The Public Trustee of Queensland
ABN 12 676 939 467

Financial Statements
Year Ended 30 June 2016

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General Information

The Public Trustee of Queensland operates as a corporation sole governed by the *Public Trustee Act 1978* and reports to Queensland Parliament through the Attorney-General. The Public Trustee is a department for the purposes of the *Financial Accountability Act 2009* (the Act); the Public Trustee being the accountable officer of the Public Trust Office under section 65(3) of the Act and section 3 of the *Financial Accountability Regulation 2009*.

For the purpose of this report, 'the Public Trustee' refers to the corporation and 'the Public Trustee of Queensland' refers to the independent statutory individual.

The head office and principal place of business of the Public Trustee: 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
Year Ended 30 June 2016

	Notes	2016 $'000	2015 $'000
Revenue			
Fees	1	52,680	52,099
Interest revenue	2	32,205	33,611
Other revenue	3	3,988	5,361
Total Revenue		**88,873**	**91,071**
Expenses			
Employee expenses	4	46,590	44,669
Supplies and services	5	16,494	17,131
Depreciation and amortisation		1,968	2,016
Interest expense	12	13,026	15,004
Contributions	6	1,172	1,281
Other expenses	7	1,514	1,517
Total Expenses		**80,764**	**81,618**
Operating Result		**8,109**	**9,453**
Other Comprehensive Income			
Items that will not be reclassified to Operating Result			
Increase/(decrease) in asset revaluation surplus	14	(519)	1,111
Equity adjustment		-	23
Items that may be reclassified to Operating Result			
Net gain/(loss) on available-for-sale financial assets		2,789	(1,064)
Total Other Comprehensive Income		**2,270**	**70**
Total Comprehensive Income		**10,379**	**9,523**

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

The Public Trustee of Queensland

Statement of Financial Position
As at 30 June 2016

	Notes	2016 $'000	2015 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	8	176,551	238,039
Receivables	9	15,836	15,946
Other financial assets	10	440,237	328,403
Prepayments		744	1,189
		633,368	583,577
Non-current assets classified as held for sale	11	-	340
Total Current Assets		**633,368**	**583,917**
Non-Current Assets			
Other financial assets	10	262,101	281,463
Property, plant and equipment	11	37,539	39,142
Intangible assets		732	1,052
Total Non-Current Assets		**300,372**	**321,657**
Total Assets		**933,740**	**905,574**
LIABILITIES			
Current Liabilities			
Payables		2,719	3,284
Deposits held in trust	12	718,603	700,954
Provision for employee benefits	13	12,018	11,561
Total Current Liabilities		**733,340**	**715,799**
Non-Current Liabilities			
Provision for employee benefits	13	1,663	1,417
Total Non-Current Liabilities		**1,663**	**1,417**
Total Liabilities		**735,003**	**717,216**
Net Assets		**198,737**	**188,358**
EQUITY			
Asset revaluation surplus	14	24,507	25,026
Accumulated surplus		174,230	163,332
Total Equity		**198,737**	**188,358**

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

The Public Trustee of Queensland

Statement of Changes in Equity
Year Ended 30 June 2016

	Accumulated Surplus*	Asset Revaluation Surplus	Total Equity
	$'000	$'000	$'000
Balance as at 1 July 2014	**154,654**	**24,181**	**178,835**
Operating result for the year	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**
Balance as at 1 July 2015	**163,332**	**25,026**	**188,358**
Operating result for the year	8,109	-	8,109
Other comprehensive income			
Decrease in asset revaluation surplus	-	(519)	(519)
Net gain on available-for-sale financial assets	2,789	-	2,789
Balance as at 30 June 2016	**174,230**	**24,507**	**198,737**

* Please refer to Note 16 for further information relating to accumulated surplus.

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

The Public Trustee of Queensland
Statement of Cash Flows
Year Ended 30 June 2016

	Notes	2016 $'000	2015 $'000
Cash Flows From Operating Activities			
Inflows:			
Fees received		53,990	53,459
Interest revenue received		32,208	33,441
Other revenue received		1,250	1,383
GST collected from customers		6,341	8,186
Net amount accepted of deposits held in trust		17,344	70,351
Outflows:			
Payments to suppliers and employees		(63,446)	(62,770)
GST paid to suppliers		(2,411)	(4,232)
GST remitted to ATO		(3,813)	(4,026)
Interest expense		(13,026)	(15,004)
Net Cash From Operating Activities		**28,437**	**80,788**
Cash Flows From Investing Activities			
Inflows:			
Sales of other financial assets		170,667	132,564
Sales of property, plant and equipment		321	159
Outflows:			
Payments for other financial assets		(260,140)	(214,115)
Payments for property, plant and equipment		(773)	(519)
Net Cash Flow From Investing Activities		**(89,925)**	**(81,911)**
Net Increase/(Decrease) in Cash and Cash Equivalents		**(61,488)**	**(1,123)**
Cash and Cash Equivalents at Beginning of the Financial Year		238,039	239,162
Cash and Cash Equivalents at End of the Financial Year	8	**176,551**	**238,039**

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

The Public Trustee of Queensland
Statement of Cash Flows
Year Ended 30 June 2016

	2016 $'000	2015 $'000
Reconciliation of Operating Result to Net Cash From Operating Activities		
Operating Result	**8,109**	**9,453**
Depreciation and amortisation expense	1,968	2,016
Net loss on sale of plant and equipment	229	263
Net gain on sale of other financial assets	(211)	(532)
Archival services received below fair value - revenue	(1,917)	(2,469)
Archival services received below fair value - expense	1,917	2,469
Equity adjustment	-	23
Change in Assets and Liabilities:		
Decrease in receivables	110	929
Decrease/(Increase) in prepayments	445	(326)
Decrease in payables	(565)	(463)
Increase in provision for employee benefits	703	(280)
Increase in deposits held in trust	17,649	69,705
Net Cash From Operations	**28,437**	**80,788**

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BASIS OF FINANCIAL STATEMENTS PREPARATION

a) Objectives of the Public Trustee

The Public Trustee provides trustee, estate and administration 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. Under section 19 of the Act, all moneys vested in or coming into the hands of the Public Trustee are required 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.

b) Compliance with Prescribed Requirements

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*. The financial statements comply with Queensland Treasury's *Minimum Reporting Requirements* for the year ending 30 June 2016 and other authoritative pronouncements.

The Public Trustee is a not-for-profit entity and these general purpose financial statements have been prepared on an accruals basis in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note 28.

c) The 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.

d) Interest in Associates

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.

e) Presentation Matters

(i) Currency and Rounding

Amounts included in the financial statements are in Australian dollars and rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required.

(ii) Comparatives

Comparatives have been regrouped or reclassified where necessary.

e) Presentation Matters (Continued)

(iii) Current/Non-Current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the statement of financial position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the organisation does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

f) Authorisation of Financial Statements for Issue

The financial statements for the year ended 30 June 2016 were authorised for issue by the 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.

NOTES ABOUT OUR FINANCIAL PERFORMANCE

1. Fees

	2016 $'000	2015 $'000	Accounting Policy – Fees
Administration of estates and trusts and other professional fees	75,990	74,042	The Public Trustee recognises revenue when the revenue has been earned and can be reliably measured and if it is probable that future economic benefits will flow to it.
Trust fees	4,540	5,440	
Auctions revenue	2,313	1,698	
Community service obligations	(30,163)	(29,081)	
	52,680	**52,099**	

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*.

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.

The Public Trustee also receives trustee fees for acting as trustee of the Public Trustee of Queensland Investment Fund. The fee is set as a percentage of funds under management and is outlined in the product information statement for each of the trusts. Trustee fees are recognised based on the number of days a service is provided.

2. Interest Revenue

	2016 $'000	2015 $'000	Accounting Policy – Interest Revenue
Cash – at call deposits	5,302	6,990	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.
QIC unit trust	1,170	1,425	
Semi-government securities (i)	4,846	3,653	
Corporate securities (i)	1,307	95	
Corporate notes (ii)	4,415	2,717	
Fixed rate deposits	11,437	15,512	
Compounding deposits	743	-	
Floating rate deposits	2,929	3,178	
Other interest	56	41	
	32,205	**33,611**	

(i) Fixed interest rate applies to these securities
(ii) Floating interest rate applies to corporate notes

3. Other Revenue

	2016 $'000	2015 $'000
Property revenue	924	1,005
Sundry revenue	936	1,526
Archival services received below fair value	1,917	2,469
Gain on sale of semi-government securities	232	532
Loss on revaluation of QIC unit trust	(21)	(171)
	3,988	**5,361**

Accounting Policy - Gain/Loss On Sale and Revaluation of Financial Assets

At initial recognition, the Public Trustee measures a financial asset at its fair value. Subsequent recognition of financial assets detailed in Note 10.

4. Employee Expenses

	2016 $'000	2015 $'000
Employee Benefits		
Salaries and wages	36,521	35,012
Annual leave	3,640	3,512
Employer superannuation contributions	4,827	4,672
Long service leave	943	613
Employee Related Expenses		
Workers' compensation insurance	111	103
Payroll tax	-	(6)
Other employee related expenses	548	763
	46,590	**44,669**
Full-time Equivalent Employees (i)	**553**	**537**

(i) The number of full-time equivalent employees (FTEs) is based on the Minimum Obligatory Human Resource Information (MOHRI) definition as provided by the Queensland Public Service Commission.

Key management personnel and remuneration disclosures are detailed in Note 25.

Disclosure - Workers' Compensation Insurance

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

Accounting Policy – Salaries and Wages 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. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Accounting Policy - Annual Leave and Long Service Leave

Employee leave entitlements including on-costs are expensed in the profit or loss and recognised as a liability each month. Refer Note 13 for further details.

Accounting Policy – Employer Superannuation Contributions

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 which 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*.

5. Supplies and Services

	2016 $'000	2015 $'000
Advertising and promotion	534	153
Archival services received below fair value	1,917	2,469
Auction expenses	9	39
Computer expenses	4,021	3,787
Consultants, contractors and agency temporary staff	2,826	2,148
Fixed assets repairs and expenses	1,007	1,474
Investment and registry fees	2,194	2,375
Motor vehicles and travel	255	206
Office expenses	1,471	1,347
Operating lease expense	447	453
Professional and management fees	346	1,258
Rates, utilities and cleaning	1,467	1,422
	16,494	**17,131**

Accounting Policy – Supplies and Services

Under the accrual basis of accounting, the Public Trustee recognises expenses when incurred, usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for.

Accounting Policy – Lease Payments

Operating lease payments are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are also recognised as an integral part of the total lease expense, over the term of the lease.

6. Contributions

	2016 $'000	2015 $'000
Contribution to the Office of the Public Guardian	1,112	1,096
Civil Law Legal Aid Scheme outlays	60	185
	1,172	**1,281**

Accounting Policy - Contributions

The Public Trustee provides Community Service Obligations to the Queensland community in the form of contributions to the Office of the Public Guardian and Civil Law Legal Aid. These contributions are provided in accordance with section *63A of the Public Trustee Act 1978* and section 19 of the *Public Trustee Regulations*.

7. Other Expenses

	2016 $'000	2015 $'000
Bad debt recoveries and write-offs [i]	216	138
Amounts paid to Queensland Community Foundation	74	77
Insurance premiums [ii]	472	472
External audit fees [iii]	310	336
Loss on sale of property, plant and equipment	229	263
Entertainment and hosting	3	1
Special payments [iv & v]	210	230
	1,514	**1,517**

Accounting Policy – Gain or Loss on Sale of Property, Plant and Equipment

Any gain or loss on the disposal of an item of property, plant and equipment is recognised in profit or loss.

7. Other Expenses (Continued)

Disclosures

i. Includes the Public Trustee's reimbursement / write-off relating to client matters 2016: $265,385 (2015: $196,477).

ii. Insurance Premiums - The Public Trustee's non-current physical assets and other risks are primarily insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis.

iii. Total audit fees payable to the Queensland Audit Office relating to the 2015-16 financial statements are quoted to be $310,000 (2015: $340,000) comprising the Public Trustee's financial statements of $290,000 (2015: $290,000) and the Public Trustee of Queensland Investment Fund (PTIF) $20,000 (2015: $50,000). There are no non-audit services included in this amount.

iv. Special payments during 2015-16 includes ex-gratia payments and superannuation payable to former Core Agreement employees $27,758 (2015: nil).

v. Three settlements were paid relating to deceased estates in 2015-16 totalling $181,670 (2015: $230,000).

Accounting Policy – Special Payments

Special payments include ex gratia expenditure and other expenditure that the Public Trustee is not contractually or legally obligated to make to other parties. In compliance with the Financial and Performance Management Standard 2009, the Public Trustee maintains a register setting out details of all special payments greater than $5,000.

NOTES ABOUT OUR FINANCIAL POSITION

8. Cash and Cash Equivalents

	2016 $'000	2015 $'000
Cash at bank and on hand	2,777	1,965
Cash – at call deposits	130,189	192,438
QIC unit trust [i]	43,585	43,636
	176,551	**238,039**

[i] QIC unit trust is classified as 'Cash and cash equivalents' as it is a short term, highly liquid investment which can be redeemed within two business days.

Accounting Policy – 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;
- other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

9. Receivables

	2016 $'000	2015 $'000
General receivables	1,048	902
Accrued revenue	7,124	7,752
Client receivables	6,733	6,710
Civil Law Legal Aid Scheme Advances	1,719	1,693
	16,624	**17,057**
Less: Allowance for impairment	(788)	(1,111)
	15,836	**15,946**
Impairment		
Allowance for impairment as at 1 July	(1,111)	(1,246)
Amounts written off during the financial year	286	548
(Increase)/decrease in allowance for impairment	37	(413)
Allowance for impairment as at 30 June	**(788)**	**(1,111)**

Accounting Policy – Receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date. Trade receivables are recognised at the amounts due at the time of sale or service delivery. 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.

Accounting Policy – Impairment

The Public Trustee assesses at the end of each reporting period whether there is objective evidence that a receivable or group of receivables is impaired. A receivable or group of receivables 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.

Disclosures

As at 30 June 2016, receivables not past due and not impaired were $15.6m (2015: $15.9m).

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

Aging Analysis of Individually Impaired Receivables					
2016	**< 30 Days**	**30 – 60 Days**	**61 – 90 Days**	**> 90 Days**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Receivables past due but not impaired	-	45	6	81	132
Receivables (gross) past due and impaired	-	1	9	890	900
Allowance for impairment	-	(1)	(5)	(810)	(816)
Carrying amount	**-**	**45**	**10**	**161**	**216**

Aging Analysis of Individually Impaired Receivables					
2015	**< 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**

10. Other Financial Assets

	2016 $'000	2015 $'000
Current		
Available-for-sale		
Semi-government securities	122,093	92,509
Corporate bonds	50,683	20,537
Corporate notes	178,781	82,282
	351,557	195,328
Held to maturity		
Fixed rate deposits	71,661	119,440
Floating rate deposits	17,019	-
Compounding deposits	-	13,635
	88,680	133,075
	440,237	**328,403**
Non-Current		
Held to maturity		
Fixed rate deposits	193,164	200,699
Compounding deposits	5,196	-
Floating rate deposits	63,741	80,764
	262,101	**281,463**

Accounting Policy – 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.

Please refer Note 15 for further details on fair value.

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.

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.

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 financial assets are classified as current assets. Available-for-sale financial assets include bonds and floating rate notes.

Recognition

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

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

10. Other Financial Assets (Continued)

Accounting Policy – Other Financial Assets (Continued)

Measurement

Subsequent to initial recognition, financial assets are measured 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.

De-recognition

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.

11. Property, Plant and Equipment

Balances and reconciliations of carrying amount

30 June 2016	Land (at fair value) $'000	Buildings (at fair value) $'000	Plant and Equipment (at cost) $'000	Work in progress (at cost) $'000	Total $'000
Gross	18,875	14,882	6,608	303	40,668
Less Accumulated Depreciation	-	(373)	(2,756)	-	(3,129)
Carrying amount at 30 June 2016	**18,875**	**14,509**	**3,852**	**303**	**37,539**
Carrying amount at 1 July 2015	14,690	20,262	3,897	293	39,142
Acquisitions	22	-	627	123	772
Disposals	-	-	(210)	-	(210)
Depreciation	-	(1,071)	(575)	-	(1,646)
Transfers between asset classes	-	-	113	(113)	-
Net revaluation increments/ (decrements)	4,163	(4,682)	-	-	(519)
Carrying amount at 30 June 2016	**18,875**	**14,509**	**3,852**	**303**	**37,539**

30 June 2015	Land (at fair value) $'000	Buildings (at fair value) $'000	Plant and Equipment (at cost) $'000	Work in progress (at cost) $'000	Total $'000
Gross	14,690	51,243	6,556	293	72,782
Less Accumulated Depreciation	-	(30,981)	(2,659)	-	(33,640)
Carrying amount at 30 June 2015	**14,690**	**20,262**	**3,897**	**293**	**39,142**
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)
Depreciation	-	(997)	(672)	-	(1,669)
Transfers between asset classes	-	69	723	(792)	-
Assets reclassified as held for sale	(120)	(220)	-	-	(340)
Net revaluation increments	116	995	-	-	1,111
Carrying amount at 30 June 2015	**14,690**	**20,262**	**3,897**	**293**	**39,142**

The Public Trustee has property, plant and equipment with a gross cost of $797,274 (2015: $262,238) which are still in use but have been fully depreciated.

For buildings recorded using an income approach, accumulated depreciation is written back to reflect the fair value based on the discounted cash flows applied in determining fair value.

11. Property, Plant and Equipment (Continued)

Disclosures – Land and Buildings

During the financial year, the asset class of land and buildings experienced a significant and volatile change in fair value. As such the Public Trustee elected to undertake a comprehensive revaluation of land and buildings based on specific appraisals by Herron Todd White Pty Ltd and CBRE Valuations Pty Ltd at 30 June 2016.

Herron Todd White Pty Ltd performed a valuation of all Public Trustee properties with the exception of one. The primary basis of valuations used by Herron Todd White Pty Ltd was the capitalisation of income approach with the direct comparison approach used as a secondary methodology. To arrive at the fair value of land, a valuation was determined for the properties (including land and buildings) based on publicly available data on sales of similar properties in nearby localities in recent years prior to the date of the revaluation. The properties are predominantly (in some instances fully) occupied by the Public Trustee. A hypothetical short to medium lease at fair market rentals was used for the space occupied by the Public Trustee to determine the fair value. In determining the values, adjustments were made to the sales data to take into account the location of the Public Trustee's property, its size, street/road frontage and access, and any significant restrictions. The extent of the adjustments made varies in significance for each property – refer to the reconciliation table earlier in this note for information about the fair value classification of the Public Trustee's land and buildings.

Herron Todd White Pty Ltd then determined a hypothetical apportionment of the total value of the property between land and buildings which utilised recent statutory assessments as a guide, to determine a hypothetical value for the land component and as a result the building component could then be determined. The use of the hypothetical apportionment between land and buildings has led to the classification of the land and buildings of these properties as level 3.

CBRE Valuations Pty Ltd performed a valuation of the remaining property utilising the capitalisation of income approach and a discounted cash flow approach. The mid-point of these valuations was used to determine the total property value (including land and buildings). The methodologies utilised existing lease arrangements and assumed lease amounts for the Public Trustee's occupied space and vacant space based on publicly available data on lease arrangements and sales of similar properties in recent periods. CBRE Valuations Pty Ltd then determined a hypothetical apportionment of the total value of the property between land and building. The use of the hypothetical apportionment between land and building has led to the classification of the land and building of this property as level 3.

Effective 1 July 2016 the useful life for buildings has been changed to reflect the estimated useful life per valuations from Herron Todd White Pty Ltd and CBRE Valuations Pty Ltd as at 30 June 2016.

The purpose-built storage facility operated by the Public Trustee has been valued using a depreciated replacement cost approach, due to there not being an active market for such facilities. The depreciated replacement cost was based on a combination of internal records of the original cost of the specialised fit out, adjusted for more contemporary design/construction approaches, and published construction rates for various standard components of buildings. Significant judgement is also used to assess the remaining service potential of the facility, given local climatic and environmental conditions and records of the current condition of the facility. The land and building of this property has been classified as level 3.

11. Property, Plant and Equipment (Continued)

Accounting Policy

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

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

Property, plant and equipment are initially recorded at cost on acquisition. 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.

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.

11. Property, Plant and Equipment (Continued)

Accounting Policy – 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.

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.

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 Assessment

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.

12. Deposits Held In Trust

	2016 $'000	2015 $'000
Deceased estates	171,581	166,470
Financial management	300,240	297,636
Minors, general and testamentary trusts	219,544	211,607
Other	27,238	25,241
	718,603	**700,954**

Accounting Policy – Interest Expense

The Public Trustee pays interest on deposits held in trust on behalf of clients within the Common Fund. Interest is calculated based on the daily closing balance of moneys held and is either paid monthly or annually on 30 June each year depending on the account. The rates of interest payable on moneys held in trust are determined from time to time under *Sec 9 of the Public Trustee Regulations.*

Accounting Policy – 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 measured at amortised cost. 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.

Deposits held in trust are classified as current liabilities as they are available at call.

13. Provision for Employee Benefits

	2016 $'000	2015 $'000
Current		
Wages outstanding	626	304
Annual leave	4,335	4,261
Paid parental leave	14	13
Long service leave	7,043	6,983
	12,018	**11,561**
Non-Current		
Long service leave	1,663	1,417
	1,663	**1,417**
Total Provision For Employee Benefits	**13,681**	**12,978**

Accounting Policy - Annual Leave

Liabilities for 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.

Accounting Policy – Long Service Leave

Unconditional long service leave entitlement accorded to employees with more than 10 years of continuous service is recognised at its undiscounted value and disclosed as current.

Other conditional long service leave entitlement is classified as non-current and is 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 2.5% (2015: 2.2%) per annum has been utilised for this purpose. 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.

14. Asset Revaluation Surplus

Accounting Policy

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

Asset Revaluation Surplus by Asset Class

2016	Land	Buildings	Total
	$'000	$'000	$'000
Balance at 1 July 2015	9,202	15,824	25,026
Revaluation increments	4,163	-	4,163
Revaluation decrements	-	(4,682)	(4,682)
Net revaluation decrements			(519)
Balance at 30 June 2016	**13,365**	**11,142**	**24,507**

2015	Land	Buildings	Total
	$'000	$'000	$'000
Balance at 1 July 2014	9,086	15,095	24,181
Revaluation increments	116	995	1,111
Transfer to equity on classification of asset as held for sale	-	(266)	(266)
Balance at 30 June 2015	**9,202**	**15,824**	**25,026**

NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES

15. 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 11 outlines the methods of determination of fair values for the Public Trustee's land and buildings.

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.

The table below sets out the Public Trustee's financial assets (by class) measured at fair value according to the fair value hierarchy at 30 June 2016 and 30 June 2015. 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	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash – at call deposits	130,189	192,438	-	-	130,189	192,438
QIC unit trust	-	-	43,585	43,636	43,585	43,636
Semi-government securities	122,093	92,509	-	-	122,093	92,509
Corporate bonds	50,683	20,537	-	-	50,683	20,537
Corporate notes	178,781	82,282	-	-	178,781	82,282
Fixed rate deposits	-	-	264,825	320,139	264,825	320,139
Compound deposits	-	-	5,196	13,635	5,196	13,635
Floating rate deposits	-	-	80,760	80,764	80,760	80,764
	481,746	**387,766**	**394,366**	**458,174**	**876,112**	**845,940**

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

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16. Accumulated Surplus

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 Accumulated Surplus 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 2.18% (2015: 2.12%). Current allocation $31.0m (2015: $29.5m).

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 rate 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 $42.7m (2015: $41.7m).

17. Accounting Estimates and Judgements

The preparation of financial statements 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 9;
- Valuation of property, plant and equipment and change of useful life for buildings – Note 11;
- Valuation of provision for employee benefits – Note 13;
- Contingent liabilities – Note 19; and
- Valuation of financial instruments – Note 20.

18. Commitments

(a) Non-cancellable operating lease commitments

Commitments under operating leases at reporting date are payable as follows:

	2016 $'000	2015 $'000
Not later than one year	215	344
Later than one year and not later than five years	671	82
Later than 5 years	-	-
	886	**426**

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

(b) Capital expenditure commitments

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

	2016 $'000	2015 $'000
Not later than one year	73	114
Later than one year and not later than five years	-	250
Later than 5 years	-	-
	73	**364**

(c) Operational expenditure commitments

Commitments for operational expenditure at reporting date are as follows:

	2016 $'000	2015 $'000
Not later than one year	2,167	3,827
Later than one year and not later than five years	2,031	275
Later than 5 years	-	-
	4,198	**4,102**

(d) Contribution commitments

Contribution commitments payable to the Office of the Public Guardian at reporting date are as follows:

	2016 $'000	2015 $'000
Not later than one year	1,132	1,112
	1,132	**1,112**

The above contribution commitment is ongoing with no end date. As such, the Public Trustee is unable to disclose the total amount payable beyond one year.

19. Contingent Liabilities

Litigation in progress

As at 30 June 2016, the Public Trustee was a party to the following litigation cases in progress.

	2016 Number of cases	2015 Number of cases
Supreme Court of Queensland	1	4
District Court of Queensland	1	1
Federal Court of Australia	1	1
Total	**3**	**6**

As at balance date, the Public Trustee has received notification of 23 other matters (2015: 28) 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 is required to contribute a maximum of $100,000 per claim paid.

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. Financial Risks Disclosures

(a) Financial Instrument Categories

Financial assets and financial liabilities are recognised in the statement of financial position when the Public Trustee becomes party to the contractual provisions of the financial instrument. The Public Trustee has the following categories of financial assets and financial liabilities:

	Note	2016 $'000	2015 $'000
Financial Assets			
Cash and cash equivalents	8	176,551	238,039
Receivables	9	15,836	15,946
Other financial assets	10	702,338	609,866
Total Financial Assets		**894,725**	**863,851**
Financial Liabilities			
Deposits held in trust	12	718,603	700,954
Payables		2,719	3,284
Total Financial Liabilities		**721,322**	**704,238**

No financial assets and liabilities have been offset and presented net in the statement of financial position.

20. Financial Risks Disclosures (Continued)

(b) Financial Risks Management

(i) Risk Exposure

The Public Trustee's activities expose it to a variety of financial risks as set out in the following table:

Risk Exposure	Definition	Exposure
Credit Risk	Credit risk exposure refers to the situation where the Public Trustee may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The Public Trustee is exposed to credit risk in respect of its receivables and other financial assets.
Liquidity Risk	Liquidity risk refers to the situation where the Public Trustee may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The Public Trustee is exposed to liquidity risk in respect of its payables, other financial assets and deposits held in trust.
Market Risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.	The Public Trustee does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices. The organisation is exposed to interest rate risk through its cash deposited in interest bearing accounts, holding of financial assets and interest payable on deposits held in trust.

(ii) Risk Management Strategies

All financial risk is managed by the Investment Services Program under policies approved by the Public Trust Office Investment Board (Investment Board). The Investment Board approves written policies in respect of credit risk, liquidity risk and market risk. The Public Trustee's risk management program focuses on ensuring compliance with the overall risk management framework set by the Investment Board and seeks to maximise the returns derived for prudent levels of risk.

The performance of investments is monitored by the Investment Board on a monthly basis. The Investment Board monitors financial risks using a variety of methods as follows:

Risk Exposure	Measurement Method	Risk Management Strategies
Credit Risk	• Credit rating • Ageing analysis	• Monitoring of counterparty credit ratings • Diversification and careful selection of securities and counterparties
Liquidity Risk	• Sensitivity analysis	• Maturity analysis • Monitoring the duration of the portfolio • Assessments of performance versus benchmark
Market Risk	• Interest rate sensitivity analysis	• The volatility of the market risk is reduced as the Public Trustee does not undertake any hedging activities, foreign exchange exposures or enter into derivative financial instruments for speculative purposes. • Continual monitoring of current and expected changes in economic conditions.

20. Financial Risks Disclosures (Continued)

(b) Financial Risks Management (Continued)

(ii) Risk Management Strategies (Continued)

Management of the Public Trustee's Investment Services Program (Investment Team) has been given a discretionary authority to manage the assets in line with the Public Trustee's investment objectives. As part of the Investment Board's annual review of its investment strategy, a strategic asset allocation for the Common Fund being 60% cash and 40% Australian fixed interest was implemented in May 2015. Benchmarks are set for the cash and fixed interest portfolios and the following operating limits apply for the management of such assets:

Australian Fixed Interest	**Operating Range**	
Modified Duration	**Lower Limit**	**Upper Limit**
At portfolio level	Benchmark - 0.5 years	Benchmark + 0.5 years
Maturity Buckets	**Minimum Allocation**	**Maximum allocation**
Less than 1 year	40%	100%
1 to 5 Years	0%	Benchmark + 15%
5 to 10 years	0%	Benchmark + 7.5%

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.

(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 bond; 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.

20. Financial Risks Disclosures (Continued)

(c) Credit Risk (Continued)

(i) Debt securities - fixed and floating rate

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

	2016 $'000	2015 $'000
Available for sale		
Semi-government bonds fixed interest debt securities		
'AAA' credit rating*	21,749	15,949
'AA+' credit rating*	95,199	76,560
'AA' credit rating*	5,146	-
Corporate fixed rate bonds		
'AAA' credit rating*	-	7,691
'AA-' credit rating*	39,054	12,846
'A+' credit rating*	11,628	-
Corporate floating rate notes		
'AA-' credit rating*	153,964	77,216
'A+' credit rating*	24,817	5,066
	351,557	**195,328**

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

(ii) QIC unit trust

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.

(iii) Deposits – fixed and floating rate

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

	2016 $'000	2015 $'000
'AA-' credit rating*	312,436	372,062
'A+' credit rating*	23,196	28,254
'A-' credit rating*	15,150	14,222
	350,782	**414,538**

** 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.

20. Financial Risks Disclosures (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.

30 June 2016	**< 1 year $'000**	**1 – 4 years $'000**	**4 – 7 years $'000**	**> 7 years $'000**	**Total $'000**
Deposits held in trust	198,346	107,894	63,567	348,796	718,603
Payables	2,719	-	-	-	2,719
Total	**201,065**	**107,894**	**63,567**	**348,796**	**721,322**

30 June 2015	**< 1 year $'000**	**1 – 4 years $'000**	**4 – 7 years $'000**	**> 7 years $'000**	**Total $'000**
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**

(e) 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.

20. Financial Risks Disclosures (Continued)

(e) Market Risk (Continued)

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.

Interest rate change +50 basis points	**2016 $'000**	**2015 $'000**
Impact on Operating Result	(3,465)	(2,337)
Impact on Equity	(3,465)	(2,337)
Interest rate change -50 basis points		
Impact on Operating Result	3,585	2,337
Impact on Equity	3,585	2,337

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.

21. 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.

NOTES ABOUT OUR PERFORMANCE COMPARED TO BUDGET

22. Budget to Actual Comparison

This section discloses the Public Trustee's original published budgeted figures for 2015-16 compared to actual results, with explanations of major variances, in respect of the Public Trustee's statement of comprehensive income, statement of financial position and statement of cash flows.

Statement of Comprehensive Income

	Variance Notes	Original Budget 2016 $'000	Actual 2016 $'000	Variance $'000	Variance % of Budget
Revenue					
Fees		51,359	52,680	1,321	2.6%
Interest revenue		29,662	32,205	2,543	8.6%
Other revenue		3,767	3,988	221	5.9%
Total Revenue		**84,788**	**88,873**	**4,085**	**4.8%**
Expenses					
Employee expenses	1	50,479	46,590	3,889	7.7%
Supplies and services		17,393	16,494	899	5.2%
Depreciation and amortisation		2,070	1,968	102	4.9%
Interest expense		12,486	13,026	(540)	(4.3%)
Contributions		1,362	1,172	190	14.0%
Other expenses		933	1,514	(581)	(62.3%)
Total Expenses		**84,723**	**80,764**	**3,959**	**4.7%**
Operating Result		**65**	**8,109**	**8,044**	**>100.0%**
Other Comprehensive Income					
Items that will not be reclassified subsequently to operating result					
Increase in asset revaluation surplus		-	(519)	(519)	100.0%
Items that will be reclassified subsequently to operating result when certain conditions are met					
Net gain/(loss) on available-for-sale financial assets		-	2,789	2,789	100.0%
Total Other Comprehensive Income		**-**	**2,270**	**2,270**	**100.0%**
Total Comprehensive Income		**65**	**10,379**	**10,314**	**>100.0%**

Explanations of Major Variances - Statement of Comprehensive Income

V1. Ongoing vacancies of 43 full-time equivalents throughout the financial year ($2.4m) and savings in employee on-costs ($1.0m), have provided significant savings in salaries and wages for the year.

22. Budget to Actual Comparison (Continued)

Statement of Financial Position

	Variance Notes	Original Budget 2016 $'000	Actual 2016 $'000	Variance $'000	Variance % of Budget
Assets					
Current Assets					
Cash and cash equivalents	2	225,146	176,551	(48,595)	(21.6%)
Receivables		16,537	15,836	(701)	(4.2%)
Other financial assets	3	340,902	440,237	99,335	29.1%
Prepayments		542	744	202	37.3%
Total Current Assets		**583,127**	**633,368**	**50,241**	**8.6%**
Non-Current Assets					
Other financial assets		262,418	262,101	(317)	(0.1%)
Property, plant and equipment	4	49,061	37,539	(11,522)	(23.5%)
Intangible assets		1,964	732	(1,232)	(62.7%)
Total Non-Current Assets		**313,443**	**300,372**	**(13,071)**	**(4.2%)**
Total Assets		**896,570**	**933,740**	**37,170**	**4.1%**
Liabilities					
Current Liabilities					
Payables		5,500	2,719	2,781	50.6%
Deposits held in trust		690,455	718,603	(28,148)	(4.1%)
Provision for employee benefits		4,591	12,018	(7,427)	>(100.0%)
Total Current Liabilities		**700,546**	**733,340**	**(32,794)**	**(4.7%)**
Non-Current Liabilities					
Provision for employee benefits		8,022	1,663	6,359	79.3%
Total Non-Current Liabilities		**8,022**	**1,663**	**6,359**	**79.3%**
Total Liabilities		**708,568**	**735,003**	**(26,435)**	**(3.7%)**
Net Assets		**188,002**	**198,737**	**10,735**	**5.7%**
Equity					
Asset Revaluation Surplus		24,180	24,507	327	1.4%
Accumulated Surplus		163,822	174,230	10,408	6.4%
Total Equity		**188,002**	**198,737**	**10,735**	**5.7%**

22. Budget to Actual Comparison (Continued)

Explanations of Major Variances - Statement of Financial Position

V2. Cash and cash equivalents are lower than budget due to the Public Trustee continuing to implement its investment strategy, resulting in funds transferred from the QTC Capital Guaranteed Fund into other financial instruments, predominantly floating rate note investments.

V3. Current other financial assets are higher than budget with increased investment in available-for-sale financial assets, to take advantage of favourable interest rates on offer during the year. The Public Trustee budgeted for a much larger investment in the QTC Capital Guaranteed Fund. In addition, the Common Fund has a larger investment portfolio as at the 30 June 2016 compared to budget, with the termination of the Public Trustee of Queensland Higher Growth Trust (Higher Growth Trust), the Public Trustee of Queensland Conservative Fund (Conservative Fund) and the Public Trustee of Queensland Australian Equities Fund (Australian Equities Fund) in August 2015. As a result of the termination of these three funds, $25.7m was transitioned to the Common Fund.

V4. 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 with respect to the Public Trustee's Brisbane head office and regional office buildings. The land and buildings asset class revaluation undertaken in June 2016 contributed to a $0.5m reduction in property, plant and equipment value in comparison to budget.

22. Budget to Actual Comparison (Continued)

Statement of Cash Flows

	Variance Notes	Original Budget 2016 $'000	Actual 2016 $'000	Variance $'000	Variance % of Budget
Cash Flows From Operating Activities					
Inflows:					
Fees received		52,707	53,990	1,283	2.4%
Interest revenue received		29,662	32,208	2,546	8.6%
Other revenue received		294	1,250	956	>100.0%
GST collected from customers		-	6,341	6,341	>100.0%
Net amount accepted of deposits held in trust	5	822	17,344	16,522	>100.0%
Outflows:					
Payments to suppliers and employees		(67,042)	(62,338)	4,704	7.0%
GST paid to suppliers		-	(2,411)	(2,411)	>(100.0%)
GST remitted to ATO		-	(3,813)	(3,813)	>(100.0%)
Interest expense		(12,487)	(13,026)	(539)	(4.3%)
Contributions		(1,316)	(1,108)	208	15.8%
Net Cash From Operating Activities		**2,640**	**28,437**	**25,797**	**>100.0%**
Cash Flows From Investing Activities					
Inflows:					
Sales of other financial assets	6	140,256	170,667	30,411	21.7%
Sales of property, plant and equipment		-	321	321	>100.0%
Outflows:					
Payments for other financial assets	6	(141,533)	(260,140)	(118,607)	(83.8%)
Payments for property, plant and equipment	7	(13,513)	(773)	12,740	94.3%
Payments for intangibles					
Net Cash Flow From Investing Activities		**(14,790)**	**(89,925)**	**(75,135)**	**>100.0%**
Net Increase/(Decrease) in Cash and Cash Equivalents		**(12,150)**	**(61,488)**	**(49,338)**	**>100.0%**
Cash and Cash Equivalents At Beginning of the Financial Year		**237,296**	**238,039**	**743**	**0.3%**
Cash and Cash Equivalents At End Of the Financial Year		**225,146**	**176,551**	**(48,595)**	**(21.6%)**

22. Budget to Actual Comparison (Continued)

Explanations of Major Variances - Statement of Cash Flows

V5. The net amount accepted of deposits held in trust were greater than expected for the financial year due to the termination of the Higher Growth Trust, Conservative Fund and the Australian Equities Fund during August 2015 (refer item 3 above).

V6. The net payments for other financial assets were greater than anticipated as a result of the continued implementation of the investment strategy with increased investment in available-for-sale financial assets, coupled with a larger investment portfolio in comparison to budget.

V7. 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 with respect to the Brisbane head office and regional office buildings.

Administered Unclaimed Moneys

	Variance Notes	Original Budget 2016 $'000	Actual 2016 $'000	Variance $'000	Variance % of Budget
Administered Income					
Interest from investing activities	8	597	740	143	24.0%
Unclaimed Moneys recognised as Consolidated Revenue		3,016	2,964	(52)	(1.7%)
Total		3,613	3,704	91	2.5%
Administered Expenses					
Management fees	9	96	224	(128)	>(100.0%)
Capital rebate fee	10	342	837	(495)	>(100.0%)
Revenue transferable to government	11	3,175	2,643	532	16.8%
Total		3,613	3,704	(91)	(2.5%)
Net Surplus/(Deficit)		**-**	**-**	**-**	**0.0%**
Administered Assets					
Current					
Receivables	9,10	438	1,061	623	>100.0%
Other financial assets	11	3,175	2,643	(532)	(16.8%)
Total		**3,613**	**3,704**	**91**	**2.5%**
Administered Liabilities					
Current					
Other payables		3,613	3,704	(91)	(2.5%)
Total		**3,613**	**3,704**	**(91)**	**(2.5%)**
Net Administered Assets		-	-	-	0.0%

22. Budget to Actual Comparison (Continued)

Administered Unclaimed Moneys (Continued)

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 Moneys held by the Public Trustee for less than six years at 30 June 2016 was $34.5m (refer financial statement Note 23).

Explanations of Major Variances - Administered Unclaimed Moneys

V8. Interest from investing activities is higher than budget due to a higher Unclaimed Moneys balance than expected. Unclaimed Moneys held on average were approximately $6.1m greater than anticipated throughout the year.

V9. Management fees include lodgement and claim fees ($.18m) and remitted unclaimed fees ($0.05m) payable to the Public Trustee. The actuals for 2015-16 were higher than budget, as there has been higher volumes of Unclaimed Moneys received than anticipated. These fees are recoverable from Consolidated Revenue and therefore also included as receivables in this administered statement.

V10. A capital rebate fee ($0.84m) 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 actual capital rebate fee was higher than budget as the volume of claims lodged was greater than anticipated. This fee is recoverable from Consolidated Revenue and is therefore also included as a receivable in this statement.

V11. Revenue transferable to government is less than budget due primarily to the capital rebate fee (refer to item 10 above) being considerably greater than anticipated resulting from the higher volume of claims by Queenslanders during the year.

WHAT WE LOOK AFTER ON BEHALF OF THE GOVERNMENT AND OUR CLIENTS

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

	2016	2015
Administered Income	**$'000**	**$'000**
Interest from investing activities	740	649
Unclaimed Moneys recognised as Consolidated Revenue	2,964	2,964
Total	**3,704**	**3,613**
Administered Expenses		
Management fees	224	178
Capital rebate fee	837	764
Revenue transferable to government	2,643	2,671
Total	**3,704**	**3,613**
Net Surplus/(Deficit)	**-**	**-**
Administered Assets		
Current		
Receivables	1,061	942
Other financial assets	37,174	31,926
Total	**38,235**	**32,868**
Administered Liabilities		
Current		
Other payables	3,704	3,613
Total	**3,704**	**3,613**
Non-Current		
Unclaimed Moneys Fund balance	34,531	29,255
Total	**34,531**	**29,255**
Net Assets	-	-
Equity		
General reserves	-	-

During 2015-16, funds totalling $2.7m (2014-15 $2.3m) were transferred to the Consolidated Fund in accordance with the provision of the *Public Trustee Act 1978*.

24. 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 transactions and balances held outside the Common Fund are not controlled nor administered items. Consequently they are not recognised in the financial statements and are disclosed in these notes for the information of users only. Accordingly, measurement requirements of Australian Accounting Standards do not apply to these amounts held outside the Common Fund.

Clients Assets Held outside the Common Fund at 30 June 2016

Clients	Deposits At Call $'000	Other Investments $'000	Pre & Post Retirement Products $'000	Realty and Homes $'000	Other $'000	PTIF $'000	Total $'000
Financial management (includes assisted living)	50,601	58,499	164,056	293,980	161,077	126,245	854,458
Deceased estates	46,809	33,174	13,461	246,982	438	-	340,864
Minors, general and testamentary trusts	30,375	21,840	1,862	126,054	16,187	164,936	361,254
Other clients	8,944	15,892	4,205	20,074	16,002	11,376	76,493
Total	**136,729**	**129,405**	**183,584**	**687,090**	**193,704**	**302,557**	**1,633,069**

Clients Assets Held outside the Common Fund at 30 June 2015

Clients	Deposits At Call $'000	Other Investments $'000	Pre & Post Retirement Products $'000	Realty and Homes $'000	Other $'000	PTIF $'000	Total $'000
Financial management (includes assisted living)	55,626	67,072	130,540	294,586	125,676	138,845	812,345
Deceased estates	48,434	25,081	13,969	256,394	5,981	1,670	351,529
Minors, general and testamentary trusts	25,131	21,221	3,265	128,783	14,833	185,175	378,408
Other clients	9,196	11,868	4,041	18,825	13,104	15,630	72,664
Total	**138,387**	**125,242**	**151,815**	**698,588**	**159,594**	**341,320**	**1,614,946**

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.

24. Other Funds Managed By The Public Trustee (Continued)

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.

The Public Trustee has appointed AustralianSuper as its preferred supplier of superannuation services for clients of the office. In terms of the arrangement with AustralianSuper, the values of client's holdings are provided to the Public Trustee on a monthly basis and the information systems are updated accordingly. For all other service providers, holdings are valued annually based on the latest product statement.

Realty and Homes

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, financial management, trust) and the services provided by the Public Trustee. Realty assets are valued every three years with no indexation. Detailed valuation rules are contained in relevant operating manuals of the Public Trustee.

Homes include retirement dwellings, relocatable and mobile homes and are valued at original cost or estimated market value.

Other Assets

Other assets include all assets not separately disclosed above. The main items included in this category as at 30 June 2016 and their valuation methods are shown below:

Asset Category	Description	Valuation Method
Business	A full or part share of a business owned by clients	Valuation based on the client's financial statements.
Contributions paid by clients	Contributions paid to aged care facilities by clients	Valuation based on periodic aged care facilities statements.
Chattels	General household items	Valuation based on estimated market value lodged with Centrelink, minimum insurance value or at original cost if purchased by the Public Trustee.
Other	Includes interest in deceased estates and workers' compensation claims	Valuation based on original source document.
Vehicles	Including motor vehicles and bicycles	At original cost or estimated market value.
Liabilities	Secured and general liabilities	Valuation based on periodic statements and invoices.

24. Other Funds Managed By The Public Trustee (Continued)

Public Trustee of Queensland Investment Fund (PTIF)

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 Fund, has ensured that clients have access to tailored financial and investment plans to meet their lifestyle requirements.

In June 2015 the Acting Public Trustee approved the closure of the Conservative Fund, the Australian Equities Fund and the Higher Growth Trust. The three trusts were terminated on 31 August 2015.

As at 30 June 2016, the total amount of client funds held in the PTIF was $303m (2015: $341m). Financial results of the Public Trustee of Queensland Investment Fund do not form part of these financial statements, consistent with the treatment of all clients' assets held outside the Common Fund.

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 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.

OTHER INFORMATION

25. Key Management Personnel Remuneration

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 2015-16 and 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 (Date term completed)
Public Trustee of Queensland (i)	The Public Trustee of Queensland is responsible for the efficient, effective and economic administration of the agency.	*Public Trustee Act 1978*	18/03/2016
Acting Public Trustee of Queensland (ii)	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 (22/3/2016)
Deputy Public Trustee of Queensland and Official Solicitor (ii)	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.	*Public Service Act 2008* SES 3.5 equivalent	23/11/2010
Acting Official Solicitor (ii)	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* SES 2.1 equivalent	24/03/2014 to 22/03/2016 and 1/4/2016 to 22/4/2016
Executive Director, Corporate Services (iii)	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 2.5	04/10/2011
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

25. Key Management Personnel Remuneration (Continued)

(i) The Public Trustee was appointed on 18 March 2016 and commenced duties on 23 March 2016.

(ii) The Deputy Public Trustee of Queensland and Official Solicitor was Acting Public Trustee of Queensland from 23 March 2014 to 22 March 2016.

(iii) From 20 October 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 Policies

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.

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 motor vehicle allowance, the movement in annual leave entitlements during the financial year and leave loading; and
    - Non-monetary benefits – consisting of the provision of any fringe benefits 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 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.

Key Management Personnel Remuneration Expense

The following disclosure focuses on the expense incurred by the Public Trustee that is attributable to key management positions during the respective reporting periods. Therefore the amounts disclosed reflect expenses recognised in the statement of comprehensive income.

25. Key Management Personnel Remuneration (Continued)

Key Management Personnel Remuneration Expense (Continued)

2015-16

Position	Short Term Employee Expenses			Long Term Employee Expenses	Post Employment Expenses	Total Remuneration
	Base	Vehicle Allowance & Annual Leave Mvmt	Non-monetary			
	$'000	$'000	$'000	$'000	$'000	$'000
Public Trustee of Queensland	83	7	-	-	10	**100**
Acting Public Trustee of Queensland	208	13	-	(49)	27	**199**
Deputy Public Trustee of Queensland and Official Solicitor	54	7	-	-	10	**71**
Acting Official Solicitor	106	20	1	3	13	**143**
Executive Director, Client Services	161	28	-	5	21	**215**
Executive Director, Investment Services & Chief Finance Officer	163	32	-	-	20	**215**
Total remuneration	**775**	**107**	**1**	**(41)**	**101**	**943**

2014-15

Position	Short Term Employee Expenses			Long Term Employee Expenses	Post Employment Expenses	Total Remuneration
	Base	Vehicle Allowance & Annual Leave Mvmt	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 & Chief Finance Officer	160	33	-	-	20	**213**
Total remuneration	**778**	**140**	**11**	**62**	**99**	**1,090**

26. 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.

27. Future Impact of Accounting Standards Not Yet Effective

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

(i) AASB 124 - Related Party Disclosures

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 to Note 25) 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.

(ii) AASB 15 Revenue from Contracts with Customers

This Standard will become effective from reporting periods beginning on or after 1 January 2018 and contains much more detailed requirements for the accounting for certain types of revenue from customers. Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of the Public Trustee's goods and services, such that some revenue may need to be deferred to a later reporting period to the extent that the Public Trustee has received cash but has not met its associated obligations (such amounts would be reported as unearned revenue in the meantime).

The Public Trustee is yet to complete its analysis of current arrangements for sale of its goods and services, but at this stage does not expect a significant impact on its present accounting practices.

(iii) AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

These Standards will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards on 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 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.

27. Future Impact of Accounting Standards Not Yet Effective (Continued)

The impact of AASB 9 relates to calculating impairment losses for the Public Trustee's receivables. Assuming no substantial change in the nature of the Public Trustee's receivables, as they don't include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, the Public Trustee will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

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 likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment.

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.

(iv) AASB 16 Leases

This Standard will become effective for reporting periods beginning on or after 1 January 2019. When applied, the standard supersedes AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases – Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Impact for Lessees

Unlike AASB 117 Leases, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the statement of financial position under AASB 16. There will be a significant increase in assets and liabilities for agencies that lease assets. The impact on the reported assets and liabilities would be largely in proportion to the scale of the agency's leasing activities.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the commencement date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the statement of comprehensive income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. If a lessee chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application. The Public Trustee will await further guidance from Queensland Treasury on the transitional accounting method to be applied.

27. Future Impact of Accounting Standards Not Yet Effective (Continued)

The Public Trustee has not yet quantified the impact on the statement of comprehensive income or the statement of financial position of applying AASB 16 to its current operating leases, including the extent of additional disclosure required.

28. First Year Application of New Accounting Standards

The Public Trustee did not voluntarily change any of its accounting policies during 2015-16.

Accounting Standards early adopted for 2015-16

Two Australian Accounting Standards have been early adopted for the 2015-16 year as required by Queensland Treasury. These are:

(i) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]

The amendments arising from this standard seek to improve financial reporting by providing flexibility as to the ordering of notes, the identification and location of significant accounting policies and the presentation of sub-totals, and provides clarity on aggregating line items. It also emphasises only including material disclosures in the notes. The Public Trustee has applied this flexibility in preparing the 2015-16 financial statements, including co-locating significant accounting policies with the related breakdowns of financial statement figures in the notes.

(ii) AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]

This standard amends AASB 13 Fair Value Measurement and provides relief to not-for-profit public sector entities from certain disclosures about property, plant and equipment that is primarily held for its current service potential rather than to generate future net cash inflows. The relief applies to assets under AASB 116 Property, Plant and Equipment which are measured at fair value and categorised within Level 3 of the fair value hierarchy (refer Note 11).

As a result of early adopting the amendments, the following disclosures are no longer required for those assets and have been removed from the 2015-16 financial statements:

- disaggregation of certain gains/losses on assets reflected in the operating result;
- quantitative information about the significant unobservable inputs used in the fair value measurement; and
- a description of the sensitivity of the fair value measurement to changes in the unobservable inputs.

Accounting Standards Applied for the First Time in 2015-16

No new Australian Accounting Standards effective for the first time in 2015-16 had any material impact on this financial report.

Certification of the Public Trustee of Queensland
For The Year Ended 30 June 2016

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 42 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:

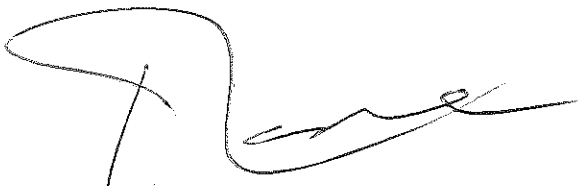
(a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;

(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 for the financial year ended 30 June 2016 and of the financial position of the Public Trustee 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: 24 August 2016



Peter Carne, BA, LLB, FAICD, FAIM
Public Trustee of Queensland

Date: 24 August 2016

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 2016, 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 notes to the financial statements including significant accounting policies and other explanatory information, and certificates given by the Public Trustee and 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 –

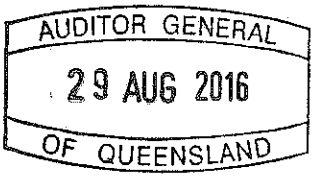
  (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and

  (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 2015 to 30 June 2016 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.

A M GREAVES FCA FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane