

The Public Trustee of Queensland Growth Trust

ABN 95 792 610 481

Financial Statements Year Ended 30 June 2018

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General Information

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

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

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

The Public Trustee of Queensland Growth Trust
Statement of Comprehensive Income
Year Ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Investment Income			
Interest income		19	14
Net gains on financial instruments held at fair value through profit or loss	1	6,369	21,919
Distribution income	2	16,406	19,141
Other income		-	100
Total Net Investment Income		22,794	41,174
Expenses			
Trustee fees		(4,914)	(4,701)
Total Operating Expenses		(4,914)	(4,701)
Profit		17,880	36,473
Finance Costs Attributable To Unitholders			
Distribution to unitholders	3	(11,630)	(14,454)
Increase in net assets attributable to unitholders	5	(6,250)	(22,019)
Profit For the Period		-	-
Other comprehensive income		-	-
Total Comprehensive Income		-	-

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

The Public Trustee of Queensland Growth Trust

Statement of Financial Position

As at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Assets			
Cash and cash equivalents	6	332	502
Distribution receivable		6,850	5,555
Other receivable		44	42
Financial assets held at fair value through profit or loss	7	323,293	312,388
Total Assets		330,519	318,487
Liabilities			
Distributions payable	3	5,720	4,383
Redemption payable		282	436
Trustee fees payable		435	413
Total Liabilities (Excluding Net Assets Attributable to Unitholders)		6,437	5,232
Net Assets Attributable to Unitholders - Liability	5	324,082	313,255

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

The Public Trustee of Queensland Growth Trust

Statement of Changes in Equity Year Ended 30 June 2018

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

Changes in net assets attributable to unitholders are disclosed in Note 5.

The Public Trustee of Queensland Growth Trust

Statement of Cash Flows Year Ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Cash Flows From Operating Activities			
Interest received		18	13
Reduced input tax credit – received		257	246
Distributions received		15,110	19,282
Trustee fees paid		(5,151)	(4,931)
Proceeds from sale of financial instruments held at fair value through profit or loss		16,274	25,099
Purchase of financial instruments held at fair value through profit or loss		(20,808)	(18,408)
Net Cash Flows From Operating Activities		5,700	21,301
Cash Flows From Financing Activities			
Proceeds from applications of units by unitholders		30,292	28,266
Payments for redemptions of units by unitholders		(25,868)	(34,479)
Distributions paid		(10,294)	(14,726)
Net Cash Flows Used In Financing Activities		(5,870)	(20,939)
Net (Decrease)/Increase in Cash and Cash Equivalents		(170)	362
Cash and Cash Equivalents at Beginning of the Financial Year		502	140
Cash and Cash Equivalents at End of the Financial Year		332	502

The above statement should be read with the accompanying notes.

The Public Trustee of Queensland Growth Trust

Statement of Cash Flows Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
Reconciliation of Cash Flows From Operating Activities		
Increase in net assets attributable to unitholders	6,250	22,019
Distributions paid to unitholders	11,630	14,454
Net change in financial instruments held at fair value through profit or loss	(10,905)	(15,328)
Net change in receivables and other assets	(1,297)	139
Net change in payables	22	17
Net Cash Inflow from Operating Activities	5,700	21,301

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

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

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The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

BASIS OF FINANCIAL STATEMENTS PREPARATION

a) General Information

The Public Trustee of Queensland Growth Trust (the Trust) is a unit trust structure and was constituted by a Trust Deed Poll on 10 July 1996. The Trust will terminate on 10 July 2076 unless terminated earlier in accordance with the provisions of the Trust Deed.

The Trust Administrator and Registry provider is BDO (Qld) Pty Ltd ACN 134 242 434. The Investment Manager is QIC Limited ('QIC') ACN 130 539 123.

The financial statements for the year ended 30 June 2018 were authorised for issue by the Public Trustee of Queensland and the Executive Director Investment & Finance Services & CFO at the date of signing the Public Trustee of Queensland's Declaration.

The Trust was established by the Public Trustee to provide clients of the Public Trustee with a wide range of investment options to meet their lifestyle requirements.

b) Compliance with Prescribed Requirements

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) in Australia and comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the AASB.

c) Presentation Matters

All amounts are presented in Australian dollars and have been rounded to the nearest \$1,000 or, where the amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

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

d) Basis of Measurement

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

e) The Reporting Entity

The Trust is a for-profit entity for the purpose of preparing the financial statements.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

NOTES ABOUT OUR FINANCIAL PERFORMANCE

1. Net Gains/(Losses) on Financial Instruments held at Fair Value through Profit or Loss

	2018	2017
	\$'000	\$'000
Financial assets	6,369	21,919
Net gain/(loss) on financial assets held at fair value through profit or loss	6,369	21,919

Accounting Policy - Financial Instruments

Classification

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

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

Recognition / De-recognition

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

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

Measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

The Public Trustee of Queensland Growth Trust
Notes to the Financial Statements
Year Ended 30 June 2018

2. Distribution Income

Distributions from financial assets held at fair value through profit or loss are as follows:

	2018	2017
	\$'000	\$'000
Distributions	16,406	19,141
Total distributions from financial assets held at fair value through profit or loss	16,406	19,141

Accounting Policy – Distribution Income

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

3. Distribution to Unitholders

The distributions for the year were as follows:

	2018	2018	2017	2017
	\$'000	CPU*	\$'000	CPU*
Distribution paid - 30 September 2017	1,160	0.3242	2,575	0.7151
Distribution paid - 31 December 2017	2,030	0.5640	1,938	0.5354
Distribution paid - 31 March 2018	2,720	0.7482	5,558	1.5440
Distribution payable - 30 June 2018	5,720	1.5828	4,383	1.2301
Total distribution	11,630	3.2192	14,454	4.0246

* CPU is cents per unit

Accounting Policy – Distribution to Unitholders

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

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

4. Remuneration of Auditors

During the year audit fees of \$20,500 (2017: \$20,000) were paid or payable by the Public Trustee to Queensland Audit Office for services provided by the auditor of the Trust. Fees for the audit of financial statements are included as part of the Trustee Fees in the statement of comprehensive income.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

NOTES ABOUT OUR FINANCIAL POSITION

5. Net Assets Attributable to Unitholders

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

	2018	2017
Amount	\$'000	\$'000
Opening balance	313,255	297,885
Applications	30,292	28,266
Redemptions	(25,715)	(34,915)
Change in net assets attributable to unitholders	6,250	22,019
Closing balance	324,082	313,255

Units (No's)	Unit No's '000	Unit No's '000
Opening balance	356,322	364,029
Application	33,628	32,873
Redemptions	(28,598)	(40,580)
Closing balance	361,352	356,322

Accounting Policy - Net Assets Attributable to Unitholders

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

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

Accounting Policy - Applications and Redemptions

The Trust utilises a buy-sell spread methodology to ensure that unitholders joining or leaving the Trust contribute to the transaction costs incurred by the Trust in buying or selling assets within the Trust. The buy-sell spread is retained by the Trust to cover transactional costs and to ensure equity among unitholders is maintained.

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

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

5. Net Assets Attributable to Unitholders (Continued)

Disclosure

Capital Risk Management

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

The Public Trustee reviews the daily applications and redemptions relative to the liquidity of the Trust's underlying assets on a daily basis. From 1st July 2018, this will be changed to twice weekly. Under the terms of the Trust Deed, the Public Trustee has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders.

The Trust does not have any externally imposed capital requirements.

The Investment Manager manages the capital of the Trust in accordance with the Trust's investment objectives, policies and restrictions, as outlined in the Trust's product information statement, while maintaining sufficient liquidity to meet participating unitholders' redemptions.

The Investment Manager reviews the capital structure on a monthly basis. As part of this review, the Investment Manager considers the risks associated with each asset class.

6. Cash and Cash Equivalents

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

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

The Public Trustee of Queensland Growth Trust
Notes to the Financial Statements
Year Ended 30 June 2018

7. Financial Assets held at Fair Value through Profit or Loss

	2018	2017
	\$'000	\$'000
Designated at fair value through profit or loss		
Unlisted unit trusts	323,293	312,388
Total financial assets held at fair value through profit or loss	323,293	312,388

Comprising:

Unlisted unit trusts

Units in growth trusts	320,669	309,107
Units in cash trusts	2,624	3,281
Total	323,293	312,388

An overview of the risk exposures of fair value measurements relating to financial assets at fair value through profit or loss is included in Note 10.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES

8. Fair Value Measurement

The Trust measures and recognises financial assets at fair value through profit or loss (FVTPL) (see Note 7) on a recurring basis. The Trust has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Level 3 - Inputs for the asset or liability that are substantially derived from unobservable inputs.

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

9. Accounting Estimates and Judgements

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

The majority of the Trust's financial investments are in QIC unlisted trusts and QIC (the investment manager) may use estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year.

10. Financial Risk Management

The Trust's investment activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

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

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

(a) Risk Management Framework

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

The Investment Manager of the QIC Growth Fund has been given a discretionary authority to manage the assets in line with the QIC Growth Fund's investment objectives and employs a disciplined approach to the management of risk. The Trust's portfolio is constructed utilising investments that provide exposure to different asset classes, the returns from which have low correlation. The aim of this strategy is to provide an appropriate risk adjusted return on the whole, so as to strengthen diversification and consequently reduce the overall effect on asset specific risk.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

10. Financial Risk Management (Continued)

(a) Risk Management Framework (Continued)

The Investment Manager of the QIC Growth Fund will set asset allocation targets within the approved Dynamic Asset Allocation (DAA) and alter the asset allocation targets to allow the portfolio to move within the DAA ranges, depending on expected future asset class returns.

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

(b) Market Risk

(i) Price Risk

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

The Investment Manager of the QIC Growth Fund mitigates price risk through diversification and a careful selection of investments within the DAA ranges.

The following table is a summary of the DAA ranges pertaining to the QIC Growth Fund and the exposure of the Trust to these asset classes as at 30 June 2018.

QIC Growth Trust Asset Class	Dynamic Asset Allocation Ranges		Actual Exposure	Actual Exposure
	Minimum	Maximum	2018	2017
Global equities	25%	75%	54%	52%
Global fixed interest	-15%	35%	7%	8%
Other alternatives	-10%	40%	14%	14%
Cash	-15%	35%	15%	16%
Global real estate	0%	15%	5%	5%
Global infrastructure	0%	15%	3%	3%
Global private equity	0%	10%	2%	2%

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

10. Financial Risk Management (Continued)

(b) Market Risk (Continued)

(i) Price Risk (Continued)

The following table summarises the impact on the Trust's net assets attributable to unitholders of an increase/decrease in the value of the Trust's investment in unlisted unit trusts. The analysis is based on the assumptions that the unlisted unit trusts' net asset values increased by 9.0% (2017: 9.0%) and decreased by 9.0% (2017: 9.0%) with all other variables held constant.

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

	2018	2017
Impact on Operating Profit/Net Assets Attributable to Unitholders	\$000	\$000
Fair value of investments in unlisted unit trusts increased by 9.0% (2017:9.0%)	29,096	28,115
Fair value of investments in unlisted unit trusts decreased by 9.0% (2017:9.0%)	(29,096)	(28,115)

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

The 9.0% change in the fair value of investments in unlisted unit trusts has been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in the fair value of investments in the unlisted unit trusts.

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

(c) Credit Risk

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

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

(i) Unlisted Unit Trusts

The credit risk arising on investments in unlisted unit trusts is mitigated by investing with QIC who is well recognised and has a proven track record of delivering on its stated investment objectives. Continual monitoring of QIC by the Public Trustee is also carried out on an ongoing basis.

QIC separately carries out extensive due diligence on any proposed underlying investment managers prior to making an investment allocation to ensure these managers are well recognised and have a proven track record of delivering on their stated investment objectives.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

10. Financial Risk Management (Continued)

(c) Credit Risk (Continued)

(ii) Cash and Cash Equivalents

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

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

(d) Liquidity Risk

Liquidity risk is the risk that the Trust 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 Trust has been exposed to daily cash redemptions of redeemable units during the financial year. From 1 July 2018, this will change to twice weekly. Investments in unlisted unit trusts expose the Trust to the risk that the manager of those unlisted unit trusts may be unwilling or unable to fulfil the redemption requests within the timeframe requested by the Trust.

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

Units are redeemed on demand at the unitholder's option (except as noted above). Accordingly for both the 2017 and 2018 financial periods, the Trust's non-derivative financial liabilities contractual maturity is classified within 1 month. However, the Public Trustee does not envisage that the contractual maturity will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

11. Events Occurring after the Reporting Period

There were no significant events that have occurred since the end of the reporting period which would impact on the financial position of the Trust disclosed in the statement of financial position as at 30 June 2018 or on the results and cash flows of the Trust for the period ended on that date.

12. Contingent Assets and Liabilities and Commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2018 and 30 June 2017.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

OTHER INFORMATION

13. Key Management Personnel

(a) Trustee

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

(b) Details of Key Management Personnel

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

Position	Responsibilities
The Public Trustee of Queensland	The Public Trustee of Queensland is responsible for administering the fiduciary obligations of the Trust.
Executive Director, Investment and Finance Services and CFO	The Executive Director, Investment and Finance Services and CFO is responsible for the strategic direction of the Trust.
Director, Investment and Taxation Services	The Director, Investment and Taxation Services is responsible for the operational management of the Trust.

14. Related Party Transactions

(i) Transactions with people/entities related to Key Management Personnel

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

(ii) Trustee Fees and Other Transactions

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

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

The annual Trustee fees are grossed up for GST and reduced by the Reduced Input Tax Credits (RITCs) allowed. The annual Trustee fees of the Trust (including GST and reduced by RITCs) are 1.52% (2017: 1.52%).

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

14. Related Party Transactions (Continued)

(iii) Trustee Fee Rebate

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

	30 June 2018	30 June 2017
Net asset value	Rebate %	Rebate %
First \$100,000	-	-
Next \$150,000	0.15%	0.15%
Next \$250,000	0.40%	0.40%
Next \$500,000	0.45%	0.45%
Next \$9M	0.85%	0.85%
Next \$15M	1.00%	1.00%
Over \$25M	1.05%	1.05%

15. Taxation

(i) Income Tax

Under current legislation, the Trust is not subject to income tax as unitholders are presently entitled to the income of the Trust. The benefit of imputation credits and foreign tax paid are passed on to unitholders.

(ii) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Trust by third parties such as trustee fees have been passed onto the Trust. The Trust qualifies for RITCs at a rate of 55% (2017: 55%); hence expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office (ATO). Payables are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

16. First Year Application of New Accounting Standards or Change in Accounting Policy

Changes in Accounting Policy

The Trust did not voluntarily change any of its accounting policies during 2017-18.

Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2017-18.

Accounting Standards Applied for the First Time

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2017 that have a material impact on the Trust.

17. 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 effective dates are set out below:

AASB 9 *Financial Instruments* (and applicable amendments)

This standard will first apply to the Trust's financial statements for 2018-19 with a 1 July 2018 date of transition. The main impacts of these standards on the Trust are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Trust'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 reviewed the impact of AASB 9 on the classification and measurement of the Trust's financial assets. The following summarises the estimated impact (or ranges of estimates) of AASB 9 in relation to the change of categorisation and valuation of the amounts reported in Note 7.

- i. All financial assets listed in Note 7 will continue to be classified as fair value through profit or loss with no change from their existing measurement basis. As such, no change to the opening balances of these financial assets is expected on 1 July 2018.
- ii. AASB 9 introduces a new impairment model, however, as the Trust's investments are held at fair value through profit or loss, the change in impairment rules will not impact the Trust.

The Public Trustee of Queensland Growth Trust

The Public Trustee of Queensland's Declaration

Year Ended 30 June 2018

In the opinion of The Public Trustee of Queensland:

- a) These general purpose financial statements have been prepared pursuant to the Trust Deed Poll and any Supplemental Trust Deed Polls, the *Public Trustee Act 1978* (the Act) and other prescribed requirements;
- b) The prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- c) The statements present fairly, in accordance with prescribed accounting standards, the transactions of the Trust for the period ended 30 June 2018 and of the financial position of the Trust at the end of that year.



Justine Callaghan
BCom, CPA, GAICD
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Peter Carne
BA, LLB, FAICD
Public Trustee of Queensland

Brisbane
23 August 2018

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INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of The Public Trustee of Queensland Growth Trust

In my opinion, the financial report:

- a) gives a true and fair view of the trust's financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended
- b) complies with the Trust Deed Poll of The Public Trustee of Queensland Growth Trust dated 10 July 1996 and any Supplemental Trust Deed Polls and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the trustee's declaration.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Other information

Other information comprises the information included in the Public Trustee of Queensland's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon.

The Trustee is responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the Trustee for the financial report

The trustee is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Trust Deed Poll of The Public Trustee of Queensland Growth Trust dated 10 July 1996 and any Supplemental Trust Deed Polls and Australian Accounting Standards, and for such internal control as the trustee determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The trustee is also responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the trust or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trust.
- Conclude on the appropriateness of the trust's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



John Welsh
as delegate of the Auditor-General

23 August 2018

Queensland Audit Office
Brisbane