Trustee continues to be a successful commercial provider of trustee services to the Tasmanian community.

PMaloney

Peter Maloney
Chief Executive Officer

Structure of the Public Trustee



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 and one Executive Director. 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 and 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. Clients are assured that the Public Trustee has the necessary safeguards in place to protect their interests.

Given that the Public Trustee is a business operating in a commercial environment, marketing initiatives play an important part in developing its business. The Marketing Committee comprises Directors with marketing expertise. It provides advice and recommendations to the Board in relation to marketing strategies and promotional activities which underpin the strategic direction of the business.

These arrangements ensure that the Public Trustee has the appropriate governance structures in place to ensure that it operates as a successful Government Business Enterprise in a competitive commercial environment.

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:

Ann Cunningham LLB (Hons)
Chairperson

Board member April 2000
Chairperson of the Board May 2004
Member of the Audit Committee
Chairperson of the Investment Committee
Fellow of the Australian Institute of Company Directors

Ann Cunningham is a barrister and solicitor, an accredited mediator and arbitrator. She is also Senior Member of the Administrative Appeals Tribunal, Presiding Member of The Resource Management and Planning Appeals Tribunal, a Director of the Marine and Safety Tasmania Board and a State Councillor of the Australian Institute of Company Directors.

Peter Maloney LLB
Executive Director

Board Member August 1996
Chairperson of the Board 2001-2003
Chief Executive Officer February 2003
Member of the Investment Committee
Member of the Marketing Committee
Graduate member of the Australian Institute of Company Directors

Prior to being appointed CEO of the Public Trustee in 2003 Peter was a Senior Executive with the Department of Justice. Mr Maloney's CEO role is complemented by his understanding of the Public Trustee gained during his tenure as a Board Director since 1996 including 2 years as Chairperson. He is a barrister and solicitor and is also a member of the Salvation Army Advisory Committee.

Craig Stephens BCom

Board Member October 2004
Chairperson 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 Marketing Committee
Member of the Audit Committee
Fellow of the Australian Institute of Company Directors

Ms Mathison's marketing, strategic management, business improvement and human resource skills have been gained during the course of her extensive career in private industry. As Chair of the Public Trustee's Marketing Committee, Beth has overseen a significant rebranding of the profile of the organisation including an extensive media campaign.

Peter Blackwood

Board Member January 2010
Member of the Marketing 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. Caroline is also a director of The Skills Institute of Tasmania.

Board Performance Review

The Board conducts 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. Each Director is required to score each question with a range of 1 to 10. When these are completed, the Board meets in an open session to discuss the results and determine required actions.

At least once every 3 years, the evaluation of the Board is conducted by an external facilitator.

CEO Performance Review

The performance of the CEO is reviewed annually against a performance management agreement. It is conducted by a subcommittee of the Board and reports to it.

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**		**Marketing Committee**	
	Number Held	Number attended	Number held	Number attended	Number held	Number attended	Number held	Number Attended
Ann Cunningham	13	12	4	4	6	5		
Craig Stephens	13	13	4	4				
Beth Mathison	13	13	4	4			6	6
Caroline Rockefeller	13	12			6	6		
Peter Blackwood	13	13					6	6
Peter Maloney	13	11	4	3	6	6	6	6

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.

Corporate Plan

The Public Trustee's Corporate Plan serves two main purposes:

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

Strategic initiatives contained in the 2011-12 to 2013-14 Corporate Plan focus on:

- building the commercial business base to ensure the commercial success of the Public Trustee as a Government Business Enterprise
- strategies to shape and promote the public profile of the Public Trustee within the Tasmanian community
- strategies to increase efficiencies in business processes through innovation and continuous improvement
- strategies for continuous improvement in client service delivery
- strategies for improving human resource management.

Statement of Corporate Intent

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

a) Business Definition

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

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

b) Business Direction

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

- operating in accordance with sound commercial practices
- operating efficiently and maximising the net worth of the business

- maximising the sustainable return to the State in accordance with the Corporate Plan and to perform, on behalf of the State, any Community Service Obligations in an efficient manner.

c) Strategic Direction

The strategic direction 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.

d) Business Performance Targets

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

Key Performance Indicators	**FY2012**	**FY2013**	**FY2014**
Return on Tangible Assets	5.1%	5.0%	4.9%
Return on Tangible Equity	37.0%	29.0%	23.9%
Net Tangible Equity to Tangible Assets Ratio	10.8%	13.3%	15.6%
Net Profit before Tax	$663,000	$682,000	$698,000
Debt to Equity Ratio	N/a	N/a	N/a
Interest Cover Ratio	N/a	N/a	N/a

e) Distribution Policy and Targets

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

	FY2012	FY2013	FY2014
Dividends	$225,000	$78,000	$78,000
Income tax equivalent payments	$115,000	$68,000	$66,000
Guarantee fees	$0	$0	$0
TOTAL	$340,000	$146,000	$144,000
Dividend payout ratio	50%	50%	50%

f) Capital Structure

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

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

Financial Commentary

Financial Performance Indicators

The Public Trustee's Corporate Plan targets and key financial performance indicator results for 2010 – 2011 were:

	Corporate Plan Target 2010-2011	Actual for 2010-2011
Return on Tangible Assets Earnings before interest & Tax / Total Tangible Assets	3.2%	6.8%
Return on Tangible Equity Earnings after Tax / Net Tangible Assets	14.6%	51.1%
Net Tangible Equity to Tangible Assets Ratio	16.4%	11.7%

Deferred income tax benefits represented 20% of total assets and 69% of net assets as at 30 June 2011 and has the effect of reducing the return on assets and profit to equity ratios.

<u>Return on Tangible Assets</u>

The Return on Tangible Assets is above the Corporate Plan target as a result of the higher than forecast profit before tax for the year.

As a consequence of the improvement in the investment funds market during the year the financial year, the organisation benefited from increased dividend income and an increase in the value of corporate investments.

<u>Return on Tangible Equity</u>

The Return on Tangible Equity was also higher than the Corporate Plan target as a result of the higher than forecast profit before tax for the year.

<u>Net Tangible Equity to Tangible Assets Ratio</u>

The Net Tangible Equity to Tangible Assets Ratio was lower than the Corporate Plan target as a result of higher than forecast tangible assets – again reflecting the higher than forecast value of corporate investments at year end.

Payments to Consolidated Fund

The Public Trustee's payments to the Consolidated Fund for 2010-2011 compared with the previous year were:

	2010-2011	**2009-2010**
Dividend	$0	$345,142
Income Tax Equivalent Payment	$225,733	$197,902
Guarantee Fee	Nil	Nil
TOTAL	**$225,733**	**$543,044**

Capital Structure

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

Distribution Targets

The targets for distribution and payments to the Consolidated Fund in 2011-2012 are*:*

Guarantee Fee	$0
Income Tax Equivalent Payment	$115,000
Dividend	$225,000
TOTAL	**$340,000**

Statement on Superannuation Entitlements

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

Procurement Contracts

The Public Trustee had no procurement contracts in place as at 30 June 2011 valued at more than $50,000.

Support for Tasmanian Business

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

Staffing

As at 30 June 2011 the Public Trustee employed 52 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 2011, matters classified as Community Service Obligations accounted for 48% of the matters administered by the Public Trustee.

The Treasurer, as purchasing minister, enters into an agreement with the Public Trustee to fund the provision of Community Service Obligations. The funding received by the Public Trustee in 2010-11 was $1,259,504.

Public Trustee

ABN 11 223 649 773

Financial Statements
30 June 2011

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Auditor’s Independence Declaration

Tasmanian Audit Office

STRIVE | LEAD | EXCEL | TO MAKE A DIFFERENCE

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12 August 2011

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

Dear Board Members

Auditor’s Independence Declaration

In relation to my audit of the financial statements of the Public Trustee for the financial year ended 30 June 2011, 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; and

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
Delegate of the Auditor-General

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector
• Professionalism • Respect • Camaraderie • Continuous Improvement • Customer Focus •

Making a Difference

Statement of Comprehensive Income
for the year ended 30 June 2011

	Notes	2011 $	2010 $
Sales revenue	2	**6,429,724**	6,247,701
Other revenue	2	**1,043,011**	464,548
Administrative expenses		**(1,557,599)**	(1,542,181)
Depreciation expense		**(79,285)**	(76,721)
Employee benefits expense	3	**(4,661,388)**	(4,290,720)
Occupancy expenses		**(434,532)**	(371,951)
Other expenses	3	**-**	(3,501)
Profit before income tax equivalent excluding re-measurement of financial assets		**739,931**	427,175
Income tax equivalent expense on profit excluding re-measurement of financial assets	4a	**(290,844)**	(122,951)
Profit for the year excluding re-measurement of financial assets		**449,087**	304,224
Net gain (loss) on re-measurement of financial assets		**119,747**	(575,451)
Income tax equivalent (expense) revenue	4b	**(35,924)**	172,635
Profit (loss) for the year		**532,910**	(98,592)
Other comprehensive income			
Superannuation actuarial gains (losses)		**261,830**	(1,078,142)
Income tax equivalent (expense) revenue on other comprehensive income	4c	**(78,549)**	323,443
Other comprehensive income for the year, net of income tax equivalent		**183,281**	(754,699)
Total comprehensive income for the year		**716,191**	(853,291)

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2011

	Notes	2011 $	2010 $
Assets			
Current assets			
Cash and cash equivalents	7	**1,233,774**	1,112,859
Trade and other receivables	8	**933,791**	568,662
Financial assets	9	**10,296,487**	10,174,549
Other assets	11	**22,471**	-
Total current assets		**12,486,523**	11,856,070
Non-current assets			
Deferred tax assets	13	**3,290,928**	3,503,417
Property, plant and equipment	10	**436,186**	363,477
Total non-current assets		**3,727,114**	3,866,894
Total assets		**16,213,637**	15,722,964
Liabilities			
Current liabilities			
Trade and other payables	12	**491,461**	546,703
Current tax payable	13	**(30,608)**	2,297
Provisions	14	**922,650**	1,075,231
Total current liabilities		**1,383,503**	1,624,231
Non-current liabilities			
Provisions	14	**10,031,099**	10,015,889
Total non-current liabilities		**10,031,099**	10,015,889
Total liabilities		**11,414,602**	11,640,120
Net assets		**4,799,035**	4,082,844
Equity			
Retained earnings		**4,799,035**	4,082,844
Total equity		**4,799,035**	4,082,844

The accompanying notes form part of these financial statements.

Statements of Changes in Equity
for the year ended 30 June 2011

	Asset revaluation reserve $	Retained earnings $	Total $
Balance at 1 July 2009	224,050	4,990,011	5,214,061
Profit (loss) for the year	-	(98,592)	(98,592)
Other comprehensive income for the year, net of income tax	-	(754,699)	(754,699)
Deferred income tax	-	67,216	67,216
Transfer to retained earnings	(224,050)	224,050	-
Sub total	(224,050)	(562,025)	(786,075)
Dividends paid or provided for	-	(345,142)	(345,142)
Balance at 30 June 2010	**-**	**4,082,844**	**4,082,844**
Profit (loss) for the year	**-**	**532,910**	**532,910**
Other comprehensive income for the year, net of income tax	**-**	**183,281**	**183,281**
Sub total	**-**	**716,191**	**716,191**
Dividends paid or provided for	**-**	**-**	**-**
Balance at 30 June 2011	**-**	**4,799,035**	**4,799,035**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2011

	Note	2011 $	2010 $
Cash flows from operating activities			
Receipts from customers		**7,076,029**	6,365,139
Payments to suppliers and employees		**(7,112,571)**	(5,333,666)
Interest received		**33,566**	320,848
Income tax equivalent paid		**(225,733)**	(460,467)
Net cash from operating activities	17	**(228,709)**	891,854
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		**-**	4,500,000
Proceeds from available for sale financial assets		**501,618**	
Acquisition of available for sale financial assets		**-**	(4,214,250)
Acquisition of plant and equipment		**(151,994)**	(68,213)
Net cash provided (used) in investing activities		**349,624**	217,537
Cash flows from financing activities			
Dividends paid		**-**	(345,142)
Net cash used in financing activities		**-**	(345,142)
Net increase (decrease) in cash held		**120,915**	764,249
Cash at the beginning of the year	7	**1,112,859**	348,610
Cash at the end of the year	7	**1,233,774**	1,112,859

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
for the year ended 30 June 2011

The Public Trustee ("the entity") is a 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.

The financial statements were authorised for issue on 12 August 2011 by the directors.

Note 1. Statement of significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board ("AASB") the *Government Business Enterprise Act 1995* and related Treasurer's Instructions.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards ("IFRS"). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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

Current income tax expense charged to the 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 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 credited or charged directly to equity.

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.

On 10 June 2011 the Tasmanian Government proposed the future reduction in the Company tax rate from 30% to 29%. No impact has been recognised and no adjustments have been made to the deferred tax balances at 30 June 2011 for the proposed tax rate change.

b. Plant and Equipment

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

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 losses. 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).

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*
Plant 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 charged as expenses on a straight-line basis over the lease term.

d. Financial Instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified as 'at fair value through profit or loss' in which case the transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions and reference to similar instruments.

(i) Financial assets at fair value through profit or loss
Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in non rated managed investment funds where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised profit or loss.

(v) Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment
At the end of each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are immediately recognised in profit or loss. 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 expire. The difference between the carrying value 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 value 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 (eg 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. Impairment testing is performed annually for intangible assets with indefinite lives.

f. Employee Benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. All unconditional leave is disclosed as current, irrespective of when it falls due.

Liabilities under the Retirement Benefits Fund ("RBF") defined benefit plan are calculated by a Tasmanian Government appointed actuary. Expenses related to current employment are recognised in the Statement of Comprehensive Income. Actuarial gains and losses arising from changes in actuarial assumptions used to calculated the present value on future liabilities are recognised in the Statement of Comprehensive Income.

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.

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 after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

j. Trade and other payables

Trade and other payables represent the liability for goods and services received by the entity during 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 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 customers 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. Critical accounting estimates and judgements

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.

Key estimates

(i) Impairment

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. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

n. Adoption of new and revised accounting standards

During the current year the entity has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

o. 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*. In 2011 the calculation base for the payment of dividends was changed from the Profit (loss) for the year to the Profit (loss) for the year excluding financial asset revaluations.

p. New Accounting Standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the entity has decided not to early adopt. A discussion of those future requirements and their impact on the entity is as follows:

AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The entity has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;

- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the entity.

AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.
The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Subject to AASB 1049, general government sectors of the Australian Government and state and territory governments would also apply Tier 1 reporting requirements.

The following entities can elect to apply Tier 2 of the framework when preparing general purpose financial statements:

- for-profit private sector entities that do not have public accountability;
- not-for-profit private sector entities; and
- public sector entities, whether for-profit or not-for-profit, other than the Australian Government and state, territory and local governments.

AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

AASB 1054: Australian Additional Disclosures (applicable for annual reporting periods commencing on or after 1 July 2011).

This standard sets out the Australian specific disclosures for entities that have adopted Australian Accounting Standards that are additional to the requirements under International Financial Reporting Standards, including disclosures relating to the nature of the financial report, audit fees and the reconciliation of net operating cash flows to profit. No changes are expected to materially affect the entity.

AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the entity.

AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the entity.

AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the entity.

AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the entity.

AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the entity has not yet determined any potential impact on the financial statements from adopting AASB 9.

	2011 $	2010 $

Note 2. Revenue and other income

	2011 $	2010 $
Sales revenue		
- fees and commissions	**5,169,724**	4,988,121
- funding of community service obligations	**1,260,000**	1,215,000
- investment property rental	**-**	44,580
	6,429,724	6,247,701
Other revenue		
- dividends received	**1,009,445**	144,378
- interest received from other persons	**33,566**	320,170
	1,043,011	464,548

Note 3. Profit before income tax

Expenses

	2011 $	2010 $
Employee benefits expense		
- wages and salaries	**3,019,482**	2,916,684
- contribution to defined contribution superannuation funds (Note 15)	**703,887**	649,705
- other associated personnel expenses	**938,019**	724,331
	4,661,388	4,290,720
Other expense		
- loss on disposal of property, plant and equipment	**-**	3,501

	2011 $	2010 $

Note 4. Income tax equivalent expense

a. The components of income tax equivalent expense comprise:

	2011 $	2010 $
Current tax	**192,827**	197,902
Deferred tax	**98,017**	(74,951)
	290,844	122,951

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

	2011 $	2010 $
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2010: 30%)		
- Entity	**221,980**	128,151
Add tax effect of:		
- disposal of property, plant and equipment	**-**	1,050
- deferred tax assets relating to potential capital losses not recognised	**118,631**	-
Less tax effect of:		
- available franking credits	**(40,397)**	-
- foreign tax credits	**(4,819)**	-
- building allowance	**-**	(6,250)
- over provision for income tax in prior years	**(4,551)**	-
Income tax expense	**290,844**	122,951
Net gain (loss) on re-measurement of financial assets	**119,747**	(575,451)
Income tax expense (benefit) at 30%	**(35,924)**	172,635

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

	2011 $	2010 $
Superannuation actuarial gains/(losses)		
Before tax amount	**261,830**	(1,078,142)
Income tax expense (benefit)	**(78,549)**	323,443
Net-of-tax amount	**183,281**	(754,699)

Note 5. Key management personnel compensation

The totals of the remuneration paid to key management personnel during the year are as follows:

	2011 $	2010 $
Short-term employee benefits	**730,138**	653,870
Post-employment benefits	**164,308**	380,263
	894,446	1,034,133

Note 6. Auditors' remuneration

Remuneration of the auditor for:

	2011 $	2010 $
- auditing or reviewing the financial statements	**25,840**	23,600

	2011 $	2010 $

Note 7. Cash and cash equivalents

	2011 $	2010 $
Cash at bank and on hand	**1,050**	1,050
Short term bank deposits	**1,232,724**	1,111,809
	1,233,774	1,112,859

The effective interest rate on short-term bank deposits was between 3.4% and 4.9% (2010: between 2.0% and 3.5%).

Note 8. Trade and other receivables

	2011 $	2010 $
Current		
Trade receivables	**933,791**	568,662

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

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
	$	$	$	$	$	$	$
2011							
Trade receivables	**933,791**	**-**	**-**	**-**	**-**	**-**	**933,791**
2010							
Trade receivables	568,662	-	-	-	-	-	568,662

The entity holds no financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

Note 9. Financial assets

	2011 $	2010 $
Available-for-sale financial investments		
Investments, at cost	**1,060,000**	1,060,000
Investments, at fair value	**9,236,487**	9,114,549
	10,296,487	10,174,549

Available-for-sale financial assets comprise investments in managed funds. There are no fixed returns or fixed maturity dates attached to these investments. No intention to dispose of any unlisted available-for-sale financial assets existed at 30 June 2011.

Note 10. Property, plant and equipment

	2011 $	2010 $
Plant and equipment		
Leasehold improvements at cost	**291,143**	199,473
Accumulated depreciation	**(189,701)**	(181,393)
	101,442	18,080
Fixtures, furniture and equipment at cost	**817,298**	792,099
Accumulated depreciation	**(482,554)**	(446,702)
	334,744	345,397
	436,186	363,477

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

	2011 $	2010 $
Leasehold improvements		
Balance at 1 July	**18,080**	20,089
Additions	**91,671**	-
Depreciation expense	**(8,309)**	(2,009)
Balance at 30 June	**101,442**	18,080
Fixtures, furniture and equipment		
Balance at 1 July	**345,397**	550,841
Additions	**60,323**	48,470
Disposals	**-**	(179,307)
Depreciation expense	**(70,976)**	(74,607)
Balance at 30 June	**334,744**	345,397

Note 11. Other assets

	2011 $	2010 $
Current		
Prepayments	**22,471**	-

Notes to the Financial Statements
for the year ended 30 June 2011

	2011 $	2010 $

Note 12. Trade and other payables

	2011 $	2010 $
Current		
Trade payables	**256,047**	322,102
Sundry payables and accrued expenses	**235,414**	224,601
	491,461	546,703

Note 13. Tax

	2011 $	2010 $
Current		
Income tax	**(30,608)**	2,297
Non Current		
Deferred tax liability		
Balance at 1 July	**-**	67,216
Revaluation of property	**-**	(67,216)
Balance at 30 June	**-**	-
Deferred tax assets		
Balance at 1 July	**3,503,417**	2,932,387
Provisions – employee benefits	**(41,210)**	431,009
Other expenses	**1,360**	(32,618)
Changes in value of available-for-sale financial investments	**(172,639)**	172,639
Balance at 30 June	**3,290,928**	3,503,417

At 30 June 2011 a deferred tax asset of $118,631 relating to the excess of the tax cost base of financial assets over their carrying value was not recognised as it is not probable that future capital gains will arise against which this benefit may be realised.

Note 14. Provisions

	2011 $	2010 $
Short term employee related entitlements		
Balance at 1 July	**1,075,231**	754,331
Additional provisions	**270,872**	612,318
Amounts used	**(423,453)**	(291,418)
Balance at 30 June	**922,650**	1,075,231
Long term employee related benefits		
Balance at 1 July	**10,015,889**	8,816,118
Additional provisions	**-**	1,199,771
Unused amounts reversed	**15,210**	-
Balance at 30 June	**10,031,099**	10,015,889
Analysis of total provisions		
Current	**922,650**	1,075,231
Non-current	**10,031,099**	10,015,889
	10,953,659	11,091,120

Provision for long term employee benefits
A provision has been recognised for employee benefits relating to long service leave for employees. 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 included in Note 1.

Note 15. Employee benefits

Plan Information
The Retirement Benefits Fund ("RBF") is a defined benefit fund which pays 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.

	2011 %	2010 %
Principal actuarial assumptions at balance date		
Discount rate	**5.50**	5.35
Expected rate of return on plan assets	**7.50**	7.00
Expected salary increase rate	**4.50**	4.50
Expected rate of increase in compulsory preserved amounts	**4.50**	4.50
Expected pension increase rate	**2.50**	2.50

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class and allowing for the correlations of the investment returns between asset classes. The returns used for each asset class are net of estimated investment tax and investment fees.

	2011 %	2010 %
Percentage invested in each asset class		
Australian equity	**25**	26
International equity	**22**	22
Fixed income	**13**	12
Property	**19**	20
Alternatives / other	**18**	14
Cash	**3**	6

	2011 $	2010 $
Reconciliation of the present value of the defined benefit obligation		
Balance at 1 July	**12,844,000**	11,258,000
Current service cost	**200,737**	184,725
Interest cost	**671,532**	623,780
Estimated contributions by plan participants	**60,000**	60,000
Actuarial (gains) losses	**(425,239)**	1,170,194
Estimated benefits paid	**(658,292)**	(430,973)
Estimated taxes, premiums and expenses	**(23,738)**	(21,726)
Balance at 30 June	**12,669,000**	12,844,000
Reconciliation of the fair value of scheme assets		
Balance at 1 July	**2,447,331**	2,283,304
Expected return on assets	**168,382**	154,976
Actuarial gains (losses)	**(163,409)**	92,052
Estimated employer contributions	**523,027**	309,698
Estimated participant contributions	**60,000**	60,000
Estimated benefit payments	**(658,292)**	(430,973)
Estimated taxes, premiums and expenses	**(23,738)**	(21,725)
Balance at 30 June	**2,353,301**	2,447,331

Assets are not held separately for each entity but are held for the Fund as a whole. The fair value of the Fund assets was estimated by allocating the total Fund assets to each entity in proportion to the value of each entity's funded liabilities, calculated using the assumptions outlined in this note.

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.

Notes to the Financial Statements
for the year ended 30 June 2011

	2011 $	2010 $
Actual return on fund assets		
Actual return on plan assets	**4,973**	247,028
Reconciliation of the net liability recognised in the statement of financial position		
Defined benefit obligation	**12,669,000**	12,844,000
Fair value of plan assets	**(2,353,301)**	(2,447,331)
Deficit	**10,315,699**	10,396,669
Analysis of net liability		
- Current	**441,000**	464,000
- Non-current	**9,874,699**	9,932,669
	10,315,699	10,396,669
Expense recognised in the statement of comprehensive income		
Service cost	**200,737**	184,725
Interest cost	**671,532**	623,780
Expected return on assets	**(168,382)**	(154,976)
	703,887	653,529
Cumulative amount recognised in other comprehensive income		
At 1 July	**2,177,273**	1,099,131
Actuarial (gains) losses	**(261,830)**	1,078,142
At 30 June	**1,915,443**	2,177,273

	2011 $	2010 $	2009 $	2008 $	2007 $
Historical information					
Present value of defined benefit obligation	**12,669,000**	12,844,000	11,258,000	11,317,384	12,272,830
Fair value of plan assets	**(2,353,301)**	(2,447,331)	(2,283,304)	(2,686,813)	(3,069,412)
Deficit in plan	**10,315,699**	10,396,669	8,974,696	8,633,571	9,203,418
Experience adjustment (gain) loss plan assets	**163,409**	(92,052)	414,237	421,892	(256,026)
Experience adjustment (gain) loss plan liabilities	**(193,239)**	470,194	831,128	71,696	432,755

The experience adjustment for Fund liabilities represents the actuarial loss (gain) due to a change in the liabilities arising from the Fund's experience (eg membership movements, salary increases and indexation rates) and excludes the effect of changes in assumptions (eg movements in bond rates)

	2012 $
Expected contributions	
Expected employer contributions	**441,000**

Note 16. Operating lease commitments

	2011 $	2010 $
Operating lease commitments		
Non cancellable operating leases contracted for but not capitalised in the financial statements.		
Payable – minimum lease payments:		
- Not later than one year	**357,595**	111,170
- Later than one year but not later than five years	**634,001**	218,846
	991,595	330,016

The property lease in Hobart 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. An option also exists to renew the lease at the end of the first additional term for a further additional term of five 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 in Burnie 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. An option also exists to renew the lease at the end of the first additional term for a further 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. An option exists to renew the lease at the end of the two year term for an additional term of two years.

Note 17. Cash flow information

a. Reconciliation of cash flows from operations with profit after income tax

	2011 $	2010 $
Profit (loss) after income tax	**532,910**	(98,592)
Non cash flows in profit (loss):		
Depreciation	**79,285**	76,721
Re-measurement of financial assets	**(119,747)**	575,451
Changes in assets and liabilities:		
(Increase) decrease in trade and other receivables	**(400,751)**	(58,391)
(Increase) decrease in prepayments	**(22,471)**	-
(Increase) increase in deferred tax assets	**(72,417)**	(521,158)
Decrease (increase) in trade and other payables	**(55,242)**	(269,529)
Decrease (increase) in provisions	**(137,371)**	1,449,917
Decrease (increase) in current tax payable	**(32,905)**	(262,565)
Cash flows from operations	**(228,709)**	891,854

Note 18. Contingent liabilities and contingent assets

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

Note 19. Events after the reporting period

As a result of the events impacting upon the global economy in early August 2011, including the downgrading of the United States of America's S&P credit rating and the economic uncertainty regarding a number of European countries, the value of the entity's investment fund reduced by approximately 14% since the end of the financial year. Given the ongoing volatility of the market it is unknown whether this will have a significant impact on the performance of the investment fund for the full year to 30 June 2012.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

Note 20. Related party transactions

The entity's main related parties are as follows:

a. **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 5: Key management personnel compensation.

b. **Other related parties**
Other related parties include immediate family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their immediate family members.

c. **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.

	2011	**2010**
	$	**$**
Purchase of goods and services		
Other related parties:		
- Burnie Office rental expenses paid to Long Rock Pty Ltd. The husband of Director Caroline Rockefeller has a significant influence over Long Rock Pty Ltd.	**66,700**	28,635

Note 21. Operating segments

The entity provides trustee and related financial services and operates predominantly in Tasmania.

Note 22. Financial risk management

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows.

	2011 $	2010 $
Financial assets		
Cash and cash equivalents	**2,293,774**	2,172,859
Trade and other receivables	**933,791**	568,162
Available for sale financial assets at fair value	**9,236,487**	9,114,549
	12,464,052	11,855,570
Financial liabilities		
Trade and other payables	**491,461**	645,282

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. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The entity does not have any derivative instruments at 30 June 2011.

Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

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.

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 ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes 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. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 14 to 30 days from the date of invoice.

The entity minimizes 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 finance committee has 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 8. 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 at Note 9.

Credit risk related to balances with banks and other financial institutions is managed in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. 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:

	2011	2010
	$	$
Cash and cash equivalents		
- AAAm Rated	**1,060,000**	1,060,000
- AA Rated	**1,232,724**	1,111,809
	2,292,724	**2,171,809**

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 defer from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Effective Interest Rate		Within 1 year		1 to 5 years		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	%	%	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables	**-**	-	**(491,461)**	(645,282)	**-**	-	**(491,461)**	(645,282)
Total expected outflows			**(491,461)**	(645,282)	**-**	-	**(491,461)**	(645,282)
Financial assets – cash flow realisable								
Cash and cash equivalents	**4.9**	2.0	**2,293,774**	2,172,859	**-**	-	**2,293,774**	2,172,859
Trade, and other receivables	**-**	-	**933,791**	568,162	**-**	-	**933,791**	568,162
Financial assets	**10.4**	1.5	**9,236,487**	9,114,549	**-**	-	**9,236,487**	9,114,549
Total anticipated inflows			**12,464,052**	11,855,57 0	**-**	-	**12,464,052**	11,855,570
Net (outflow)/inflow on financial instruments			**11,972,591**	11,210,288	**-**	-	**11,972,591**	11,210,288

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.

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.

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	Equity
	$	$
Year ended 30 June 2011		
+/- 100 bps in interest rates	**22,927**	**16,049**
+/- 100 bps in investments	**92,365**	**64,655**
Year ended 30 June 2010		
+/- 100 bps in interest rates	21,178	15,203
+/- 100 bps in investments	91,145	63,802

Net fair values

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 values are those amounts 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 (ie trade receivables) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the entity.

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 from fund managers (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	Level 2	Level 3	Total
	$	$	$	$
2011				
Financial assets				
Available for sale financial assets				
- investments	**9,236,487**	**-**	**-**	**9,236,487**
2010				
Financial assets				
Available for sale financial assets				
- investments	9,114,549	-	-	9,114,549

Included within level 1 of the hierarchy are investments. The fair value of these financial assets has been based on the closing quoted unit prices at the end of the reporting period, excluding transaction costs.

Note 23. Investment of client funds

The entity maintains four investment funds to provide client with a prudent investment for the particular circumstances of each client. The details of the fund assets are as follows:

	Common Fund $	No. 1 Fund $	No. 2 Fund $	No. 3 Fund $
2011				
Asset class				
Cash	**5,869,317**	**5,248,535**	**6,231,827**	**-**
Term Deposits	**48,000,000**	**-**	**-**	**-**
Australian equities	**-**	**2,010,126**	**19,381,728**	**-**
Australian fixed interest	**-**	**3,886,105**	**18,676,434**	**-**
Property securities	**-**	**661,675**	**6,182,126**	**-**
International equities	**-**	**1,368,009**	**13,193,426**	**-**
Receivables	**-**	**-**	**-**	**-**
	53,869,317	**13,174,449**	**63,665,541**	**-**
Equity				
Client funds	**52,635,543**	**13,174,449**	**63,665,541**	**-**
Entity funds	**1,233,774**	**-**	**-**	**-**
	53,869,317	**13,174,449**	**63,665,541**	**-**
2010				
Asset class				
Cash	1,525,582	6,065,304	3,704,593	1,955,356
Cash indexed fund	51,012,610	-	-	-
Australian equities	-	2,166,071	11,515,556	5,546,649
Australian fixed interest	-	4,539,541	11,009,548	5,869,407
Property securities	-	730,233	3,753,473	1,878,834
International equities	-	1,400,991	7,521,123	3,696,653
Receivables	20,790	-	-	-
	52,558,982	14,902,140	37,474,294	18,946,900
Equity				
Client funds	51,447,173	14,902,140	37,474,294	18,946,900
Entity funds	1,111,809	-	-	-
	52,558,982	14,902,140	37,474,294	18,946,900

Notes to the Financial Statements
for the year ended 30 June 2011

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

	Common Fund	No. 1 Fund	No. 2 Fund	No. 3 Fund
	$	$	$	$
2011				
Fund value				
Balance at 1 July	**52,561,982**	**14,902,140**	**37,474,294**	**18,946,900**
Capital deposits	**102,747,924**	**2,638,774**	**25,694,539**	**95,000**
Capital withdrawals	**(101,440,589)**	**(4,540,000)**	**(2,348,000)**	**(20,559,539)**
Unrealised capital gains (losses)	**-**	**173,535**	**2,844,708**	**1,517,639**
Balance at 30 June	**53,869,317**	**13,174,449**	**63,665,541**	**-**
Fund earnings				
Unrealised capital gains (losses)	**-**	**173,535**	**2,844,708**	**1,517,639**
Net earnings distributed to investors	**2,304,271**	**819,354**	**4,459,107**	**576,533**
	2,304,271	**992,889**	**7,303,815**	**2,094,172**
2010				
Fund value				
Balance at 1 July	59,838,784	11,993,772	29,181,601	18,188,555
Capital deposits	86,469,306	4,315,000	9,520,000	760,000
Capital withdrawals	(93,749,108)	(2,015,000)	(4,880,000)	(1,230,000)
Unrealised capital gains (losses)	-	608,418	3,652,693	1,228,345
Balance at 30 June	52,558,982	14,902,140	37,474,294	18,946,900
Fund earnings				
Unrealised capital gains (losses)	-	608,418	3,652,693	1,228,345
Net earnings distributed to investors	1,337,335	438,605	1,167,255	621,679
	1,337,335	1,047,023	4,819,948	1,850,024

Statement of Certification

In the opinion of the Directors of the Public Trustee (“the entity”):

a) the financial statements and notes of the Corporation and of the consolidated 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 2011 and the financial position at 30 June 2011 of the entity;

   (ii) subject to the Treasurer’s Instructions, complying with the Australian Accounting Standards and Interpretations; and

   (iii) complying with Australian equivalents to International Financial Reporting Standards.

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 General Manager Corporate Services and Manager Financial Operations of the entity:

a) the financial records of the entity for the year ended 30 June 2011 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 2011 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 2011 give a true and fair view.

Signed in accordance with a resolution of the Directors:

Craig J Stephens
Director

Peter M Maloney
Director

Hobart, 12 August 2011

Independent Auditor's Report

Tasmanian Audit Office

STRIVE | LEAD | EXCEL | TO MAKE A DIFFERENCE

INDEPENDENT AUDITOR'S REPORT

To Members of the Parliament of Tasmania

PUBLIC TRUSTEE

Financial Report for the Year Ended 30 June 2011

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 2011, the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the directors.

Auditor's Opinion

In my opinion:

(a) the Public Trustee's financial report:

(i) presents fairly, in all material respects, its financial position as at 30 June 2011, and its financial performance, cash flows and changes in equity for the year then ended; and

(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. In Note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

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 the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, and
- 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 audit opinion and is included in the Directors' report.

TASMANIAN AUDIT OFFICE

E R De Santi
DEPUTY AUDITOR-GENERAL
Delegate of the Auditor-General

HOBART
12 August 2011

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
• Professionalism • Respect • Camaraderie • Continuous Improvement • Customer Focus •

Making a Difference

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.

Peter M Maloney
Chief Executive Officer

Hobart, 12 August 2011

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 the Public Trustee.