

The Public Trustee of Queensland Growth Trust

Financial Statements

2014-15

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General Information

The trustee of the Fund is the Public Trustee of Queensland (ABN 12 676 939 467).

For the purpose of this report 'the Public Trustee of Queensland' refers to the independent statutory individual and 'the Public Trustee' comprises all the operating activities under its control.

The principal address of the Public Trustee is:

Trustee House
444 Queen Street
Brisbane Qld 4000

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

The Public Trustee of Queensland Growth Trust

Statement of comprehensive income

For year ended 30 June 2015

		2015	2014
	Notes	\$'000	\$'000
Investment income			
Interest income		23	20
Net gains on financial instruments held at fair value through profit or loss	6	2,672	19,957
Distributions		10,250	10,292
Other income		105	19
Total net investment income		13,050	30,288
Expenses			
Trustee fees		(4,000)	(3,203)
Total operating expenses		(4,000)	(3,203)
Profit from ordinary activities		9,050	27,085
Finance costs attributable to unitholders			
Distributions to unitholders	8	(6,273)	(7,109)
Increase in net assets attributable to unitholders	7	(2,777)	(19,976)
Profit/(loss) for the period		-	-
Other comprehensive income		-	-
Total comprehensive income for the period		-	-

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

The Public Trustee of Queensland Growth Trust

Statement of financial position

As at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Assets			
Cash and cash equivalents		491	402
Distribution receivable		4,526	5,697
Other receivable		37	31
Financial assets held at fair value through profit or loss	9	277,642	238,270
Total assets		282,696	244,400
Liabilities			
Distributions payable	8	3,769	5,072
Redemption payable		134	98
Trustee fees payable		369	308
Total liabilities (excluding net assets attributable to unitholders)		4,272	5,478
Net assets attributable to unitholders – liability	7	278,424	238,922

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

Statement of changes in equity

For the year ended 30 June 2015

The Fund's net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments Presentation*. As such the Fund has no equity and no items of changes in equity have been presented for the current or comparative year.

Changes in net assets attributable to unitholders are disclosed in Note 7.

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

The Public Trustee of Queensland Growth Trust

Statement of cash flows

For year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Interest received		18	15
Reduced input tax credit - received		204	260
Distributions received		11,420	8,776
Trustee fees paid		(4,149)	(3,322)
Proceeds from sale of financial instruments held at fair value through profit or loss		12,287	18,765
Purchase of financial instruments held at fair value through profit or loss		(48,876)	(42,783)
Net cash flows used in operating activities	10	(29,096)	(18,289)
Cash flows from financing activities			
Proceeds from applications of units by unitholders		55,067	51,700
Payments for redemptions of units by unitholders		(18,307)	(22,326)
Distributions paid		(7,575)	(10,887)
Net cash flows from financing activities		29,185	18,487
Net increase in cash and cash equivalents		89	198
Cash and cash equivalents at the beginning of the year		402	204
Cash and cash equivalents at the end of the year		491	402

The above statements should be read with the accompanying notes.

The Public Trustee of Queensland Growth Trust

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

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The Public Trustee of Queensland Growth Trust

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

1 General information

The Fund was constituted by a Trust Deed Poll on 10 July 1996.

The Growth Trust will terminate on 10 July 2076 unless terminated earlier in accordance with the provisions of the Trust Deed.

The Fund Administrator and Registry provider is BDO (Qld) Pty Ltd ACN 134 242 434.

The Investment Manager is QIC Limited ('QIC') ACN 130 539 123.

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 Public Trustee of Queensland's Declaration.

In previous years, the Public Trustee of Queensland Growth Trust was included in financial statements which also contained the Public Trustee of Queensland Conservative Fund, the Public Trustee of Queensland Australian Equities Fund and the Public Trustee of Queensland Higher Growth Trust. During June 2015, the Public Trustee determined to close the Public Trustee of Queensland Conservative Fund, the Public Trustee of Queensland Australian Equities Fund and the Public Trustee of Queensland Higher Growth Trust and it is expected that these funds will be terminated by the end of 2015. Accordingly, the financial statements for the Public Trustee of Queensland Growth Trust have been prepared on a stand-alone basis this financial year.

The Fund was established by the Public Trustee to provide clients of the Public Trustee with a wider range of investment options than are currently available through the Common Fund to better meet clients' longer-term financial goals.

The investment objective of the Fund is to provide a fully diversified investment strategy for those seeking long-term income and capital growth. The investment objective of the Fund is to generate average returns (net of fees and costs) of CPI + 1.9% per annum over rolling ten year periods.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

All amounts are presented in Australian dollars and have been rounded to the nearest thousand dollars unless otherwise indicated.

These financial statements were prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

2.1.1 New and amended standards adopted by the Fund

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

The Public Trustee of Queensland Growth Trust

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

2.2 Financial instruments

2.2.1 Classification

The Fund's investments are classified as at fair value through profit or loss. They are comprised of financial instruments designated at fair value through profit or loss upon initial recognition.

Financial assets designated at fair value through profit or loss upon initial recognition are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategies. The Fund's policy is for the Public Trustee to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

2.2.2 Recognition / derecognition

The Fund recognises financial assets and financial liabilities on the date they become party to the contractual agreement (trade date).

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

2.2.3 Measurement

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss.

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.

The fair value of financial instruments is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs.

Investments in unlisted unit trusts are recorded at the exit price as reported by the managers of the trusts.

Financial assets classified as receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities are measured at amortised cost using the effective interest rate.

Financial liabilities arising from the redeemable units issued by the Fund are carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets, effectively at fair value at the reporting date.

2.3 Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are classified as financial liabilities as the Fund is required to distribute its taxable income. The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Fund.

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in profit or loss.

2.4 Cash and cash equivalents

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

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activities.

The Public Trustee of Queensland Growth Trust

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

2.5 Investment income

Interest income is recognised in profit or loss for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gain on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2.2.

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

2.6 Income tax

Under current legislation, the Fund is not subject to income tax as unitholders are presently entitled to the income of the Fund.

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

2.7 Distributions

In accordance with the Trust Deed, the Fund distributes income to unitholders by cash. Where unitholders chose to do so, these distributions may be reinvested into the Fund at the applicable application price. The distributions are recognised in profit or loss as finance costs attributable to unitholders.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income under the Trust Deed.

2.8 Receivables

Receivables may include amounts for interest and trust distributions. Trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of the last payment in accordance with the policy set out in Note 2.5. Amounts are generally received within 30 days of being recorded as receivables.

2.9 Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

2.10 Applications and redemptions

The Fund utilises a buy-sell spread methodology to ensure that investors joining or leaving the Fund contribute to the transactions costs incurred by the Fund buying or selling assets within the Fund. The buy-sell spread is retained by the Fund (it is not a fee paid to the Public Trustee) to ensure equity among investors is maintained.

Application requests are processed utilising the application price to determine the number of units in the Fund to be issued. Redemption requests are processed utilising the redemption price to determine the number of units in the Fund to be cancelled.

2.11 Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as trustee fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 55% (2014: 55%); hence expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office (ATO). Payables are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

The Public Trustee of Queensland Growth Trust

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

2.12 Use of estimates

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

For the majority of the Fund's financial investments, quoted market prices are readily available.

The Fund individually holds positions in various unlisted trusts and the investment managers of these funds may use estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year.

2.13 New and revised accounting standards

Certain new or amended accounting standards have been published that are not mandatory for the 30 June 2015 reporting period and have not been early adopted by the Fund. The Public Trustee's assessment of the impact of these new or amended standards (to the extent they are relevant to the Fund) is set out below:

2.13.1 AASB 9 Financial Instruments and applicable amendments (effective from 1 January 2018)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption.

The Public Trustee does not expect this to have a significant impact on the recognition and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss.

The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Fund's investments are held at fair value through profit or loss, the change in impairment rules will not impact the Fund.

The Fund has not yet decided when to adopt AASB 9.

2.13.2 AASB 15 Revenue from Contracts with Customers (effective from 1 January 2017)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the Public Trustee does not expect the adoption of the new revenue recognition rules to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.

3 Financial risk management

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

This note presents information about the Fund's exposure to each of the above risks, as well as the Fund's objectives, policies and processes for measuring and managing the risk.

The disclosures are prepared on the basis of the Fund's direct investments and not on a look-through basis to the underlying investments of the unlisted unit trusts that the Fund primarily holds.

(a) Risk management framework

The Fund maintains positions in a variety of unlisted unit trusts managed by QIC in accordance with the Fund's investment strategy.

The Fund's overall risk management program focuses on ensuring compliance with the Trust Deed and Product Information Statement and seeks to maximise the returns derived for prudent levels of risk. The primary method of mitigating or controlling risks to the Fund's investment portfolio is diversification.

The Public Trustee of Queensland Growth Trust

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

3 Financial risk management (continued)

(a) Risk management framework (continued)

The Fund's investment manager has been given a discretionary authority to manage the assets in line with the Fund's investment objectives and employs a disciplined approach to the management of risk. The Fund's portfolio is constructed utilising investments that provide exposure to different assets classes, the returns from which have low correlation, so as to strengthen diversification and consequently reduce the overall effect on asset specific risk.

The Fund's investment manager will set asset allocation targets within the Dynamic Asset Allocation (DAA) ranges approved by the Public Trustee. The Fund's investment manager will alter the asset allocation targets to allow the portfolio to move within the DAA ranges, depending on expected future asset class returns.

The Fund's investment portfolio, compliance with the DAA ranges and the performance of the investments are monitored by the Public Trust Office Investment Board (Investment Board) on a monthly basis. In instances where the portfolio diverges from the DAA ranges, the Fund's investment manager is obliged to take actions to rebalance the portfolio in line with the established ranges, within prescribed time limits.

The Investment Board uses different methods to measure different types of risk to which the Fund is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ratings analysis for credit risk.

(b) Market risk

(i) Price Risk

The Fund is exposed to securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain, in particular the investments in unlisted unit trusts. Investments are classified in the statement of financial position as at fair value through profit or loss. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

As outlined earlier, the Fund's investment manager mitigates price risk through diversification and a careful selection of investments within the DAA ranges endorsed by the Investment Board. Compliance with the Trust Deed and Product Information Statement is reported to the Investment Board on a regular basis.

The table below is a summary of the DAA ranges pertaining to its Fund and the exposure of the Fund to these asset classes as at 30 June.

QIC Asset Class	Dynamic Asset Allocation Ranges			Actual Exposure	Actual Exposure
	Minimum	Equilibrium	Maximum	2015	2014
Australian equities	27%	32%	37%	34%	35%
International equities	18%	23%	28%	26%	27%
Fixed interest	0%	23%	40%	10%	10%
Cash	0%	12%	55%	30%	28%
Foreign exchange exposure*	0%	15%	28%	15%	15%

* The foreign exchange exposure is gained by investing in an unhedged international equities fund operated by QIC.

The Public Trustee of Queensland Growth Trust

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

3 Financial risk management (continued)

(b) Market risk (continued)

The following table summarises the impact on the Fund's net assets attributable to unitholders of an increase/decrease in the value of the Fund's investment in unlisted unit trusts. The analysis is based on the assumptions that the unlisted unit trusts' net asset values increased by 7.5% (2014: 7.5%) and decreased by 7.5% (2014: 7.5%) with all other variables held constant.

As the Fund's portfolio is constructed utilising a range of unlisted unit trusts that provide exposure to different assets classes, the price risk represented by the change in the fair value of unlisted unit trusts will also be representative of changes in interest rates and foreign exchange rates that the unlisted unit trusts may also be exposed to.

	2015	2014
Impact on operating profit / net assets attributable to unitholders	\$'000	\$'000
Fair value of investments in unlisted unit trusts increased by 7.5%	20,823	17,870
Fair value of investments in unlisted unit trusts decreased by 7.5%	(20,823)	(17,870)

The sensitivity analysis presented is based upon the portfolio composition as at 30 June. The composition of the Fund's investment portfolio is expected to change over time. The sensitivity analysis prepared as at 30 June is not necessarily indicative of the effect on the Fund's net assets attributable to unitholders of future movements in the value of the investments in unlisted unit trusts.

The 7.5% change in unlisted unit trust net asset values has been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in the net asset values of the unlisted unit trusts.

However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of and/or correlation between the performances of economies, markets and securities in which the Fund has exposure. As a result, historic variations in risk variables should not be used to predict future variations in risk variables.

(ii) Foreign exchange risk

Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates.

When the investment manager formulates a view on the future direction of foreign exchange rates and the potential impact on the Fund, the investment manager factors that into its portfolio allocation decisions.

While the Fund has no direct exposure to foreign exchange rate changes, the Fund may be indirectly affected for example, by the impact of foreign exchange rate changes on the investments held by the unlisted unit trusts in which the Fund primarily invests. No sensitivity analysis has been prepared, however this may not necessarily indicate the effect on the Fund's net assets attributable to unitholders of future movements in foreign exchange rates. Please refer to Note 3(b)(i) for further details pertaining to the sensitivity of the investments in unlisted unit trusts.

(iii) Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

The Fund's interest bearing financial assets 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 Public Trustee of Queensland Growth Trust

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

3 Financial risk management (continued)

(b) Market risk (continued)

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities, namely its holdings in cash and cash equivalents. However, as there is no direct impact on the Fund's operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows as a result of any change in the year end interest rates, no sensitivity analysis has been prepared.

However, the Fund may be indirectly affected for example, by the impact of interest rate changes on the investments held by the unlisted unit trusts in which the Fund primarily invests. No sensitivity analysis has been prepared for this exposure, however this may not necessarily indicate the effect on the Fund's net assets attributable to unitholders of future movements in interest rates. Please refer to Note 3(b)(i) for further details pertaining to the sensitivity of the investments in unlisted unit trusts.

(c) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due.

The main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investments in unlisted unit trusts. The Fund is also exposed to a counterparty credit risk on cash and cash equivalents and other receivables.

(i) Unlisted 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. Continual monitoring of the Fund's investment manager by the Investment Board is also carried out on an ongoing basis.

The Fund's investment manager separately carries out extensive due diligence on any proposed underlying managers to their unlisted unit trusts prior to making an investment allocation to ensure these managers are well recognised and have a proven track record of delivering on their stated investment objectives.

(ii) Cash and cash equivalents

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

The investment team of the Public Trustee monitors the Fund's credit position on a daily basis.

(iii) Other

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

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

(d) Liquidity risk

Liquidity risk is the risk that the Fund 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 Fund is exposed to daily cash redemptions of redeemable units. Investments in unlisted unit trusts expose the Fund to the risk that the manager of those unlisted unit trusts may be unwilling or unable to fulfil the redemption requests within the timeframe requested by the Fund.

In order to manage the Fund's overall liquidity, the Public Trustee has the discretion to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders.

Units are redeemed on demand at the unitholder's option. Accordingly for both the 2014 and 2015 financial periods, the Fund's non-derivative financial liabilities contractual maturity is classified within 1 month. However, the Public Trustee does not envisage that the contractual maturity will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

The Public Trustee of Queensland Growth Trust

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

4 Fair value measurement

The Fund measures and recognises financial assets at fair value through profit or loss (FVTPL) (see Note 6) on a recurring basis. The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

(i) Fair value in an active market

The fair value of financial assets traded in active markets is based on their quoted market prices at the end of the reporting period.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market

The fair value of financial assets that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of substantially similar other instruments, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds.

Valuation techniques employed may not fully reflect all factors relevant to the position the Fund holds. Valuations may therefore be adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The carrying value of other receivables less any impairment provision and payables are assumed to approximate their fair values.

Financial liabilities arising from the redeemable units issued by the Fund are carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets, effectively at fair value at the reporting date.

Recognised fair value measurements

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Public Trustee. The Public Trustee considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The Fund's financial assets (by class) are all investments in unlisted unit trusts and measured at fair value according to the fair value hierarchy at 30 June 2015 and 30 June 2014.

The Fund's investments in unlisted unit trusts are classified within level 2 as these markets are not considered to be active but are valued based on alternative pricing sources supported by observable inputs. The Fund does not have any relevant assets classified as level 1 or level 3.

The Public Trustee of Queensland Growth Trust

Notes to the financial statements
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5 Remuneration of auditors

During the year audit fees of \$12,500 (2014: \$13,000) were paid or payable by the Public Trustee to Queensland Audit Office for services provided by the auditor of the Fund. Fees for the audit of financial statements are included as part of the Trustee Fees in the statement of comprehensive income.

6 Net gains on financial instruments held at fair value through profit or loss

Net gains recognised in relation to financial assets held at fair value through profit or loss.

	2015	2014
	\$'000	\$'000
Financial assets		
Unlisted unit trusts	2,672	19,957
Net gain on financial assets held at fair value through profit or loss	2,672	19,957

7 Net assets attributable to unitholders

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

	2015	2014
Amount	\$'000	\$'000
Opening balance	238,922	189,459
Applications	54,956	51,564
Redemptions	(18,342)	(22,213)
Units issued upon reinvestment of distributions	111	136
Change in net assets attributable to unitholders	2,777	19,976
Closing balance	278,424	238,922

Units (No's)

	Unit No's '000	Unit No's '000
Opening balance	287,293	251,352
Applications	65,559	62,607
Redemptions	(21,746)	(27,473)
Units issued upon reinvestment of distributions	134	807
Closing balance	331,240	287,293

The Public Trustee of Queensland Growth Trust

Notes to the financial statements
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7 Net assets attributable to unitholders (continued)

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are revised relative to the liquidity of the Fund's underlying assets on a daily basis by the Public Trustee. Under the terms of the Trust Deed, the Public Trustee has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders.

8 Distribution summary

The distributions for the year were as follows:

	2015	2015	2014	2014
	\$'000	CPU*	\$'000	CPU*
Distribution paid - 30 September	250	0.0819	110	0.0438
- 31 December	1,115	0.3518	1,203	0.4625
- 31 March	1,139	0.3534	724	0.2691
Distribution payable - 30 June	3,769	1.1380	5,072	1.7653
Total distribution	6,273	1.9251	7,109	2.5407

* CPU is cents per unit

9 Financial assets held at fair value through profit or loss

	2015	2014
	\$'000	\$'000
Unlisted unit trusts	277,642	238,270
Total financial assets held at fair value through profit or loss	277,642	238,270

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Notes to the financial statements
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9 Financial assets held at fair value through profit or loss (continued)

Comprising:

Unlisted unit trusts	2015	2014
	\$'000	\$'000
Units in Australian equity trusts	92,858	83,419
Units in international equity trusts	71,646	64,607
Units in cash trusts	84,565	66,301
Units in global fixed interest trusts	28,573	23,943
Total	277,642	238,270

An overview of the risk exposures of fair value measurements relating to financial assets at fair value through profit or loss is included in Note 3.

10 Reconciliation of cash flows from operating activities

	2015	2014
	\$'000	\$'000
Profit/(loss) for the year	-	-
Increase in net assets attributable to unitholders	2,777	19,976
Distributions paid to unitholders	6,273	7,109
Net change in financial instruments held at fair value through profit or loss	(39,372)	(44,190)
Net change in receivables and other assets	1,165	(1,234)
Net change in payables	61	50
Net cash outflow from operating activities	(29,096)	(18,289)

There were no non-cash financing activities during the year or the prior year.

The Public Trustee of Queensland Growth Trust

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

11 Related party transactions

(a) Trustee

The trustee of the Fund is the Public Trustee of Queensland.

(b) Key management personnel

Key management personnel that held positions of authority and responsibility for planning, directing and controlling the activities of the Fund during the financial year (and the previous financial year where relevant), unless otherwise stated, were key management personnel of the Public Trustee comprising:

Key management personnel	Position
Mark Crofton	Acting Public Trustee of Queensland
Tim Murphy	Executive Director, Investment Services and Chief Finance Officer
Frank Prostamo	Director, Investment Services

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

Key management personnel transactions

No key management personnel had any personal unit holdings or transactions with the Fund. No compensation was directly attributable to key management personnel.

(c) Trustee fees and other transactions

Under the terms of the Fund's Trust Deed and Product Information Statement, the Public Trustee is entitled to receive Trustee fees, calculated daily on the Fund's net asset value and paid monthly in arrears.

The fee covers the usual expenses incurred and includes the QIC's investment management fees charged to the Public Trustee in respect of each of the QIC funds and covers other expenses incurred by the Public Trustee such as auditing, accounting expenses and ongoing maintenance of the unit registry.

The annual Trustee fees are grossed up for GST and reduced by the RITCs allowed. The annual Trustee fees of the Fund (including GST and reduced by RITCs) are 1.52% (2014: 1.52%).

(d) Trustee fee rebate

A Trustee fee rebate is available for clients holding more than \$100,000. This rebate is a reduction in the Trustee fee and is calculated on the value of each client's holding at the close of each month. The tiered Trustee fee rebate structure is as follows:

	30 June 2015	30 June 2014
Net asset value	Rebate %	Rebate %
First \$100,000	-	-
Next \$150,000	0.15%	0.15%
Next \$250,000	0.40%	0.40%
Next \$500,000	0.45%	0.45%
Next \$9M	0.85%	0.85%
Next \$15M	1.00%	1.00%
Over \$25M	1.05%	1.05%

The Public Trustee of Queensland Growth Trust

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

12 Events occurring after the reporting period

As indicated in note 1, during June 2015 the Public Trustee determined to close the Public Trustee of Queensland Conservative Fund, the Public Trustee of Queensland Australian Equities Fund and the Public Trustee of Queensland Higher Growth Trust. The funds' terminations have resulted in clients' funds totalling \$28.6m being invested into the Public Trustee of Queensland Growth Trust during August 2015.

Apart from the matter outlined above, there were no significant events that have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the statement of financial position as at 30 June 2015 or on the results and cash flows of the Fund for the period ended on that date.

The Public Trustee of Queensland Growth Trust

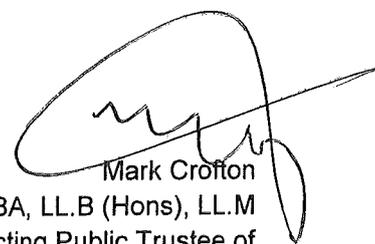
The Public Trustee of Queensland's Declaration

In the opinion of the Public Trustee of Queensland:

- a) These general purpose financial statements have been prepared pursuant to the Trust Deed Poll and any Supplemental Trust Deed Polls, the *Public Trustee Act 1978* (the Act) and other prescribed requirements;
- b) The prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- c) The statements present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Fund for the period ended 30 June 2015 and of the financial position of the Fund at the end of that year.



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



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

Brisbane
21 August 2015

The Public Trustee of Queensland Growth Trust

INDEPENDENT AUDITOR'S REPORT

To the Trustee and Unit Holders of the Public Trustee of Queensland Growth Trust

Report on the Financial Report

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

The Trustee's Responsibility for the Financial Report

The trustee is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the requirements of the Trust Deed Poll of the Public Trustee of Queensland Growth Trust dated 10 July 1996 and the Supplemental Trust Deed Polls. The trustee's responsibility also includes such internal control as the trustee determines is necessary to enable the preparation of the financial report that 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 and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial report.

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.

The Public Trustee of Queensland Growth Trust

Opinion

In accordance with the provisions of the Trust Deed Poll of the Public Trustee of Queensland Growth Trust dated 10 July 1996, I have audited the financial report of the Public Trustee of Queensland Growth Trust, and –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion, the financial report presents fairly, in all material respects, the financial position of the Public Trustee of Queensland Growth Trust as at 30 June 2015 and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards.

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



Queensland Audit Office
Brisbane

