The Public Trustee of Queensland

Financial Statements

2014-15

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General Information

The Public Trustee of Queensland is a corporation sole constituted under the *Public Trustee Act 1978*, and reports to Queensland Parliament through the Attorney-General. The Acting Public Trustee of Queensland is an Accountable Officer pursuant to section 65(2) of the *Financial Accountability Act 2009*.

For the purpose of this report, the Public Trustee of Queensland refers to the independent statutory individual and the Public Trustee refers to the organisation as a whole.

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

The principal address of the Public Trustee is:

Trustee House
444 Queen Street
Brisbane QLD 4000

For information in relation to the Public Trustee's financial statements please call (07) 3213 9288, email clientenq@pt.qld.gov.au or visit the internet site at www.pt.qld.gov.au.

The Public Trustee of Queensland

Statement of comprehensive income
for the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Revenue			
Fees	3	52,099	53,542
Interest revenue	4	33,611	33,302
Other revenue	5	5,361	5,057
Total revenue		**91,071**	**91,901**
Expenses			
Employee expenses	6	44,669	45,767
Supplies and services	7	17,131	17,761
Other expenses	8	1,440	639
Depreciation and amortisation		2,016	2,066
Interest expense	9	15,004	13,189
Contributions	10	1,358	1,292
Total expenses		**81,618**	**80,714**
Operating result		**9,453**	**11,187**
Other comprehensive income			
Items that will not be reclassified subsequently to operating result			
Increase/(decrease) in asset revaluation surplus	14	1,111	(3,955)
Equity adjustment		23	-
Items that will be reclassified subsequently to operating result when certain conditions are met			
Net loss on available-for-sale financial assets		(1,064)	(344)
Total other comprehensive income		**70**	**(4,299)**
Total comprehensive income		**9,523**	**6,888**

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

The Public Trustee of Queensland
Statement of financial position
for the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Assets			
Current assets			
Cash and cash equivalents	11	238,039	239,162
Receivables	12	15,946	16,875
Other financial assets	13	328,403	268,061
Prepayments		1,189	863
		583,577	524,961
Non-current assets classified as held for sale		340	-
Total current assets		**583,917**	**524,961**
Non-current assets			
Other financial assets	13	281,463	260,785
Property, plant and equipment	14	39,142	39,873
Intangible assets		1,052	1,470
Total non-current assets		**321,657**	**302,128**
Total assets		**905,574**	**827,089**
Liabilities			
Current liabilities			
Payables		3,284	3,747
Deposits held in trust	15	700,954	631,249
Provision for employee benefits	16	11,561	10,947
Total current liabilities		**715,799**	**645,943**
Non-current liabilities			
Provision for employee benefits	16	1,417	2,311
Total non-current liabilities		**1,417**	**2,311**
Total liabilities		**717,216**	**648,254**
Net assets		**188,358**	**178,835**
Equity			
Asset revaluation surplus		25,026	24,181
Retained earnings		163,332	154,654
Total equity		**188,358**	**178,835**

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

The Public Trustee of Queensland
Statement of changes in equity
for the year ended 30 June 2015

	Retained earnings*	Asset revaluation surplus	Total
	$'000	$'000	$'000
Balance as at 1 July 2013	**143,265**	**28,682**	**171,947**
Operating result	11,187	-	11,187
Transfer between reserves	546	(546)	-
Other comprehensive income			
- decrease in asset revaluation surplus	-	(3,955)	(3,955)
- net loss on available-for-sale financial assets	(344)	-	(344)
Balance as at 30 June 2014	**154,654**	**24,181**	**178,835**
Balance as at 1 July 2014	**154,654**	**24,181**	**178,835**
Operating result	9,453	-	9,453
Transfer between reserves	266	(266)	-
Other comprehensive income			
- increase in asset revaluation surplus	-	1,111	1,111
- net loss on available-for-sale financial assets	(1,064)	-	(1,064)
- equity adjustment	23	-	23
Balance as at 30 June 2015	**163,332**	**25,026**	**188,358**

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

* Please refer to note 2(p) for further information relating to retained earnings.

The Public Trustee of Queensland
Statement of cash flows
for the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Cash flows from operating activities			
Inflows:			
Fees received		53,459	61,593
Interest revenue received		33,441	33,350
Other revenue received		1,383	746
GST collected from customers		8,186	8,103
Net amount accepted of deposits held in trust		70,351	104,001
Outflows:			
Payments to suppliers and employees		(62,770)	(65,500)
GST paid to suppliers		(4,232)	(3,816)
GST remitted to ATO		(4,026)	(4,130)
Interest expense		(15,004)	(13,189)
Net cash provided by operating activities	17	**80,788**	**121,158**
Cash flows from investing activities			
Inflows:			
Sales of other financial assets		132,564	104,370
Sales of property, plant and equipment		159	1,958
Outflows:			
Payments for other financial assets		(214,115)	(154,768)
Payments for property, plant and equipment		(519)	(3,034)
Net cash flow used in investing activities		**(81,911)**	**(51,474)**
Net increase/(decrease) in cash and cash equivalents		**(1,123)**	**69,684**
Cash and cash equivalents at beginning of the financial year		**239,162**	**169,478**
Cash and cash equivalents at end of the financial year	11	**238,039**	**239,162**

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

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Objectives and principal activities of the Public Trustee

The Public Trustee provides financial, trustee and legal services to the people of Queensland.

The *Public Trustee Act 1978* (the Act) grants the Public Trustee broad and general powers in relation to the financial operations of the Public Trustee and its funds, particularly the Common Fund. The Act requires all moneys vested in or coming into the hands of the Public Trustee to be held in one or more Common Funds. All dealings that are transacted through the Common Fund are controlled by the Public Trustee and are not administered on behalf of the Government.

The Public Trustee is a self-funded organisation which provides its full range of services to the community at no cost to the Government.

1. Authorisation date

The financial statements for the year ended 30 June 2015 were authorised for issue by the Acting Public Trustee of Queensland and the Executive Director Investment Services and Chief Finance Officer at the date of signing the certification of the Public Trustee of Queensland.

2. Summary of significant accounting policies

(a) Statement of compliance

The Public Trustee has prepared these financial statements in compliance with the requirements of the *Public Trustee Act 1978* and relevant sections of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements and have been prepared on an accruals basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's *Minimum Reporting Requirements* for the year ending 30 June 2015 and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Public Trustee has applied those requirements applicable to not-for-profit entities, as the Public Trustee is deemed to be a not-for-profit entity as profit is not its principal objective. Except where stated, the historical cost convention is used.

(b) Reporting entity

The financial statements include the value of all revenue, expenses, assets, liabilities and equity controlled by the Public Trustee through the Common Fund.

The Public Trustee has a one third interest in the QCF Management Co. Ltd. As the transactions and balances of this entity are immaterial, it has not been included in these accounts.

(c) Administered transactions and balances

Unclaimed Moneys Fund

The Public Trustee administers, but does not control, the Unclaimed Moneys Fund on behalf of the Government. In doing so, the Public Trustee has responsibility and is accountable for administering related transactions and items but does not have the discretion to deploy these resources for the achievement of the Public Trustee's objectives. Unclaimed moneys transactions and balances are disclosed in note 20.

(d) Other funds managed by the Public Trustee

The Public Trustee has responsibility for the management of a range of client assets, such as property and investments, which are held in specie and do not form part of the Common Fund. These assets are reported in note 21.

Public Trustee of Queensland Investment Funds

The Public Trustee has established a range of investment funds that have been designed to provide clients with investment options to better meet their individual financial requirements.

The *Trusts (Investments) Amendment Act 1999* enables trustees to move away from a defined list of authorised trustee investments to an investment philosophy invoking the "*Prudent Person Rule*". The Public Trustee, through the operation of the Public Trustee of Queensland Investment Funds, has ensured that clients have access to tailored financial and investment plans to meet their lifestyle requirements.

As at 30 June 2015, the total amount of client funds held in the Public Trustee of Queensland Investment Funds was $341M (2014: $393M). Financial results of the Public Trustee of Queensland Investment Funds do not form part of these financial statements, consistent with the treatment of all clients' assets held outside the Common Fund (refer note 21).

(e) Revenue recognition

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

The Public Trustee recognises revenue when the amount of revenue can be reliably measured, if it is probable that future economic benefits will flow to it, and specific criteria have been met for each of the Public Trustee's major activities as described below:

(i) Fees

Fees for matters are recognised at the time the charges are levied. The rates and timing of charges are governed by the *Public Trustee Act 1978*.

Fees from clients are recognised on an accruals basis, when the service is provided.

Where, due to financial circumstances, a client is unable to pay the full amount of the fee, a rebate for all or part of the fee may be given in accordance with Community Service Obligations (CSOs) arrangements. These CSOs are shown as an offset against revenue (refer note 3).

The Public Trustee also receives trustee fees for acting as trustee of the Public Trustee of Queensland Investment Funds. The fee is set as a percentage of funds under management and is outlined in the Product Information Statement for each of the trusts. The trustee fee is recognised at the time the service is provided.

(ii) Interest revenue

Interest income is recognised using the effective interest method. When a receivable is impaired, the Public Trustee reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

(f) Taxation

The Public Trustee is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). GST credits receivable from and GST payable to the Australian Taxation Office (ATO) are recognised in the accounts.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of financial position and statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

(h) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is usually required within 30 days from invoice date.

The collectability of receivables is assessed periodically with an allowance being made for impairment. All known bad debts were written-off as at 30 June.

Other debtors generally arise from transactions outside the usual operating activities of the Public Trustee and are recognised at their assessed values. Terms are generally for a maximum of three months and no security is obtained.

(i) Other financial assets

Classification

The Public Trustee classifies its other financial assets in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling within 12 months. Unit trust investments in QIC Limited are included in this classification.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Public Trustee management has the positive intention and ability to hold to maturity. If the Public Trustee were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would need to be reclassified as available-for-sale. Deposits are categorised under this category. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(i) Other financial assets (continued)

Classification (continued)

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories. All available-for-sale assets are classified as current assets. Available-for-sale financial assets include bonds and floating rate notes.

Recognition and de-recognition

The Public Trustee recognises financial assets on the date they become party to the contractual agreement (trade date).

Financial assets are derecognised when the right to receive cash flows from the investments have expired or the Public Trustee has transferred substantially all risks and rewards of ownership.

Measurement

At initial recognition, the Public Trustee measures a financial asset at its fair value.

Subsequent recognition of financial assets is as follows:

(i) Financial assets at fair value through profit or loss

These instruments are measured at fair value with changes in their fair value recognised in the profit or loss. Interest income from financial assets at fair value through profit or loss is recognised in profit or loss using the effective interest method.

(ii) Held-to-maturity investments

Held-to-maturity investments are carried at amortised cost using the effective interest method, less impairment losses, if any. Interest income from held-to-maturity investments is recognised in profit or loss using the effective interest method.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are carried at fair value with changes in their fair value recognised in equity. Realised gains/losses recognised in equity are transferred to the profit or loss on de-recognition of the asset. Interest income from these financial assets is included in the profit or loss using the effective interest rate method.

Impairment

The Public Trustee assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(j) Property, plant and equipment

Recognition thresholds and useful life bases are detailed in the table below.

Class	Land	Buildings	Plant and equipment
Recognition threshold	$1	$10,000	$5,000
Useful life	Unlimited	5 – 85 years	2 – 39 years

Acquisition

Property, plant and equipment with a cost greater than the recognition threshold above are capitalised. Items with a lesser value are expensed in the year of acquisition.

Cost is used for the initial recording of all property, plant and equipment acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees.

Depreciation

Land is not depreciated as it has an unlimited useful life. Buildings and plant and equipment are depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the Public Trustee.

Assets under construction (work-in-progress) are capitalised progressively. These assets are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Public Trustee.

Revaluations

Land and buildings are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. These assets are reported at their revalued amounts, being their fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable.

Land and buildings are comprehensively revalued at least once every three years. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal. Separately identified components of assets are measured on the same basis as the assets to which they relate. Indices are applied annually between comprehensive revaluations where there has been a material variation in the index. The Public Trustee ensures that the application of such indices would result in a valid estimation of the asset's fair value at reporting date.

(j) Property, plant and equipment (continued)

Revaluations (continued)

Any revaluation increment arising on the revaluation of an asset class is credited to the asset revaluation surplus of the appropriate class, except to the extent that it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class. On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Materiality concepts (according to the *Framework for the Preparation and Presentation of Financial Statements*) are considered in determining whether the difference between the carrying amount and the fair value of an asset is material.

Plant and equipment is measured at cost in accordance with Queensland Treasury's *Non-Current Asset Policies*. The carrying amounts for such plant and equipment at cost should not materially differ from their fair value.

Disposals and gains

When property, plant and equipment are disposed of, any difference between the consideration received and written down value of the asset at the time of disposal is recognised in profit or loss.

Non-current assets classified as held for sale

Non-current assets held for sale consist of those assets that management has determined are available for immediate sale in their present condition, for which their sale is highly probable within the next 12 months.

These assets are measured at the lower of the assets' carrying amounts and their fair values less costs to sell. These assets are no longer depreciated upon being classified as held for sale.

Impairment

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Public Trustee determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss and recognised immediately in the statement of comprehensive income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(k) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/ liabilities being valued. Observable inputs used by the Public Trustee include, but are not limited to, published sales data for land and buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Public Trustee include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Public Trustee's assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

Note 14 outlines the methods of determination of fair values for the Public Trustee's land and building assets.

All assets and liabilities of the Public Trustee for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

More specific fair value information about the Public Trustee's property, plant and equipment is outlined in note 14. Information regarding the fair value hierarchy of financial assets is outlined in note 22.

(l) Intangibles

Intangible assets with a cost or other value equal to or greater than $100,000 are recognised in the statement of financial position. Items with a lesser value are expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the Public Trustee.

It has been determined that there is not an active market for any of the Public Trustee's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Information Technology development and software

Information Technology development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Public Trustee has an intention and ability to use the asset.

Amortisation is calculated on a straight-line basis over periods ranging from four to nine years.

(m) Payables

These amounts represent liabilities for goods and services provided to the Public Trustee, prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(n) Deposits held in trust

These amounts represent the value of cash and other financial assets held for clients within the Common Fund. Amounts held for clients are categorised for financial instrument purposes as financial liabilities not through profit or loss. At initial recognition, the Public Trustee recognises a financial liability not through profit or loss at fair value plus any transaction costs directly attributable to the issue of the liability. Subsequent measurement is at amortised cost using the effective interest method.

Other client assets held outside the Common Fund are also disclosed in note 21 which outlines the broad asset categories and valuation policies which have been adopted.

(o) Provision for employee benefits

Employer superannuation contributions, annual leave and long service leave are regarded as employee benefits.

Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not an employee benefit and is recognised separately as an employee related expense.

From 1 July 2014, payroll tax is not payable by the Public Trustee.

Wages, Salaries and Sick Leave

Wages and salaries due but unpaid at reporting date are recognised in the statement of financial position at the current salary rates. As the Public Trustee expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

(i) Short term employee benefit obligations

Liabilities for wages and salaries and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised and measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the accrued employee benefits.

(o) Provision for employee benefits (continued)

(ii) Long term employee benefit obligations

Long service leave expected to be paid within 12 months is recognised at its undiscounted value and disclosed as current.

Long service leave expected to be paid beyond 12 months is disclosed as non-current and recognised as follows:

A liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. When assessing expected future payments, consideration is given to potential future wage and salary increases and experience of employee departures and periods of service. An assumption of 2.2% (2014: 2.2%) per annum has been utilised for this purpose, noting that negotiations are currently underway at this point.

Expected future payments are discounted using rates attaching to, as at the reporting date, Commonwealth Government guaranteed securities with terms and currencies that match as closely as possible, the estimated future cash flows.

(iii) Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Public Trustee's obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

(iv) Key management personnel and remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the *Financial Reporting Requirements* for Queensland Government Agencies issued by Queensland Treasury. Refer to note 6 for the disclosures on key management personnel and remuneration.

(p) Reserves

Whilst the Public Trustee does not formally account for additional reserves, internal allocations are provided for capital support and income stabilisation. In previous years these allocations were disclosed as separate reserves. These allocations are held within retained earnings and the funds invested in line with the Public Trustee's approved investment strategy, and are recorded across cash, financial assets and property. The basis for these allocations is as follows:

Capital support allocation

As the capital within the Public Trustee's Common Fund carries a Government Guarantee, a *capital support allocation* has been established to support the capital guarantee on the liabilities of the Public Trustee. The allocation is calculated based on a 2% movement in interest rates across the yield curve for all maturities, assuming a maximum modified duration of 2.12% (2014: 3%). Current allocation $29.5M (2014: $37.5M).

(p) Reserves (continued)

Income stabilisation allocation

In order to minimise the mismatch between yield on the investment portfolio of the Common Fund and the return paid to clients during periods of interest volatility, an *income stabilisation allocation* has been established. The allocation is based on an increase of 3% movement in interest rates based on current liabilities over a two year period. Current allocation $41.7M (2014: $37.4M).

(q) Rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest thousand dollars or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required.

(r) Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions with the most significant effect on the financial statements are outlined in the following notes:

- Allowance for impairment – note 12;
- Valuation of property, plant and equipment and change of useful life for buildings – note 14;
- Valuation of provision for employee benefits – note 16;
- Contingent liabilities – note 19; and
- Financial instruments – note 22.

(s) New and revised accounting standards

The Public Trustee did not voluntarily change any of its accounting policies during 2014-15. The Australian Accounting Standard applicable for the first time in 2014-15 that had the most significant impact on the Public Trustee's financial statements was AASB 1055 *Budgetary Reporting*.

AASB 1055 became effective from reporting periods beginning on or after 1 July 2014. In response to this new standard, the Public Trustee has included in these financial statements a comprehensive new note 'Budget vs actual comparison' (note 24). This note discloses the Public Trustee's original published budgeted figures for 2014-15 compared to actual results, with explanations of major variances, in respect of the Public Trustee's statements of comprehensive income, financial position and cash flows. Note 24 also includes a comparison between the original published budgeted figures for 2014-15 compared to actual results, and explanations of major variances, in respect of the Public Trustee's major classes of administered income, expenses, assets and liabilities.

The Public Trustee is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury. Consequently, the Public Trustee has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The Public Trustee applies standards and interpretations in accordance with their respective commencement dates.

(s) New and revised accounting standards (continued)

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below.

From reporting periods beginning on or after 1 July 2016, the Public Trustee will need to comply with the requirements of AASB 124 *Related Party Disclosures*. That accounting standard requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities. The Public Trustee already discloses information about the remuneration expenses for key management personnel (refer note 6) in compliance with requirements from Queensland Treasury. Therefore, the most significant implications of AASB 124 for the Public Trustee's financial statements will be the disclosures to be made about transactions with related parties, including transactions with key management personnel or close members of their families.

AASB 9 *Financial Instruments* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from* AASB 9 (December 2014) will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards for the Public Trustee are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Public Trustee's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The Public Trustee has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the Public Trustee's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Public Trustee enters into, all of the Public Trustee's financial assets are expected to be required to be measured at fair value (instead of the measurement classifications presently used in notes 2(i) and 22). In the case of the Public Trustee's current receivables, as they are short term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the Public Trustee's operating result.

A significant impact of the new measurement requirements on the Public Trustee is that the 'held to maturity' investment described in notes 2(i), 13 and 22 will need to be measured at fair value. In addition, that investment will no longer be classified as 'held to maturity'. The Public Trustee is not yet able to reliably estimate what the fair value of this investment will be at the date of initial application of AASB 9. The difference between the carrying amount of this investment and its initial fair value will be recognised as an adjustment to the balance of retained earnings on initial application of AASB 9. AASB 9 allows an entity to make an irrevocable election at the date of initial recognition to present in 'other comprehensive income' subsequent changes in the fair value of such an asset. Queensland Treasury is currently considering mandating this accounting treatment when AASB 9 becomes effective.

The Public Trustee will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the Public Trustee enters into, the most significant ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment, and investments in equity instruments measured at fair value through other comprehensive income (e.g. the 'held to maturity' investment described in note 2(i)) and de-recognition of these.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Public Trustee's activities, or have no material impact on the Public Trustee.

	2015 $'000	2014 $'000
3. Fees		
Administration of estates and trusts and other professional fees	74,042	72,227
Trust fees	5,440	6,205
Auctions revenue	1,698	2,308
Community service obligations	(29,081)	(27,198)
	52,099	**53,542**
4. Interest revenue		
Cash – 11am at call deposits	6,990	5,939
QIC unit trusts	1,425	1,352
Semi-government fixed interest debt securities	3,653	4,124
Corporate fixed interest debt securities	95	248
Corporate floating rate notes	2,717	3,182
Fixed rate deposits	15,512	13,391
Floating rate deposits	3,178	2,890
Other interest	41	2,176
	33,611	**33,302**
5. Other revenue		
Property rental	1,005	1,105
Sundry revenue	1,526	533
Archival services received below fair value	2,469	2,319
Gain on sale of semi-government fixed interest debt securities – available-for-sale	532	1,056
Gain/(loss) on revaluation of QIC unit trusts – at fair value through profit or loss	(171)	44
	5,361	**5,057**
6. Employee expenses		
Employee benefits		
Salaries and wages	35,012	33,871
Annual leave	3,512	3,443
Employer superannuation contributions	4,672	4,541
Long service leave	613	1,054
Employee related expenses		
Workers' compensation insurance	103	112
Payroll tax	(6)	2,041
Other employee related expenses	763	705
	44,669	**45,767**

6. Employee expenses (continued)

Based on the Minimum Obligatory Human Resource Information (MOHRI) definition as provided by the Queensland Public Service Commission, the number of FTEs as at reporting date is 537 (2014: 548).

(a) Key management personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Public Trustee during 2014-15, as set out in the table below. Further information on these positions can be found in the body of the annual report under the section relating to Executive Management.

Position	Responsibilities	Current incumbents	
		Contract classification & appointment authority	Date appointed to position (Date term completed)
Acting Public Trustee of Queensland	The Acting Public Trustee of Queensland is responsible for the efficient, effective and economic administration of the agency.	*Public Trustee Act 1978*	23/03/2014*
Deputy Public Trustee of Queensland and Official Solicitor	The Deputy Public Trustee of Queensland and Official Solicitor is responsible for driving the strategic operational planning process and performing the duties of Official Solicitor.	*S122 contract Public Service Act 2008* SES3.4 equivalent	23/11/2010*
Acting Official Solicitor	The Acting Official Solicitor is responsible for performing the duties of Official Solicitor and is responsible for leading the Office of Official Solicitor to provide timely cost effective and quality legal advice to the Public Trustee.	*Public Service Act 2008* SES2.1 equivalent	24/03/2014 (Temporary assignment)
Executive Director, Corporate Services	The Executive Director, Corporate Services is responsible for leading the Corporate Services Program to achieve financial viability and support key internal functions.	*Public Service Act 2008* SES 2.2	12/09/2011 (17/10/2014)**
Executive Director, Client Services	The Executive Director, Client Services is responsible for leading the Client Services Program to achieve financial viability and support the community and clients.	*Public Service Act 2008* SES 2.4	04/10/2011

6. Employee expenses (continued)

(a) Key management personnel (continued)

Position	Responsibilities	Current incumbents	
		Contract classification & appointment authority	Date appointed to position (Date term completed)
Executive Director, Investment Services and Chief Finance Officer	The Executive Director, Investment Services and Chief Finance Officer is responsible for leading the Finance and Investments Program including responsibility for financial planning.	*Public Service Act 2008* SES 2.5	04/06/2012

* The Deputy Public Trustee of Queensland and Official Solicitor has been Acting Public Trustee of Queensland from 23/03/2014.

****** From 20/10/2014, the duties of the Executive Director, Corporate Services have been assumed and performed by the Executive Director, Investment Services and Chief Finance Officer in addition to his substantive duties.

Remuneration expenses

Remuneration policy for the Public Trustee's key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment for the key management personnel are specified in employment contracts. These include amounts received or receivable in relation to leave accruals including, industry allowances, leave loading and fringe benefits such as private use of a motor vehicle and employer superannuation contributions.

Remuneration packages for key management personnel comprise the following components:

- Short term employee expenses which include:
  - Base – consisting of base salary (effectively equating to 52 weeks' salary)
  - Vehicle allowance (cash) and movement in annual leave – includes a car allowance (where no vehicle or one of a lesser value is taken), the movement in annual leave entitlements during the financial year and leave loading, and
  - Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned;
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations;
- Termination provisions are specified within individual contracts of employment. Contracts of employment provide for notice periods, service and separation payments and a repayment clause. No reason needs to be given for a contract termination; and
- The Acting Public Trustee of Queensland is employed under the *Public Trustee Act 1978* and is not eligible for consideration for a performance bonus. Other key management personnel are also not eligible for performance bonuses.

6. Employee expenses (continued)

(a) Key management personnel (continued)

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee expenses and post-employment expenses, as set out in the following tables.

1 July 2014 – 30 June 2015

Position	Short term employee expenses			Long term employee expenses	Post employment expenses	Total remuneration
	Base	Vehicle allowance (cash) & movement in annual leave	Non-monetary			
	$'000	$'000	$'000	$'000	$'000	$'000
Acting Public Trustee of Queensland	288	57	-	67	37	**449**
Acting Official Solicitor	134	16	11	7	17	**185**
Executive Director, Corporate Services (completed 17/10/2014)	43	3	-	(16)	6	**36**
Executive Director, Client Services	153	31	-	4	19	**207**
Executive Director, Investment Services and Chief Finance Officer	160	33	-	-	20	**213**
Total remuneration	**778**	**140**	**11**	**62**	**99**	**1,090**

6. Employee expenses (continued)

(a) Key management personnel (continued)

1 July 2013 – 30 June 2014

Position	Short term employee expenses			Long term employee expenses	Post-employment expenses	Total remuneration
	Base	Vehicle allowance (cash) & movement in annual leave	Non-monetary			
	$'000	$'000	$'000	$'000	$'000	$'000
Public Trustee of Queensland (term completed 23/03/2014)	216	(6)	22	-	26	**258**
Acting Public Trustee of Queensland	82	-	-	-	6	**88**
Deputy Public Trustee of Queensland and Official Solicitor	129	19	6	6	16	**177**
Acting Official Solicitor	35	-	-	-	4	**39**
Executive Director, Corporate Services	137	25	5	6	17	**190**
Executive Director, Client Services	150	5	24	4	19	**202**
Acting Executive Director, Client Services	11	-	-	-	1	**12**
Executive Director, Investment Services and Chief Finance Officer	156	32	-	-	20	**208**
Total remuneration	**916**	**75**	**57**	**16**	**110**	**1,174**

7. Supplies and services

	2015 $'000	2014 $'000
Advertising and promotion	153	224
Archival services received below fair value	2,469	2,319
Auction expenses	39	132
Computer expenses	3,019	3,282
Consultants, contractors and agency temporary staff	2,148	2,844
Fixed assets repairs and expenses	1,474	1,315
Investment and registry fees	2,375	2,344
Motor vehicles and travel	206	286
Office expenses	2,115	1,876
Operating lease expense	453	525
Professional and management fees	1,258	1,109
Rates, utilities and cleaning	1,422	1,505
	17,131	**17,761**

8. Other expenses

	2015 $'000	2014 $'000
Bad debts recoveries and write-offs*	138	(326)
Insurance premiums - QGIF	455	426
Insurance premiums - other	17	36
External audit fees**	336	344
Loss on sale of property, plant and equipment	263	156
Entertainment and hosting	1	3
Special payments***	230	-
	1,440	**639**

* Includes the Public Trustee's reimbursement/write-off relating to client matters 2015: $196,477 (2014: $245,118).

** Total audit fees paid to the Queensland Audit Office relating to the 2014-15 financial statements are estimated to be $340,000 (2014: $352,000) comprising the Public Trustee's financial statements of $290,000 (2014: $300,000) and the Public Trustee of Queensland Investment Funds (PTIFs) $50,000 (2014: $52,000). There are no non-audit services included in this amount.

*** Two out-of-court settlements were paid relating to deceased estates.

9. Interest expense

Interest paid to clients	14,355	12,637
Interest on unclaimed moneys	649	552
	15,004	**13,189**

10. Contributions

Contribution to the Office of the Public Guardian	1,096	1,063
Contribution to Queensland Community Foundation	77	74
Civil Law Legal Aid Scheme outlays	185	155
	1,358	**1,292**

11. Cash and cash equivalents

Cash at bank and on hand	1,965	2,729
Cash – 11am at call deposits	192,438	192,610
QIC unit trusts – at fair value through profit or loss	43,636	43,823
	238,039	**239,162**

12. Receivables

	2015 $'000	2014 $'000
General receivables	903	297
Accrued revenue	7,752	8,572
Client receivables	6,710	7,344
Civil Law Legal Aid Scheme Advances	1,693	1,908
	17,057	18,121
Less: Allowance for impairment	(1,111)	(1,246)
	15,946	**16,875**
Impairment		
Allowance for impairment as at 1 July	(1,246)	(3,989)
Amounts written off during the financial year	548	2,254
(Increase)/decrease in allowance for impairment recognised within statement of comprehensive income	(413)	489
Allowance for impairment as at 30 June	(1,111)	(1,246)

13. Other financial assets

Current		
Available for sale		
Semi-government fixed interest debt securities	92,509	82,664
Corporate fixed rate bonds	20,537	-
Corporate floating rate notes	82,282	67,670
	195,328	150,334
Held to maturity		
Fixed rate deposits	133,075	112,710
Floating rate deposits	-	5,017
	133,075	117,727
	328,403	**268,061**
Non-current		
Held to maturity		
Fixed rate deposits	200,699	190,058
Floating rate deposits	80,764	70,727
	281,463	**260,785**

14. Property, plant and equipment

	2015 $'000	2014 $'000
Land		
At fair value	14,690	14,694
	14,690	14,694
Buildings		
At fair value	48,203	45,695
At cost	3,040	3,040
Less: Accumulated depreciation	(30,981)	(28,287)
	20,262	20,448
Plant and equipment		
At cost	6,556	5,764
Less: Accumulated depreciation	(2,659)	(2,146)
	3,897	3,618
Work in progress		
At cost	293	1,113
Total property, plant and equipment	**39,142**	**39,873**

The Public Trustee has property, plant and equipment with a gross cost of $262,238 (2014: $180,411) which are still in use but have been fully depreciated.

Land and buildings

The Public Trustee's land and buildings were last comprehensively revalued based on specific appraisals by Herron Todd White Pty Ltd and CBRE Valuations Pty Ltd at 30 June 2014.

During 2014-15, land fair values were updated using indexation (refer note 2(j)). The State Valuation Service provided appropriate indices that were derived from observable inputs such as market data and publicly available information on market transactions.

An interim revaluation of commercial buildings was also undertaken by indexation using the implicit price deflator for non-residential construction commercial buildings index obtained from the Australian Bureau of Statistics.

The Public Trustee has reviewed these indices and believes they reflect a valid estimation of the assets' fair value at reporting date, taking into account the most recent valuations.

14. Property, plant and equipment (continued)

Property, plant and equipment

	Land Level 3 $'000	Buildings Level 3 $'000	Plant and equipment $'000	Work in progress $'000	Total $'000
Carrying amount at 1 July 2014	14,694	20,448	3,618	1,113	39,873
Acquisitions	-	-	388	299	687
Disposals	-	(33)	(160)	(327)	(520)
Transfers between asset classes	-	69	723	(792)	-
Assets reclassified as held for sale	(120)	(220)	-	-	(340)
Net revaluation increments	116	995	-	-	1,111
Depreciation	-	(997)	(672)	-	(1,669)
Carrying amount at 30 June 2015	**14,690**	**20,262**	**3,897**	**293**	**39,142**

Property, plant and equipment

	Land Level 3 $'000	Buildings Level 3 $'000	Plant and equipment $'000	Work in progress $'000	Total $'000
Carrying amount at 1 July 2013	14,908	25,721	2,645	427	43,701
Acquisitions	-	-	15	1,572	1,587
Disposals	-	-	(55)	-	(55)
Transfers between asset classes	550	(783)	1,669	(886)	550
Net revaluation decrements	(765)	(3,190)	-	-	(3,955)
Depreciation	-	(1,300)	(656)	-	(1,956)
Carrying amount at 30 June 2014	**14,694**	**20,448**	**3,618**	**1,113**	**39,873**

	2015 $'000	2014 $'000
15. Deposits held in trust		
Deceased estates	166,470	160,362
Protective management	297,636	268,046
Minors, general and testamentary trusts	211,607	175,767
Other	25,241	27,074
	700,954	**631,249**
16. Provision for employee benefits		
Salary and wages outstanding	304	161
Recreation leave	4,261	4,397
Paid parental leave	13	9
Long service leave – current	6,983	6,380
Current accrued employee benefits	**11,561**	**10,947**
Long service leave – non-current	1,417	2,311
Non-current accrued employee benefits	**1,417**	**2,311**
Total accrued employee benefits	**12,978**	**13,258**
17. Reconciliation of operating result to net cash from operating activities		
Operating result	**9,453**	**11,187**
Depreciation expense	1,669	1,956
Amortisation expense	347	110
Net gain on sale of plant and equipment and other financial assets	(269)	(900)
Archival services received below fair value - revenue	(2,469)	(2,319)
Archival services received below fair value - expense	2,469	2,319
Equity adjustment	23	-
Change in assets and liabilities:		
Decrease in receivables	929	7,836
Increase in prepayments	(326)	(178)
Decrease in payables	(463)	(2,620)
Increase/(decrease) in provision for employee benefits	(280)	21
Increase in assets held for clients	69,705	103,746
Net cash from operations	**80,788**	**121,158**

	2015 $'000	2014 $'000

18. Commitments for expenditure

Material expenditure commitments (inclusive of GST other than grants which are GST exclusive) contracted for but not recognised as payable include:

(a) Operational expenditure commitments

Commitments for operational expenditure as at reporting date are payable as follows:

Not later than one year	3,827	4,152
Later than one year and not later than five years	195	3,322
	4,022	**7,474**

The Public Trustee also holds cancellable motor vehicle operating leases with QFleet 2015: $322,000 (2014: $512,000).

(b) Non-cancellable operating lease commitments

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

Not later than one year	344	238
Later than one year and not later than five years	82	287
	426	**525**

Operating leases are office accommodation for the Public Trustee. Lease payments are generally fixed but with inflation escalation clauses.

(c) Contribution commitments

Contribution commitments not later than one year at reporting date are payable as follows:

Commitment for funding the Office of the Public Guardian	1,112	1,107
Commitments for contributions to the Queensland Community Foundation	80	90
	1,192	**1,197**

(d) Capital commitments

Capital commitments not later than one year at reporting date are payable as follows:

Buildings	114	-
Plant and equipment	250	-
	364	**-**

19. Contingent liabilities

As at balance date, the Public Trustee was a party to four (2014: four) cases in which litigation was in progress in the Supreme Court of Queensland, one case (2014: nil) in which litigation was in progress in the District Court of Queensland, and one case (2014: nil) in which litigation was in progress in the Federal Court of Australia.

As at balance date, the Public Trustee has received notification of 28 other matters (2014: 25) that are not yet subject to court action. These cases may result in subsequent litigation. The Public Trustee is insured in relation to claims of negligence and only liable to a maximum of $100,000 per claim.

The Public Trustee's legal advisers and management believe that it would be misleading to estimate the final amounts payable (if any) in relation to these claims at this time.

20. Administered unclaimed moneys

The Public Trustee administers but does not control the Unclaimed Moneys Fund on behalf of the Queensland Government. In doing so, the Public Trustee has responsibility and is accountable for administering related transactions and items but does not have the discretion to deploy these resources for the achievement of the Public Trustee's objectives. Consequently these transactions and balances are not recognised in the financial statements but are disclosed in these notes for the information of users.

The investments of the Fund are being managed through the Public Trustee Common Fund which has a capital guarantee and a regulated rate of interest.

	2015 $'000	2014 $'000
Administered income		
Interest from investing activities	649	552
Unclaimed moneys recognised as Consolidated Revenue	2,964	1,983
Total	**3,613**	**2,535**
Administered expenses		
Management fees	178	147
Capital rebate fee	764	-
Revenue transferable to government	2,671	2,388
Total	**3,613**	**2,535**
Net surplus/(deficit)	**-**	**-**
Administered assets		
Current		
Receivables	942	147
Other financial assets	31,926	24,271
Total	**32,868**	**24,418**
Administered liabilities		
Current		
Other payables	3,613	2,536
Total	**3,613**	**2,536**
Non-current		
Unclaimed moneys fund balance	29,255	21,882
Total	**29,255**	**21,882**
Net assets	-	-
Equity		
General reserves	-	-

During 2014-15, funds totalling $2.3M (2013-14 $3.1M) were transferred to the Consolidated Fund in accordance with the provision of the *Public Trustee Act 1978*.

21. Other funds managed by the Public Trustee

Client assets held outside the Common Fund

The Public Trustee has responsibility for the control and management of clients' assets such as property and investments which do not form part of the Common Fund. These clients also include the Queensland Community Foundation, the Queensland Aboriginal & Torres Strait Islander Foundation, the Lady Bowen Trust, the Forde Foundation and the Gladstone Foundation. Values attributed to these assets are as follows:

Clients assets held outside the Common Fund - 2015	**Deposits at call**	**Other investments**	**Pre and post retirement products**	**Realty**	**Other**	**PTIF**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Protective management (including assisted living)	55,626	67,072	130,540	289,618	130,644	138,845	812,345
Deceased estates	48,434	25,081	13,969	243,742	18,633	1,670	351,529
Minor, general and testamentary trusts	25,131	21,221	3,265	127,843	15,773	185,175	378,408
Other	9,196	11,868	4,041	18,825	41,004	15,630	100,564
Total	**138,387**	**125,242**	**151,815**	**680,028**	**206,054**	**341,320**	**1,642,846**

Clients assets held outside the Common Fund - 2014	**Deposits at call**	**Other investments**	**Pre and post retirement products**	**Realty**	**Other**	**PTIF**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Protective management (including assisted living)	56,880	62,742	92,085	275,728	127,891	172,659	787,985
Deceased estates	55,582	25,867	17,722	254,231	14,997	2,085	370,484
Minor, general and testamentary trusts	33,455	21,104	3,810	127,973	19,270	198,972	404,584
Other	8,496	11,200	2,594	16,823	40,335	18,980	98,428
Total	**154,413**	**120,913**	**116,211**	**674,755**	**202,493**	**392,696**	**1,661,481**

21. Other funds managed by the Public Trustee (continued)

Deposits at call

Deposits at call represent balances held in bank accounts and other short term deposits. Short term deposits are valued as at 30 June each year. Balances held in bank accounts are generally valued at commencement of the file and subsequently at the most recent review.

Other investments

Other investments represent listed equities, unit trusts, fixed interest rate investments, unlisted shares and unlisted unit trust investments. Listed equities are valued at fair value (market value). Other investments are valued by reference to written advice from the relevant financial institution, company or share registry and are recorded based on the latest available information.

Pre and post retirement products

Pre and post retirement products represent funds held in superannuation, account based pensions, life insurance policies, annuities and pension accounts. Assets are valued annually based on the latest product statement.

Realty

Realty comprises land and buildings. Generally, property values are provided by the Public Trustee valuers or external valuers upon commencement of the file. Different valuation rules and review dates apply depending on the type of client (e.g. deceased estate, disability service, trust) and the services provided by the Public Trustee. Detailed valuation rules are contained in relevant operating manuals of the Public Trustee.

Other Assets

Other assets include all assets not separately included above. This category includes jewellery, valuables, furniture and effects, goods and chattels, farm machinery, motor vehicles, watercraft and any other motorised vehicles and livestock. Different valuation rules and review dates apply to each separate type of asset. Detailed valuation rules are contained in relevant operating manuals of the Public Trustee.

Public Trustee of Queensland Investment Funds

Financial assets are invested in QIC General Investment Funds and are valued at fair value (market value) as at 30 June each year. For further information, refer to the Public Trustee of Queensland Investment Funds' (PTIF) General Purpose Financial Report as at 30 June each year. The financial report of the PTIF is independently audited by the Queensland Audit Office.

22. Financial instruments

(a) Risk management framework

The Public Trustee's activities expose it to a variety of financial risks, including market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Public Trustee's risk management program focuses on ensuring compliance with the overall risk management framework set by the Public Trust Office Investment Board (Investment Board) and seeks to maximise the returns derived for prudent levels of risk. The performance of the investments is monitored by the Investment Board on a monthly basis.

22. Financial instruments (continued)

(a) Risk management framework (continued)

The Investment Board monitors these risks using a variety of methods including sensitivity analysis, monitoring of counterparty credit ratings, diversification and careful selection of securities and counterparties, maturity analysis, monitoring the duration of the portfolio, assessments of performance versus benchmark, and continual monitoring of current and expected changes in economic conditions.

The management of the Public Trustee's Investment Services Sub-Program (Investment team) has been given a discretionary authority to manage the assets in line with the Public Trustee's investment objectives. In instances where the portfolio diverges from authorised limits and ranges, the Public Trustee is obliged to take actions to rebalance the portfolio in line with the authorised limits and ranges, within prescribed time limits.

The Public Trustee does not undertake any hedging activities, foreign exchange exposures or enter into derivative financial instruments for speculative purposes.

The financial risks to which the Public Trustee is exposed and the framework adopted by the Public Trustee to manage those risks is consistent with the previous reporting period.

(b) Market risk

The Public Trustee's interest bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Investment Board reviews the investment strategy of the Common Fund against the objectives on an annual basis. The objectives include the management of interest rate risk attributable to interest payable and interest receivable. Further, the Public Trustee, in consultation with the Investment Board review "*interest rates payable on moneys held in the Common Fund*" on a monthly basis. The interest rates are prescribed by Regulation, upon recommendation of the Public Trustee, based on a number of market factors. The interest rates are based on market factors and indirectly subject to external interest rate risk and have been included in the net change of comprehensive income and other components of equity.

The following table summarises the impact on the Public Trustee's comprehensive income for the year and on equity through changes in fair value or changes in future cash flows. The changes in fair values are based on the assumption that interest rates change by +/- 50 basis points, based on the modified duration of the relevant financial assets at the end of the reporting period with all other variables held constant. The impact mainly arises from changes in the fair value of fixed interest debt securities.

Investment impact on comprehensive income and other components of equity	**2015 $'000**	**2014 $'000**
Interest rate change +50 basis points	(2,337)	(1,520)
Interest rate change -50 basis points	2,337	1,520

The 50 basis points change in interest rates has been determined on management's best estimate, having regard to historical movements of changes in interest rates, current economic indicators and is not necessarily indicative of the effect on comprehensive income or equity of future movements in interest rates.

22. Financial instruments (continued)

(c) Credit risk

The Public Trustee is exposed to credit risk. Credit risk relates to the likelihood of default and the scale of losses arising from any default. The Common Fund Credit Policy seeks to minimise the likelihood of default and likely losses from any default.

Specifically, the Credit Policy seeks to minimise the following three main types of credit risk:

- default risk – the risk that an issuer of a security fails to make timely payments of principal and interest;
- credit spread risk – the risk that the yield on a bond rises by more than general market yields thus causing a relative decline in the market value of the affected bonds; and
- credit ratings transition risk – the risk that the credit rating of an individual bond is downgraded, thereby potentially causing the yield on the affected bond to rise and the market value to fall.

In accordance with the Public Trustee's policy, the credit positions are monitored on a daily basis and the Investment Board reviews it on a monthly basis. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets.

(i) Debt securities - fixed and floating rate

An analysis of the Public Trustee's exposure to debt securities is set out in the table below:

	2015 $'000	2014 $'000
Available for sale		
Semi-government bonds fixed interest debt securities		
'AAA' credit rating*	15,949	29,944
'AA+' credit rating*	76,560	52,720
Corporate fixed rate bonds		
'AAA' credit rating*	7,691	-
'AA-' credit rating*	12,846	-
Corporate floating rate notes		
'AA-' credit rating*	77,216	67,670
'A+' credit rating*	5,066	-
	195,328	**150,334**

** as determined by Standard and Poor's.*

(ii) QIC unit trusts

The credit risk arising on investments in unlisted unit trusts is mitigated by investing with managers who are well recognised and have a proven track record of delivering on their stated investment objectives. The Investment Manager at the unlisted unit trust level carries out extensive due diligence on any proposed manager prior to making an investment and continual monitoring of the Investment Manager by the Public Trustee is also carried out on an ongoing basis.

22. Financial instruments (continued)

(c) Credit risk (continued)

(iii) Deposits – fixed and floating rate

An analysis of the Public Trustee's exposure to deposits by counterparty rating is set out in the table below:

'AA-' credit rating*	372,062	348,390
'A+' credit rating*	28,254	25,223
'A-' credit rating*	14,222	4,899
	414,538	**378,512**

** as determined by Standard and Poor's.*

(iv) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of 'A' (as determined by Standard and Poor's) or higher.

(v) Receivables

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired.

2015 Individually impaired receivables ageing analysis					
	< 30 Days	**30 – 60 Days**	**61 – 90 Days**	**> 90 Days**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Receivables past due but not impaired	-	8	15	-	23
Receivables (gross) past due and impaired	18	9	6	1,065	1,098
Allowance for impairment	(9)	(4)	(3)	(1,013)	(1,029)
Carrying amount	**9**	**13**	**18**	**52**	**92**

2014 Individually impaired receivables ageing analysis					
	< 30 Days	**30 – 60 Days**	**61 – 90 Days**	**> 90 Days**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Receivables past due but not impaired	-	3	9	-	12
Receivables (gross) past due and impaired	15	15	3	1,176	1,209
Allowance for impairment	(8)	(8)	(2)	(1,141)	(1,159)
Carrying amount	**7**	**10**	**10**	**35**	**62**

As at 30 June 2015, receivables not past due were $15.9m (2014: $16.9m).

(vi) Other

The Public Trustee is not materially exposed to credit risk on other financial assets.

22. Financial instruments (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Public Trustee may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The majority of the Public Trustee's investments are generally considered readily realisable, as they are instruments that are traded in active markets. The Investment Board has a policy on having a minimum of 5% of assets in a form able to be liquidated in 24 hours.

The Public Trustee is exposed to liquidity risk through its management and administration of amounts held on behalf of clients. The portfolio positioning is generally matched to the expected duration of the amounts held on behalf of clients.

Deposits held in trust are classified as current liabilities in the statement of financial position as they are available at call, however for the purpose of this note disclosure the maturity groupings below are based on the Public Trustee's estimate of the likely cash outflows that will arise from these liabilities. The amounts in the table are the undiscounted cash flows.

	< 1 year $'000	1 – 4 years $'000	4 – 7 years $'000	> 7 years $'000	Total $'000
30 June 2015					
Deposits held in trust	192,924	105,388	62,075	340,567	700,954
Payables	3,284	-	-	-	3,284
Total	**196,208**	**105,388**	**62,075**	**340,567**	**704,238**

	< 1 year $'000	1 – 4 years $'000	4 – 7 years $'000	> 7 years $'000	Total $'000
30 June 2014					
Deposits held in trust	106,147	178,930	125,013	221,159	631,249
Payables	3,603	-	-	-	3,603
Total	**109,750**	**178,930**	**125,013**	**221,159**	**634,852**

(e) Fair value hierarchy

The carrying amounts of the Public Trustee's assets and liabilities at the end of each reporting period approximate their fair values.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

22. Financial instruments (continued)

(e) Fair value hierarchy (continued)

The tables below set out the Public Trustee's financial assets (by class) measured at fair value according to the fair value hierarchy at 30 June 2015 and 30 June 2014. The table does not contain information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

	Level 1	Level 2	Total
	$'000	$'000	$'000
30 June 2015			
Financial assets			
Cash – 11am at call deposits	192,438	-	192,438
QIC unit trusts	-	43,636	43,636
Semi-government fixed interest debt securities	92,509	-	92,509
Corporate fixed rate bonds	20,537	-	20,537
Corporate floating rate notes	82,282	-	82,282
Fixed rate deposits	-	333,774	333,774
Floating rate deposits	-	80,764	80,764
	387,766	**458,174**	**845,940**
30 June 2014			
Financial assets			
Cash – 11am at call deposits	192,610	-	192,610
QIC unit trusts	-	43,823	43,823
Semi-government fixed interest debt securities	82,664	-	82,664
Corporate floating rate notes	67,670	-	67,670
Fixed rate deposits	-	302,768	302,768
Floating rate deposits	-	75,744	75,744
	342,944	**422,335**	**765,279**

Investments whose values are based on quoted market prices in active markets, are therefore classified within level 1. Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As level 2 investments include positions that are not traded in active markets, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

There have been no transfers between levels 1 and 2 for financial assets during the reporting period.

23. Events occurring after the reporting period

There are no other matters or circumstances which have arisen since the end of the reporting period that have significantly affected or may significantly affect the operations of the Public Trustee, the results of those operations, or the state of affairs of the Public Trustee in future years.

24. Budget vs actual comparison

Statement of comprehensive income

	Variance Notes	Original Budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance % of Budget
Revenue					
Fees		51,477	52,099	622	1.2%
Interest revenue		32,414	33,611	1,197	3.7%
Other revenue		3,845	5,361	1,516	39.4%
Total revenue		**87,736**	**91,071**	**3,335**	**3.8%**
Expenses					
Employee expenses	1	51,041	44,669	6,372	12.5%
Supplies and services	2	18,897	17,131	1,766	9.3%
Other expenses		805	1,440	(635)	(78.9%)
Depreciation and amortisation		2,073	2,016	57	2.7%
Interest expense	3	13,592	15,004	(1,412)	(10.4%)
Grants		1,297	1,358	(61)	(4.7%)
Total expenses		**87,705**	**81,618**	**6,087**	**6.9%**
Operating result		**31**	**9,453**	**9,422**	**>100.0%**
Other comprehensive income					
Items that will not be reclassified subsequently to operating result					
Increase in asset revaluation surplus		-	1,111	1,111	100.0%
Equity adjustment		-	23	23	100.0%
Items that will be reclassified subsequently to operating result when certain conditions are met					
Net loss on available-for-sale financial assets		-	(1,064)	(1,064)	(100.0%)
Total other comprehensive income		**-**	**70**	**70**	**100.0%**
Total comprehensive income		**31**	**9,523**	**9,492**	**>100.0%**

24. Budget vs actual comparison (continued)

Statement of financial position

	Variance Notes	Original Budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance % of Budget
Assets					
Current assets					
Cash and cash equivalents		249,701	238,039	(11,662)	(4.7%)
Receivables		15,963	15,946	(17)	(0.1%)
Other financial assets	4	430,117	328,403	(101,714)	(23.6%)
Prepayments		587	1,189	602	>100.0%
		696,368	**583,577**	**(112,791)**	**(16.2%)**
Non-current assets classified as held for sale		2,200	340	(1,860)	(84.5%)
Total current assets		**698,568**	**583,917**	**(114,651)**	**(16.4%)**
Non-current assets					
Other financial assets	5	75,685	281,463	205,778	>100.0%
Property, plant and equipment	6	45,584	39,142	(6,442)	(14.1%)
Intangible assets		4,116	1,052	(3,064)	(74.4%)
Total non-current assets		**125,385**	**321,657**	**196,272**	**>100.0%**
Total assets		**823,953**	**905,574**	**81,621**	**9.9%**
Liabilities					
Current liabilities					
Payables		20,786	3,284	17,502	84.2%
Deposits held in trust	7	611,742	700,954	(89,212)	(14.6%)
Provision for employee benefits		7,754	11,561	(3,807)	(49.1%)
Total current liabilities		**640,282**	**715,799**	**(75,517)**	**(11.8%)**
Non-current liabilities					
Provision for employee benefits		7,664	1,417	6,247	81.5%
Total non-current liabilities		**7,664**	**1,417**	**6,247**	**81.5%**
Total liabilities		**647,946**	**717,216**	**(69,270)**	**(10.7%)**
Net assets		**176,007**	**188,358**	**12,351**	**7.0%**
Equity					
Asset revaluation surplus		25,587	25,026	(561)	(2.2%)
Retained earnings		150,420	163,332	12,912	8.6%
Total equity		**176,007**	**188,358**	**12,351**	**7.0%**

24. Budget vs actual comparison (continued)

Statement of cash flows

	Variance Notes	Original Budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance % of Budget
Cash flows from operating activities					
Inflows:					
Fees received		53,324	53,459	135	0.3%
Interest revenue received		32,314	33,441	1,127	3.5%
Other revenue received		409	1,383	974	>100.0%
GST collected from customers		-	8,186	8,186	100.0%
Net amount accepted of deposits held in trust	8	-	70,351	70,351	100.0%
Outflows:					
Payments to suppliers and employees	1,2	(64,198)	(62,770)	1,428	2.2%
GST paid to suppliers		-	(4,232)	(4,232)	(100.0%)
GST remitted to ATO		-	(4,026)	(4,026)	(100.0%)
Interest expense	3	(12,468)	(15,004)	(2,536)	(20.3%)
Contributions		(1,297)	-	1,297	100.0%
Other		(894)	-	894	100.0%
Net cash provided by operating activities		**7,190**	**80,788**	**73,598**	**>100.0%**
Cash flows from investing activities					
Inflows:					
Sales of other financial assets	8	-	132,564	132,564	100.0%
Sales of property, plant and equipment		550	159	(391)	(71.1%)
Outflows:					
Payments for other financial assets	8	-	(214,115)	(214,115)	(100.0%)
Payments for property, plant and equipment	9	(10,005)	(519)	9,486	94.8%
Payments for intangibles		(1,958)	-	1,958	100.0%
Net cash flow used in investing activities		**(11,413)**	**(81,911)**	**(70,498)**	**<(100.0%)**
Cash flows from financing activities					
Inflows:					
Borrowings	8	6,382	-	(6,382)	(100.0%)
Net cash flow used in investing activities		**6,382**	**-**	**(6,382)**	**(100.0%)**
Net increase/(decrease) in cash and cash equivalents		**2,159**	**(1,123)**	**(3,282)**	**<(100.0%)**
Cash and cash equivalents at beginning of the financial year		**247,542**	**239,162**	**(8,380)**	**(3.4%)**
Cash and cash equivalents at end of the financial year		**249,701**	**238,039**	**(11,662)**	**(4.7%)**

24. Budget vs actual comparison (continued)

Administered unclaimed moneys

	Variance Notes	Original Budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance % of Budget
Administered income					
Interest from investing activities	10	505	649	144	28.5%
Unclaimed moneys recognised as Consolidated Revenue		2,941	2,964	23	0.8%
Total		3,446	3,613	167	4.8%
Administered expenses					
Management fees	11	-	178	(178)	(100.0%)
Capital rebate fee	12	-	764	(764)	(100.0%)
Revenue transferable to government	13	3,446	2,671	775	22.5%
Total		3,446	3,613	(167)	(4.8%)
Net surplus/(deficit)		**-**	**-**	**-**	**-**
Administered assets					
Current					
Receivables	11,12	-	942	942	100.0%
Other financial assets	13	3,446	2,671	(775)	(22.5%)
Total		**3,446**	**3,613**	**167**	**4.8%**
Administered liabilities					
Current					
Other payables		3,446	3,613	(167)	(4.8%)
Total		**3,446**	**3,613**	**(167)**	**(4.8%)**
Non-current					
Unclaimed moneys fund balance		-	-	-	-
Total		**-**	**-**	**-**	**-**
Net administered assets		-	-	-	-
Administered equity					
General reserves		**-**	**-**	**-**	**-**

The above statement of administered unclaimed moneys does not include unclaimed moneys held by the Public Trustee for less than six years as these amounts are not yet transferrable to Consolidated Revenue and therefore not reported for budgetary purposes.

The total amount of unclaimed monies held by the Public Trustee for less than six years at 30 June 2015 was $29.3m (refer financial statement note 20).

24. Budget vs actual comparison (continued)

Explanations of major variances

A budget vs actual comparison, and explanations of major variances, has not been included for the statement of changes in equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

Statement of comprehensive income

1. Ongoing vacancies of, on average, 15 full-time equivalents throughout the financial year ($2.2m) and savings in employee on-costs ($0.9m), in addition to the Public Trustee budgeting for payroll tax and its associated on-costs ($2.5m) but being ruled exempt effective 1 July 2014, have provided significant savings in salaries and wages for the year.

2. Significant savings have occurred due to the deferral of the purchase and maintenance of a number of smaller items of computer hardware and software ($1.4m). In addition, the deferral of a number of operating projects expected to be completed during the year has resulted in savings in fees paid to consultants and contractors ($0.4m). Projects deferred to the next financial year include a review of the Public Trustee's client information management system as well as an end-to-end review of deceased estate administration.

3. Interest expense was higher than budget due to increased holdings of client monies in the Common Fund (refer item 7 below) on which interest is payable by the Public Trustee. Deposits held in trust on average were approximately $61.4m greater than anticipated in budget throughout the year.

Statement of financial position

4. Current other financial assets are lower than budget due to the Public Trustee holding an investment portfolio with a longer duration than anticipated in the budget. A flat interest rate outlook at the time resulted in the Public Trustee budgeting for a much larger investment in short-term and available-for-sale securities for the year. Due to favourable rates on offer during the year, the Public Trustee has invested more in non-current held-to-maturity deposits.

5. Non-current other financial assets are significantly higher than budget due to increased holdings of client monies in the Common Fund (refer item 7 below) and further investment in longer-term securities in the form of fixed and floating rate held-to-maturity deposits due to favourable rates on offer in the current interest rate environment.

6. Property, plant and equipment is lower than expected at balance date due mainly to the deferral of capital expenditure on buildings, most notably refurbishment works in respect to the Brisbane CBD ($3.0m) and regional office buildings ($6.3m). These deferrals in expenditure were partly offset by the upwards revaluation of land and buildings assets of $1.1m as well as $1.8m of the variance being attributable to a higher actual opening balance, compared to what was estimated in the budget, because of the difference between estimated and actual cash flows for the previous financial year.

7. Deposits held in trust were greater than anticipated at balance date following the further implementation of a revised investment strategy for clients with limited assets. For clients with investable assets of less than $400,000 and an investment horizon of more than five years, the revised client investment strategy prescribes that the greater of $50,000 or five years of expenditure is to be held in the Common Fund, and the balance held in the PTIF Growth Trust. This has resulted in more client funds being invested in the Common Fund.

24. Budget vs actual comparison (continued)

Statement of cash flows

8. The net amount accepted of deposits held in trust and the net payments for other financial assets were greater than expected for the financial year following the implementation of a revised investment strategy for clients with limited assets (refer item 7 above).

9. Payments for property, plant and equipment were lower than expected for the year due to the deferral of capital expenditure on buildings, most notably refurbishment works in respect to the Brisbane CBD ($3.0m) and regional office buildings ($6.3m).

Administered unclaimed moneys

10. Interest from investing activities is higher than budget due to a higher unclaimed moneys balance than expected. Unclaimed monies held on average were approximately $7.5m greater than anticipated throughout the year.

11. Management fees include lodgement ($0.1m), claim and income commission fees ($0.1m) payable to the Public Trustee which were not included in budget. These fees are recoverable from Consolidated Revenue and therefore also included as receivables in this administered statement.

12. A capital rebate fee ($0.8m) has been recognised after amounts claimed by Queenslanders and paid by the Public Trustee which had previously been transferred to Consolidated Revenue are now due to be reimbursed to the Public Trustee. The 2014-15 budget did not assume any amount for the reimbursement of these claims. This fee is recoverable from Consolidated Revenue and is therefore also included as a receivable in this statement.

13. Revenue transferable to government is less than budget due primarily to the capital rebate fee ($0.8m) claimed by the Public Trustee (refer item 12 above) not being included in budget.

Certification of the Public Trustee of Queensland
for the year ended 30 June 2015

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard* 2009 and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

(a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;

(b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Public Trustee of Queensland for the financial year ended 30 June 2015 and of the financial position of the Public Trustee of Queensland at the end of that year; and

(c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

Tim Murphy, BBus, CA, F Fin
Executive Director Investment Services
& Chief Finance Officer

Date: 25 AUGUST 2015

Mark Crofton, BA, LL.B (Hons), LL.M
Acting Public Trustee of Queensland

Date: 25 AUGUST 2015

QAO
certified statements

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Public Trustee of Queensland

Report on the Financial Report

I have audited the accompanying financial report of the Public Trustee of Queensland, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Public Trustee of Queensland and the Executive Director Investment Services and Chief Finance Officer.

The Accountable Officer's Responsibility for the Financial Report

The Accountable Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Accountable Officer's responsibility also includes such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards,* which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Accountable Officer, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

(a) I have received all the information and explanations which I have required; and

(b) in my opinion –

(i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Public Trustee of Queensland for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

M KEANE CA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane