

Public Trustee

Financial report
for the year
ended 30 June
2021



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To the Public Trustee Public Trustee

Opinion

I have audited the financial report of the Public Trustee for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Public Trustee as at 30 June 2021, its financial performance and its cash flows for year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021 for the Corporate Operations
- a Statement of Financial Position as at 30 June 2021 for the Corporate Operations
- a Statement of Changes in Equity for the year ended 30 June 2021 for the Corporate Operations
- a Statement of Cash Flows for the year ended 30 June 2021 for the Corporate Operations
- a Statement of Trusts being Administered for the year ended 30 June 2021
- a Statement of Comprehensive Income for the year ended 30 June 2021 for each of the Common Funds
- a Statement of Financial Position as at 30 June 2021 for each of the Common Funds
- a Statement of Cash Flows for the year ended 30 June 2021 for each of the Common Funds
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Public Trustee and the Chief Operating Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and 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 Public Trustee. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Chief Executive for the financial report

The Public Trustee is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Public Trustee is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Public Trustee is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 26(2), 30(2) and 50(2) of the *Public Trustee Act 1995*, I have audited the financial report of the Public Trustee for the financial year ended 30 June 2021.

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 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 the 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 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 the purpose of expressing an opinion on the effectiveness of the Public Trustee's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Public Trustee
- conclude on the appropriateness of the Public Trustee'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 entity'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 the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity 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.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Public Trustee about, 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 the audit.



Andrew Richardson

Auditor-General

24 September 2021

Public Trustee
Certification of Financial Statements
for the year ended 30 June 2021

Certification of the financial statements

We certify that the accompanying Public Trustee Corporate Statements, Common Fund Statements and Statement of Trusts being administered and the notes there to:

- are in accordance with the accounts and records of the authority; and
- comply with relevant Treasurer's instructions; and
- comply with relevant accounting standards; and
- present a true and fair view of the financial position of the Public Trustee at the end of the financial year and the result of its operations and cash flows for the financial year.

We certify that Internal controls employed by the Public Trustee for the financial year over its financial reporting and its preparation of financial statements have been effective.



.....
Nicolle Rantanen
Public Trustee



.....
Tony Brumfield
Chief Operating Officer

Date 17 September 2021
.....

Public Trustee

**Corporate
Financial Statements**

For the year ended 30 June 2021

Public Trustee
CORPORATE
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Fees and charges	2.1	23 262	22 601
Community Service Obligations	2.3	5 509	5 243
Interest	2.4	56	177
Unrealised gains on financial assets		1 693	-
Investment income		1 600	1 001
Depreciation write back	4.2	-	2 464
Other income	2.5	70	722
Total income		32 190	32 208
Expenses			
Employee benefits expenses	3.3	16 815	16 906
Supplies and services	4.1	5 685	5 659
Unrealised losses on financial assets		-	1 518
Impairment of receivables		20	-
Net loss from disposal of non-current assets		-	34
Depreciation and amortisation	4.2	1 687	2 091
Borrowing costs	4.3	336	325
Total expenses		24 543	26 533
Net result before income tax equivalents		7 647	5 675
Income tax equivalent		2 294	1 703
Net result after income tax equivalents		5 353	3 972
Total comprehensive result		5 353	3 972

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

Public Trustee
CORPORATE
Statement of Financial Position
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	6.1	8 400	12 274
Receivables	6.2	2 158	1 078
Total current assets		10 558	13 352
Non-current assets			
Other financial assets	6.3	20 649	19 241
Property plant and equipment	5.1	13 017	14 502
Intangible assets	5.4	583	451
Total non-current assets		34 249	34 194
Total assets		44 807	47 546
Current liabilities			
Payables	7.1	2 601	2 540
Financial liabilities	7.2	1 050	972
Contract liabilities	2.2	34	108
Employee benefits	3.4	2 200	2 153
Provisions	7.3	239	147
Total current liabilities		6 124	5 920
Non-current liabilities			
Payables	7.1	329	363
Financial liabilities	7.2	12 991	14 041
Employee benefits	3.4	3 409	3 723
Provisions	7.3	20	142
Total non-current liabilities		16 749	18 269
Total liabilities		22 873	24 189
Net assets		21 934	23 357
Equity			
Contributed Capital		150	-
Retained earnings		21 784	23 357
Total equity		21 934	23 357

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

Public Trustee
CORPORATE
Statement of Changes in Equity
for the year ended 30 June 2021

	Note	Contributed capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019		-	20 975	20 975
Change in accounting policy		-	(74)	(74)
Restated Balance at 1 July 2019		-	20 901	20 901
Net result for 2019-20		-	3 972	3 972
Total comprehensive result for 2019-20		-	3 972	3 972
Transactions with State Government as owner				
Dividends Paid		-	(1 516)	(1 516)
Balance at 30 June 2020		-	23 357	23 357
Net result for 2020-21			5 353	5 353
Total comprehensive result for 2020-21		-	5 353	5 353
Transactions with State Government as owner				
Equity contribution received		150	-	150
Dividends Paid		-	(6 926)	(6 926)
Balance at 30 June 2021		150	21 784	21 934

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

The Public Trustee
CORPORATE
Statement of Cash Flows
for the year ended 30 June 2021

		2021 (Outflows) Inflows \$'000	2020 (Outflows) Inflows \$'000
Cash flows from operating activities	Note		
Cash inflows			
Fees and Charges		24 734	25 268
Community service obligations		5 509	5 243
Investment income		1 169	792
Sundry income		70	190
Interest		74	186
Cash generated from operations		31 556	31 679
Cash outflows			
Employee benefit payments		(17 135)	(17 599)
Payments for supplies and services		(6 462)	(6 224)
Tax equivalents		(2 110)	(1 725)
GST remitted to ATO		(1 590)	(1 574)
Interest paid		(336)	(325)
Cash used in operations		(27 633)	(27 447)
Net cash provided by operating activities	8.1	3 923	4 232
Cash flows from investing activities			
Cash inflows			
Proceeds from sales/maturities of investments		1 287	3 015
Cash generated from investing activities		1 287	3 015
Cash outflows			
Purchase of financial assets		(1 002)	(755)
Purchase of intangibles		(297)	(218)
Purchase of property, plant and equipment		(37)	(12)
Cash used in investing activities		(1 336)	(985)
Net cash provided by/(used in) investing activities		(49)	2 030
Cash flows from financing activities			
Cash inflows			
Capital contribution from Government		150	-
Cash generated from financing activities		150	-
Cash outflows			
Dividend distribution to State Government		(6 926)	(1 516)
Lease liabilities repaid		(972)	(1 561)
Cash used in financing activities		(7 898)	(3 077)
Net cash used in financing activities		(7 748)	(3 077)
Net increase/(decrease) in cash and cash equivalents		(3 874)	3 185
Cash and cash equivalents at 1 July		12 274	9 089
Cash and cash equivalents at 30 June	6.1	8 400	12 274

The accompanying notes form part of these financial statements.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2021

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The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1. About the Public Trustee

The office of the Public Trustee was established in 1881 and is constituted under the provisions of the *Public Trustee Act 1995*. The Public Trustee is a statutory officer pursuant to the *Public Trustee Act 1995*. The Public Trustee is a body corporate with the powers of a natural person.

The Public Trustee does not control any other entity and has no interests in unconsolidated structured entities. The financial statements and accompanying notes include all the controlled activities of the Public Trustee.

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

For the purposes of preparing the financial statements, the Public Trustee is a not-for-profit entity. The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Public Trustee has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

The *Public Trustee Act 1995*, through the provisions of Sections 47 and 48, provides for the payment to Government of taxation equivalents and dividends. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate be applied to the net profit. The Public Trustee consults with the Minister as to whether a dividend should be paid to the Treasurer for that financial year and, if so, as to the amount of the dividend.

The Public Trustee is also liable for payroll tax, fringe benefits tax and goods and services tax.

1.2. Objectives

The Public Trustee provides financial and administrative services to eligible South Australians. The Public Trustee's services include will making, powers of attorney preparation and estate and trust administration. We help those who cannot manage their own affairs, and those who have trusted us to assist them.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.3. Impact of COVID-19 pandemic on the Public Trustee

The COVID-19 pandemic has impacted on the operations of the Public Trustee and the impacts are included under the relevant disclosure notes. The key impacts in 2020-21 were:

- Unavoidable additional expenditure of approximately \$204 000 to maintain business operations.
- Lower than budgeted commissions revenue.
- Operational changes continued to enable our employees to work from home and utilise flexible employment practices.

1.4. Significant transactions with government related entities

Significant transactions with the SA Government include:

- Community Service Obligations \$5 509 000 (2020: \$5 243 000)
- Lease Payments to Department for Infrastructure and Transport \$1 490 000 (2020: \$2 154 000)
- Dividends \$6 926 000 (2020: \$1 516 000)
- Income tax equivalents \$2 294 000 (2020: \$1 703 000)

2. Income

2.1. Fees and charges

	2021	2020
	\$'000	\$'000
Revenue from contracts with customers	23 262	22 601
Total fees and charges	23 262	22 601

Timing of revenue recognition - point in time

Fees and charges

Capital Commission	6 890	6 034
Income Commission	4 021	4 532
Management fees ¹	10 008	9 843
Professional Fees	2 343	2 192
Total fees and charges	23 262	22 601

¹ A management fee is charged against Common Funds at the rate of one-twelfth of one percent of the value of each fund as at the first business day of the month. The management fee for the cash common fund was discounted for part of 2020-21 to avoid negative returns to customers in the current low interest rate environment.

Revenue recognition

The Public Trustee's source of revenue arises through the provision of the following services:

- Personal Estate Administration - managing the financial affairs of eligible South Australians who cannot manage their own affairs.
- Deceased Estate Administration
- Trust Administration
- Various professional services such as will and enduring power of attorney writing for concession holders, taxation return preparation and examination of private administrators accounts.

Under AASB 15, the Public Trustee recognises revenue when or as the performance obligation in a contract with a customer is satisfied ie when "control" of the services underlying the particular performance obligation is transferred to the customer.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2021

2.1. Fees and charges (continued)

Information on the Public Trustee's revenue recognition policies and performance obligations are summarised below:

Capital Commission

The Public Trustee earns capital commission primarily from the disposal of financial and non-financial assets. The performance obligation is the effective administration of the customers affairs.

Given the indeterminate length of the contract associated with administering customer affairs and the inherent uncertainties in determining capital commission, revenue is recognised at the time of the asset event when the revenue becomes reliably measurable. This point in time is at the time of the asset disposal with the exception of Trust administration where capital commission is earned during the on boarding of the Trust on funds transferred from an external party.

Income Commission and Management Fees

Income commission specifically relates to the Public Trustee's effort to perform administration duties for the customer. Management fees are earned on managing customer investments.

The performance obligation is satisfied each time a service is performed on behalf of the customer. Income commission revenue is recognised on receipt of income for example, interest income, pensions and rental income. Management fee revenue is recognised monthly in arrears.

Professional Service Fees

The performance obligation for professional services is satisfied at a point in time upon completion of the service. Revenue is recognised at the completion of the professional service for example at the completion of the will writing or taxation return.

2.2. Contract balances

	30 June	1 July
	2021	2020
	\$'000	\$'000
Receivables from contracts with customers, included in 'Receivables'	205	131
Contract liabilities	34	108

Contract liabilities primarily relate to prepayment of financial examination fees for letters of administrations customers. The fees are paid in advance and recognised as revenue when the examination process is completed.

Revenue totalling \$104 000 was recognised in 2020-21 that was included in contract liabilities at 1 July 2020. No revenue related to adjustments to prices for performance obligations satisfied or partially satisfied in prior periods.

2.3. Community Service Obligations

	2021	2020
	\$'000	\$'000
Community service obligations from SA Government	5 509	5 243
Total Community Service	5 509	5 243

The Public Trustee is required under its charter to provide a number of non-commercial services to the South Australian community on behalf of the government. The government provides the Public Trustee with funding, in accordance with a community service obligation payment, to compensate for these non-commercial activities. These activities include managing the affairs of eligible South Australians who cannot manage their own affairs, managing small trusts, regulation of private administrators and litigation guardianship matters. Will making and enduring power of attorney writing services were approved as new community service obligation activities for 2019-2020.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2021

2.4. Interest

	2021	2020
	\$'000	\$'000
Interest on operating account	1	12
Interest on fixed term investments	55	165
Total interest	56	177

2.5. Other income

	2021	2020
	\$'000	\$'000
Recoupment of salaries and oncosts	-	89
Gain On Lease Modification	-	532
Sundry income	70	101
Total other income	70	722

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the Public Trustee include the Attorney-General, the Chief Executive, Attorney-General's Department and the Public Trustee Executive who have responsibility for the strategic direction and management of the office. Total compensation for key management personnel was \$881 000 in 2020-21 and \$901 000 in 2019-20. The compensation detailed below excludes salaries and other benefits the Attorney-General receives; the Attorney-General's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

	2021	2020
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	803	825
Post-employment benefits	78	76
Total	881	901

The compensation detailed above excludes the salary and other benefits the Chief Executive, Attorney-General's Department receives as these are paid by the Attorney-General's Department.

Transactions with key management personnel and other related parties

Compensation of key management personnel is disclosed above. There were no other transactions with key management personnel or other related parties (2020: Nil).

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.2. Remuneration of Board and Committee members

Members during the 2021 financial year were:

The Public Trustee Audit and Risk Management Committee:

V Hickey (chair) S Woolhouse* (ceased 31 January 2021)
 C Oerman D Corcoran*
 L Jones* (appointed 1 February 2021)

The Public Trustee Investment Advisory Committee:

D Holston (chair) S Calder
 T Brumfield* F Bartlett
 N Rantanen* K Kelly*

The Public Trustee ICT Committee

N Rantanen* (chair) D Martino*
 K Kelly* M Hanson*
 T Brumfield*

The Public Trustee Work Place Consultative Committee

M Doyle (chair) S Palmer* (appointed 2 February 2021)
 N Rantanen* N Hughes* (ceased 18 December 2020)
 K Kelly*

The Work Place Consultative Committee attendees also include, two management representatives, two Public Service Association of SA Inc. representatives, one Public Service Association industrial officer and up to seven staff representatives.

The Public Trustee Health and Safety Committee

S Virgili (chair)* N Hughes* (ceased 18 December 2020)
 K Kelly* S Palmer* (appointed 2 February 2021)

The Public Trustee Health and Safety Committee attendees also include, one management representative and up to seven worker representatives.

The Public Trustee Customer Experience Committee

K Kelly (chair)* S Morgante* (appointed 4 January 2021)
 T Brumfield* B McKenzie* (ceased 16 April 2020)
 S Dinning* S Fox* (appointed 18 January 2021)
 K Sinkinson* A Hoogeveen* (appointed 19 April 2021)
 N Rantanen* J Baxter* (ceased 31 December 2020)

The Public Trustee Customer Experience Committee attendees also includes no more than 3 representatives from Team Leaders/ Front line staff.

*In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for committee duties during the financial year.

Board and committee remuneration

The number of members whose remuneration received or receivable falls within the following bands:

	2021	2020
\$0 - \$19 999	5	5
\$20 000 - \$39 999	1	1
Total number of members	6	6

The total remuneration received or receivable by members was \$60 000 (2020: \$53 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.3. Employee benefits expenses

	2021	2020
	\$'000	\$'000
Salaries and wages	13 075	12 958
Targeted voluntary separation packages	203	-
Long service leave	(17)	54
Annual leave	1 182	1 281
Skills and experience retention leave	66	87
Employment on-costs - superannuation	1 460	1 424
Employment on-costs - other	778	782
Board and committee fees	60	53
Other employee related expenses	2	7
Workers compensation	6	260
Total employee benefits expenses	16 815	16 906

Employment on-costs - superannuation

The superannuation employment on-cost charge represents the Public Trustee's contributions to superannuation plans in respect of current services of current employees.

Executive remuneration

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

	2021	2020
	No.	No.
\$154 001 - \$174 000	1	2
\$174 001 - \$194 000	1	1
\$234 001 - \$254 000	1	1
\$314 001 - \$334 000	1	-
\$354 001 - \$374 000	-	1
Total	4	5

The total remuneration received by those employees for the year was \$928 000 (2020: \$1 126 000).

The table includes all employees whose normal remuneration was equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits as well as any termination benefits for employees who have left the Public Trustee.

Targeted voluntary separation packages (TVSPs)

The number of employees who received a TVSP during the reporting period was 2 (2020: nil).

	2021	2020
	\$'000	\$'000
Amounts paid to separated employees:		
Targeted voluntary separation packages	203	-
Leave paid to separated employees	65	-
Net cost to the Public Trustee	268	-

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.4. Employee benefits liability

	2021	2020
	\$'000	\$'000
Current		
Accrued salaries and wages	414	356
Annual leave	1 206	1 172
Long service leave	431	471
Skills and experience retention leave	149	154
Total current employee benefits	2 200	2 153
Non-current		
Long service leave	3 409	3 723
Total non-current employee benefits	3 409	3 723
Total employee benefits	5 609	5 876

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salaries and wages, annual leave, skills and experience retention leave and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability and the skills and experience retention leave liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Details about the measurement of long service leave liability is provided at note 10.1.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2021

4. Expenses

Employee benefits expenses are disclosed in note 3.3.

4.1. Supplies and services

	2021	2020
	\$'000	\$'000
Minor works, maintenance and equipment	19	8
Insurance	361	330
Information technology and communications	1 935	1 642
Accommodation	500	727
Legal expenses	8	24
Service contractors	1 487	1 130
Other Supplies and services	955	1 570
Auditors remuneration	226	228
Consultants	194	-
Total supplies and services	5 685	5 659

Auditors remuneration represents audit fees paid/payable to the Auditor General's Department relating to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

Consultants

The number of consultancies and the dollar amount paid/payable (included in supplies and services expense) to consultants that fell within the following bands:

	2021	2021	2020	2020
	No.	\$'000	No.	\$'000
\$10 000 or above	2	194	-	-
Total	2	194	-	-

4.2. Depreciation and amortisation

	2021	2020
	\$'000	\$'000
Plant and equipment	72	122
Right-of-use assets	1 047	1 196
Accommodation and Leasehold improvements	413	652
Intangible assets	155	121
Total depreciation and amortisation	1 687	2 091

All non-current assets with a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

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4.2. Depreciation and amortisation (continued)

Useful life

Depreciation and amortisation are calculated on a straight-line basis. Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows:

<u>Class of fixed asset</u>	<u>Useful life (years)</u>
Accommodation and Leasehold improvements	10
Plant and equipment	3 – 5
Right-of-use assets	3 – 10
Intangibles	3 – 5

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

On the lease extension date at 24 May 2020 the useful life of the initial leasehold improvements that remain in use (\$4.882 million) was extended by a further 10 years in line with the lease extension. This resulted in a write back of depreciation of \$2.464 million in the 2019-20 financial year.

4.3. Borrowing costs

	2021	2020
	\$'000	\$'000
Interest on lease liabilities	336	325
Total borrowing costs	336	325

The Public Trustee does not capitalise borrowing costs.

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5. Non-financial assets

5.1. Property, Plant and equipment by asset class

Property, Plant and equipment comprises tangible assets owned and right-of-use (leased) assets.

	2021	2020
	\$'000	\$'000
Accommodation and leasehold improvements		
Leasehold improvements at cost	6 595	6 595
Accumulated depreciation at the end of the reporting period	(2 917)	(2 504)
Total Accommodation and Leasehold improvements	3 678	4 091
Right-of-use Building		
Office accommodation lease	22 630	22 593
Accumulated depreciation at the end of the reporting period	(13 355)	(12 319)
Total right-of-use building	9 275	10 274
Plant and equipment		
Plant and equipment at cost	526	1 256
Accumulated depreciation at the end of the reporting period	(468)	(1 136)
Total plant and equipment	58	120
Right-of-use vehicles		
Right-of-use vehicles	21	28
Accumulated depreciation at the end of the reporting period	(15)	(11)
Total right-of-use vehicles	6	17
Total Property Plant and Equipment	13 017	14 502

A review of plant and equipment with a written down value of zero was conducted during the 2020-21 year. Items that were fully depreciated and no longer held by the Public Trustee have been removed from the asset register resulting in a lower cost and accumulated depreciation figure in 2021.

The asset capitalisation threshold was increased in December 2020 from \$5 000 to \$10 000. In accordance with accounting standard AASB 108 the change has been applied retrospectively. Comparatives have been restated and adjustments were made against opening balances of equity for the earliest prior period presented to deal with items which relate to the financial years earlier than the comparative year.

Impairment

Property, plant and equipment owned by the Public Trustee has not been assessed for impairment as they are non-cash generating assets that are specialised in nature and held for continual use of service capacity.

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5.2. Property, plant and equipment owned by the Public Trustee

Property, plant and equipment owned by the Public Trustee with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by the Public Trustee is recorded at fair value. Detail about the Public Trustee's approach to fair value is set out in note 10.2.

Reconciliation of property, plant and equipment 2020-21

	Plant and equipment	Accommodation & Leasehold improvements	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2020	120	4 091	4 211
Acquisitions	10	-	10
Depreciation and amortisation	(72)	(413)	(485)
Carrying amount at 30 June 2021	58	3 678	3 736

Reconciliation of property, plant and equipment 2019-20

	Plant and equipment	Accommodation & Leasehold improvements	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2019	229	666	895
Acquisitions	13	1 647	1 660
Disposals	-	(34)	(34)
Depreciation and amortisation	(122)	(652)	(774)
Write back of Depreciation	-	2 464	2 464
Carrying amount at 30 June 2020	120	4 091	4 211

5.3. Property, plant and equipment leased by the Public Trustee

Right-of-use assets for property, plant and equipment leased by the Public Trustee as lessee are measured at cost. Additions to leased property, plant and equipment during 2020-21 were \$37 000 (2020: \$22 621 000). The additions in 2020 relate to the accounting standard changes for leases and right-of-use assets being recognised for the first time.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15 000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 4.1.

The Public Trustee has a limited number of leases:

- 2 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60 000km) up to 5 years (100 000km). No variable lease payments are provided for in the lease agreements and no options exist to renew the leases at the end of their term.
- An office accommodation lease located at 211 Victoria Square Adelaide. The initial accommodation lease commenced 24 May 2010 with an area of 3 717.20m² for a period of 10 years with a right of renewal of 5 years. A lease extension was negotiated for a further 10 years from 24 May 2020 with a right of renewal of 5 years and reduced area of 3 163.10m².

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. The Public Trustee's maturity analysis of its lease liabilities is disclosed in note 10.3. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4. Cash outflows related to leases are disclosed in note 8.1.

Impairment

Property, plant and equipment leased by the Public Trustee has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

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5.4. Intangible assets

	2021	2020
	\$'000	\$'000
Software		
Software at cost	7 070	7 207
Accumulated amortisation	(6 487)	(6 756)
Total software	<u>583</u>	<u>451</u>
Total Intangible Assets	<u>583</u>	<u>451</u>

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

Reconciliation of intangible assets 2020-21

	Software
	\$'000
Carrying amount at 1 July 2020	451
Acquisitions	287
Amortisation	(155)
Carrying amount at 30 June 2021	<u>583</u>

Reconciliation of intangible assets 2019-20

	Software
	\$'000
Carrying amount at 1 July 2019	354
Acquisitions	218
Amortisation	(121)
Carrying amount at 30 June 2020	<u>451</u>

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6. Financial assets

6.1. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Public Trustee Operating Account	1 900	2 474
Short term financial assets held to maturity	6 500	9 800
Total cash	8 400	12 274

Cash and cash equivalents are measured at nominal amounts. Short term financial assets held to maturity include amounts with maturities up to twelve months.

6.2. Receivables

	2021	2020
	\$'000	\$'000
Current		
Trade receivables		
From government entities	89	50
From non-government entities	228	143
Less impairment loss on receivables	(23)	(12)
Total trade receivables	294	181
Prepayments	765	211
Accrued revenues	1 099	686
Total current receivables	2 158	1 078

Trade receivables arise in the normal course of selling goods and services to the public. Trade receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Other than as recognised in the allowance for impairment of loss on receivables, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 10.3 for further information on risk management.

Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

The net amount of GST recoverable from the ATO is included as part of receivables.

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6.2. Receivables (continued)

Allowance for impairment loss on receivables

	2021	2020
	\$'000	\$'000
Carrying amount at the beginning of the period	12	21
Amounts written off	(9)	(5)
Increase /(decrease) in allowance recognised in profit or loss	20	(4)
Carrying amount at 30 June	23	12

Impairment losses relate to contracts with customers external to SA government.

Refer to note 10.3 for details regarding credit risk and the methodology for determining impairment.

6.3. Other Financial assets

The Public Trustee is required, pursuant to section 46(2)(c) of the *Public Trustee Act 1995*, to obtain the Treasurer's approval as to the manner of investment of corporate funds.

	2021	2020
	\$'000	\$'000
Australian Fixed interest (pooled funds)	8 794	8 118
International equities (pooled funds)	4 169	4 531
Australian listed property (pooled funds)	1 491	1 584
Australian equities (pooled funds)	6 195	5 008
Total financial assets	20 649	19 241

For further information on risk management, refer to note 10.3.

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7. Liability

Employee benefits liabilities are disclosed in note 3.4.

7.1. Payables

	2021	2020
	\$'000	\$'000
Current		
Trade payables	712	791
Statutory Payables		
Income tax equivalents	1 459	1 275
GST payable	43	98
Employment on-costs	387	376
Total statutory payables	1 889	1 749
Total current payables	2 601	2 540
Non-Current		
Statutory Payables		
Employment on-costs	329	363
Total statutory payables	329	363
Total non-current payables	329	363
Total payables	2 930	2 903

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

Statutory payables do not arise from contracts.

The net amount of GST payable to the ATO is included as part of payables.

Employment on-costs

Employment on-costs include payroll tax, ReturnToWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

The Public Trustee contributes to Super SA. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has remained unchanged at 42%. The average factor for the calculation of employer superannuation cost on-costs for 2021 has increased to 10.1% (2020: 9.8%). The net financial effect in the current financial year is immaterial.

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7.2. Financial Liabilities

	Note	2021 \$'000	2020 \$'000
Current			
Lease Liabilities	5.3	1 050	972
Total current lease liability		1 050	972
Non-Current			
Lease Liabilities	5.3	12 991	14 041
Total non-current lease liability		12 991	14 041
Total lease liability		14 041	15 013

The Public Trustee measures financial liabilities at amortised cost.

7.3. Provisions

	2021 \$'000	2020 \$'000
Current		
Provision for workers compensation	239	147
Total current provisions	239	147
Non-current		
Provision for workers compensation	20	142
Total non-current provisions	20	142
Total provisions	259	289
Movement in provision		
<i>Provision for workers compensation¹</i>	\$'000	
Carrying amount at the beginning of the period	289	
Additional provisions recognised	6	
Reductions arising from payments	(36)	
Carrying Amount at the end of the period	259	
<i>Provision for dividend to State Government²</i>		
Carrying amount at the beginning of the period	-	
Additional provisions recognised	6 926	
Reductions arising from payments	(6 926)	
Carrying Amount at the end of the period	-	

¹A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Public Trustee is responsible for the payment of workers compensation claims.

²In accordance with the Public Trustee Charter, agreed by the Attorney-General and the Treasurer, any differences between forecast profit and audited profit will be addressed through an adjustment to the final dividend in the following financial year. A final dividend for 2019-20 of \$2 959 000 was paid in 2020-21. In addition an interim dividend of \$3 967 000 was paid for 2020-21.

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8. Other disclosures

8.1. Cash flow

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

Total cash outflows for leases was \$1 308 000 (2020: \$1 886 000).

Reconciliation of net result to cashflows from operating activities

	2021	2020
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	8 400	12 274
Balance as per the Statement of Cash Flows	8 400	12 274
Reconciliation of net cash provided by operating activities to net result		
Net cash provided by operating activities	3 923	4 232
Add / (less) non-cash Items		
Unrealised gain / (loss) on financial assets	1 693	(1 518)
Write back on lease modification	-	2 464
Gain On Lease Modification	-	532
Loss on disposal of plant and equipment	-	(34)
Depreciation and amortisation expense of non-current assets	(1 687)	(2 091)
Movements in assets and liabilities		
Increase / (Decrease) in receivables	1 080	(103)
Decrease / (Increase) in payables	79	(104)
Increase / (Decrease) in contract balances	74	(108)
Decrease in employee benefits and on-costs	290	844
Decrease / (Increase) in provisions	30	(152)
Decrease / (Increase) in income tax equivalents	(184)	24
Increase GST liability	55	(14)
Net result	5 353	3 972

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9. Outlook

9.1. Unrecognised contractual commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

	2021	2020
	\$'000	\$'000
Capital commitments		
Within one year	1 499	-
Total capital commitments	<u>1 499</u>	<u>-</u>

Expenditure commitments

	2021	2020
	\$'000	\$'000
Within one year	232	-
Later than one year but not longer than five years	77	-
Total expenditure commitments	<u>309</u>	<u>-</u>

The Public Trustee's capital and operating commitments are for the replacement of the aged customer relationship management system.

9.2. Expected realisation of contract liabilities as revenue

The remaining performance obligations expected to be recognised in more than one year relate to the completion of financial examinations for letters of administration customers.

	2021-22	2022-23	Total
	\$'000	\$'000	\$'000
Revenue expected to be recognised	31	3	34

9.3. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. The Public Trustee is not aware of any contingent assets or contingent liabilities as at balance date.

9.4. Impact of standards and statements not yet effective

The Public Trustee has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective, and has determined that there will be no financial impact arising from them.

9.5. COVID-19 pandemic outlook for the Public Trustee

The COVID-19 pandemic will continue to impact the operations of the Public Trustee in 2021-22. The key expected impacts are:

- Continuation of operating practices to enable working from home and flexible working arrangements.
- Earnings from fees and charges may be impacted by constrained economic activity.

9.6. Events after reporting period

As at the date of this report there are no known or material events that have occurred after the reporting period.

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10. Measurement and risk

10.1. Long service leave liability – measurement

AASB 119 Employee Benefits contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions have been applied to employee data at the Public Trustee to calculate the long service leave liability.

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds for 2021 has increased to 1.25% (2020: 0.75%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$365 000 and employee benefits expense of \$365 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 2.5% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The split between current and non-current leave liabilities is management's estimate of the proportion of leave expected to be settled within the next 12 months using previous experience.

10.2. Fair Value

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Initial recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Plant and equipment and leasehold improvements

All items of plant and equipment owned by the Public Trustee had a fair value at the time of acquisition that was less than \$1.5 million and have not been revalued in accordance with APS 116. The carrying value of these items are deemed to approximate fair value.

Leasehold improvements are stated at cost less accumulated depreciation which is deemed to approximate fair value. Leasehold improvements associated with the extension of the Public Trustee's lease will require revaluation after six years as it exceeds the \$1.5 million threshold.

The carrying amount of plant and equipment and leasehold improvements is reviewed annually to ensure it is not in excess of the recoverable amounts from these assets.

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10.3. Financial Instruments

Financial Instruments – Measurement

Financial assets held at fair value through the profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs on financial assets fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income. Fair value of financial instruments are classified, according to fair value hierarchy, at level 2 - fair values that are based on inputs that are directly or indirectly observable for the asset.

- *Fair value in an active market* - The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs.
- *Fair value of unlisted unit trusts* - Investments in other unlisted unit trusts are recorded at the fair value as reported by the managers of such funds.

Financial Instruments – Classification

Investments in financial assets such as equities and units in unlisted unit trusts have been classified as 'Fair value through the profit or loss' and recognised in the Statement of Financial Position at fair value, with changes in fair value during the period recognised in the Statement of Comprehensive Income.

If any indication of impairment exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Statement of Comprehensive Income.

Financial risk management

The Public Trustee's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Public Trustee. Only Australian domiciled pooled funds are used for investments in overseas assets. These funds are not directly exposed to foreign exchange risk as the pooled funds are fully hedged against currency risk.

Management of risk is focused on both strategic and business process risk. Annually, an analysis of strategic risk is undertaken which is comprehensive and covers investment, financial, operational and administrative responsibilities of the Public Trustee. Business processes are documented, key risks are identified and management strategies used to control these risks are in place.

Market risk

Price risk

The Public Trustee is exposed to equity securities price risk. This arises from investments held by the Public Trustee and classified on the Statement of Financial Position as financial assets at fair value through the profit or loss. The Public Trustee is not directly exposed to commodity price risk, as the classes of investments include Australian shares, International shares and listed properties.

To manage its price risk arising from investments, the Public Trustee diversifies its portfolio. Diversification of the portfolio is done in accordance with its Investment Guidelines. The analysis detailed below is based on the assumption that the market indexes had increased/decreased by a set percentage with all other variables held constant and all instruments moving according to the historical correlation with the index.

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10.3. Financial Instruments (continued)

Cash flow and interest rate risk

The Public Trustee's interest rate risk arises from cash investments, short term investments and Australian fixed interest investments. Instruments issued at fixed interest rates expose the Public Trustee to fair value interest rate risk and variable rate instruments expose the Public Trustee to cash flow interest rate risk. The Public Trustee invests in short term money market instruments with maturities less than one year and with credit ratings that satisfy the credit rating requirements of the Public Trustee's Cash Common Fund.

A sensitivity analysis is provided on the next page, outlining the exposure to each type of market risk at reporting date, showing how profit or loss would be affected by the changes in the relevant risk variable that were reasonably possible at that date. All instruments are designated as financial assets at fair value through the profit or loss; therefore there is no direct impact on equity.

Liquidity risk

The Public Trustee has working capital policies in place in order to maintain liquidity. Short-term investment analysis assists in determining the amount, if any, to be invested or reinvested in order to maintain working capital. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. The Public Trustee manages the liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

All current financial assets held to maturity have a maturity date within 12 months. Unlisted unit trust investments have no maturity date.

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10.3. Financial Instruments (continued)

Sensitivity analysis – 30 June 2021

<i>Financial Assets</i>	Carrying amount \$'000	-1%	+1%	-20%	+10%
		Statement of Comprehensive income \$'000	Statement of Comprehensive income \$'000	Statement of Comprehensive income \$'000	Statement of Comprehensive income \$'000
Cash and cash equivalents	8 400	(84)	84	-	-
<i>Financial assets at fair value through profit or loss:</i>					
Australian Fixed Interest (pooled funds)	8 794	(88)	88	(1 759)	879
International equities (pooled funds)	4 169	-	-	(834)	417
Australian listed property (pooled funds)	1 491	-	-	(298)	149
Australian equities (pooled funds)	6 195	-	-	(1 239)	620
Total (decrease)/increase		(172)	172	(4 130)	2 065

Sensitivity analysis – 30 June 2020

<i>Financial Assets</i>	Carrying amount \$'000	-1%	+1%	-20%	+10%
		Statement of Comprehensive income \$'000	Statement of Comprehensive income \$'000	Statement of Comprehensive income \$'000	Statement of Comprehensive income \$'000
Cash and cash equivalents	12 274	(123)	123	-	-
<i>Financial assets at fair value through profit or loss:</i>					
Australian Fixed Interest (pooled funds)	8 118	(81)	81	-	-
International equities (pooled funds)	4 531	-	-	(906)	453
Australian listed property (pooled funds)	1 584	-	-	(317)	158
Australian equities (pooled funds)	5 008	-	-	(1 002)	501
Total (decrease)/increase		(204)	204	(2 225)	1 112

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10.3. Financial Instruments (continued)

Credit risk

Credit risk is managed at the corporate level. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to outstanding receivables and committed transactions. The Public Trustee has no direct exposure to derivative instruments, thus credit risk arises primarily through investments with banking corporations.

Short-term money market instruments must have a short-term Standard & Poor's (S&P) rating of A1 or in the case of the issuer being a bank under the Banking Act 1959 a rating of A2 is accepted. Floating rate instruments must have a long-term S&P credit rating of A+ or better or where the counter party is a bank under the Banking Act 1959 a rating of BBB or better is accepted.

If there is no independent rating, the Public Trustee assesses the credit quality of the customer, taking into account its financial position and past experience. Pooled investment funds are not rated; however, the Public Trustee has made a thorough assessment of all pooled funds managers in regard to credit and other risks prior to investing funds with each manager. The credit risk lies with the pooled fund manager responsible for the management of the underlying investments. The Public Trustee continually monitors these assessments.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	2021	2020
	\$'000	\$'000
<i>Cash at bank, short-term bank deposits and floating rate notes</i>		
A1+ Credit Rating	1 900	2 474
A2 Credit Rating	6 500	9 800
Total Cash at bank, short-term bank deposits and floating rate notes	<u>8 400</u>	<u>12 274</u>
<i>Trade receivables</i>		
<i>Counterparties with external ratings</i>		
A2 Credit Rating	205	131
<i>Counterparties without external ratings</i>		
existing customers with no defaults in the past	1 188	736
Total trade receivables ¹	<u>1 393</u>	<u>867</u>

¹Receivables amounts disclosed above excluded prepayments. Prepayments are presented in note 6.2 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

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10.3. Financial Instruments (continued)

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

Category of financial asset and financial liability	Note	2021	2021 Contractual maturities		
		Carrying amount / Fair value \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalent	6.1	8 400	n/a	n/a	n/a
Financial assets at fair value through profit or loss					
Other financial assets	6.3	20 649	n/a	n/a	n/a
Financial assets at amortised cost					
Receivables**		1 393	1 393	-	-
Total financial assets		30 442	1 393	-	-
Financial liabilities					
Financial liabilities at amortised cost					
Payables**		486	486	-	-
Finance lease liability	7.2	14 041	1 050	5 368	7 623
Total financial liabilities		14 527	1 536	5 368	7 623
Category of financial asset and financial liability	Note	2020	2020 Contractual maturities		
		Carrying amount / Fair value \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalent	6.1	12 274	n/a	n/a	n/a
Financial assets at fair value through profit or loss					
Other financial assets	6.3	19 241	n/a	n/a	n/a
Financial assets at amortised cost					
Receivables**		867	867	-	-
Total financial assets		32 382	867	-	-
Financial liabilities					
Financial liabilities at amortised cost					
Payables**		564	564	-	-
Finance lease liability	7.2	15 013	972	4 732	9 309
Total financial liabilities		15 577	1 536	4 732	9 309

** Total amounts disclosed here exclude statutory amounts. Receivables do not include prepayments as these are not financial instruments. Prepayments are presented in note 6.2.

The Public Trustee
CORPORATE
Notes to and forming part of the financial statements
for the year ended 30 June 2021

10.3. Financial Instruments (continued)

Statutory receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and equivalents, fees and charges; Auditor-General's Department audit fees. This is in addition to employee related payables, such as payroll tax, Fringe Benefits Tax, Pay As You Go Withholding and ReturnToWorkSA levies. In government, certain rights to receive or pay cash may not be contractual but have their source in legislation and therefore, in these situations, the disclosure requirements of AASB 7 will not apply. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

The Public Trustee

Common Fund

Financial Statements

For the year ended 30 June 2021

The Public Trustee
211 Victoria Square Adelaide SA 5000
GPO Box 1338 Adelaide SA 5001
publictrustee@sa.gov.au

The Public Trustee
COMMON FUNDS
Statement of Comprehensive Income
for the year ended 30 June 2021

Cash Common Fund

	Note	2021 \$'000	2020 \$'000
Investment income			
Interest	1.1(d)	5 177	9 277
Net gain / (loss) on financial assets held at fair value through profit or loss	4.3	278	8
Other income		3	-
Total investment income		5 458	9 285
Expenses			
The Public Trustee management fees	1.1(e), (m)	4 331	4 394
Legal and advisory expenses		112	104
Other expenses		11	12
Total expenses		4 454	4 510
Net result from operating activities		1 004	4 775
Financing costs attributable to unitholders			
Undistributed income brought forward	4.4	206	1 083
Distributions to unitholders	4.4	(968)	(5 644)
Transfers from / (to) net assets to determine distributable income	1.1(g)	(242)	(8)
Total financing costs attributable to unitholders		(1 004)	(4 569)
(Increase) / decrease in net assets attributable to unitholders		-	(206)
Total comprehensive result		-	-

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Financial Position
as at 30 June 2021

Cash Common Fund			
	Note	2021	2020
		\$'000	\$'000
Assets			
Cash and cash equivalents	3.1	34 922	38 261
Advances to estates	1.1(i)	3 358	4 100
Financial assets held at fair value through profit or loss	3.2	439 888	424 149
Other assets	1.1(j)	1 131	1 678
Total assets		479 299	468 188
Liabilities			
Income distribution payable	4.4	-	206
Funds due to other Common Funds		35 136	37 177
Other liabilities		24	16
Total liabilities (excluding net assets attributable to unitholders)		35 160	37 399
Net assets attributable to unitholders - Liability	4.2	444 139	430 789
Represented by:			
Fair value of outstanding units based on net asset value		444 139	430 789

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Cash Flows
for the year ended 30 June 2021

Cash Common Fund

	Note	2021 Inflows (Outflows) \$'000	2020 Inflows (Outflows) \$'000
Cash flows from operating activities			
Cash inflows			
Interest received		5 741	10 662
Cash generated from operations		<u>5 741</u>	<u>10 662</u>
Cash outflows			
Payments for expenses		(4 447)	(4 503)
Cash used in operations		<u>(4 447)</u>	<u>(4 503)</u>
Net cash (used in) / provided by operating activities	5.2	<u>1 294</u>	<u>6 159</u>
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		104 479	199 973
Net repayments of advances to estates		742	-
Cash generated from investing activities		<u>105 221</u>	<u>199 973</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(119 961)	(131 028)
Net advances to estates		-	(1 131)
Cash used in investing activities		<u>(119 961)</u>	<u>(132 159)</u>
Net cash (used in) / provided by investing activities		<u>(14 740)</u>	<u>67 814</u>
Cash flows from financing activities			
Cash inflows			
Proceeds from applications by unitholders		13 116	15 283
Cash generated by financing activities		<u>13 116</u>	<u>15 283</u>
Cash outflows			
Net proceeds / payments from applications / redemptions from / (to) other Common Funds		(2 041)	(51 250)
Distributions paid		(968)	(5 644)
Cash used in financing activities		<u>(3 009)</u>	<u>(56 894)</u>
Net cash provided / (used in) by financing activities		<u>10 107</u>	<u>(41 611)</u>
Net increase / (decrease) in cash and cash equivalents		<u>(3 339)</u>	<u>32 362</u>
Cash and cash equivalents at the beginning of the period		38 261	5 899
Cash and cash equivalents at the end of the period	3.1	<u>34 922</u>	<u>38 261</u>

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Comprehensive Income
for the year ended 30 June 2021

Short Term Fixed Interest Common Fund

	Note	2021 \$'000	2020 \$'000
Investment income			
Interest	1.1(d)	879	1 165
Net gain / (loss) on financial assets held at fair value through profit or loss	4.3	(44)	709
Total investment income		<u>835</u>	<u>1 874</u>
Expenses			
The Public Trustee management fees	1.1(e), (m)	726	700
Legal and advisory expenses		18	17
Total expenses		<u>744</u>	<u>717</u>
Net result from operating activities		<u>91</u>	<u>1 157</u>
Financing costs attributable to unitholders			
Undistributed income brought forward	4.4	178	414
Distributions to unitholders	4.4	(269)	(684)
Transfers from / (to) net assets to determine distributable income	1.1(g)	43	(709)
Total financing costs attributable to unitholders		<u>(48)</u>	<u>(979)</u>
(Increase) / decrease in net assets attributable to unitholders		<u>(43)</u>	<u>(178)</u>
Total comprehensive result		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Financial Position
as at 30 June 2021

Short Term Fixed Interest Common Fund

	Note	2021 \$'000	2020 \$'000
Assets			
Cash and cash equivalents	3.1	12 255	7 156
Financial assets held at fair value through profit or loss	3.2	57 386	58 429
Other assets	1.1(j)	289	297
Total assets		<u>69 930</u>	<u>65 882</u>
Liabilities			
Income distribution payable	4.4	43	178
Other liabilities		4	-
Total liabilities (excluding net assets attributable to unitholders)		<u>47</u>	<u>178</u>
Net assets attributable to unitholders - Liability	4.2	<u>69 883</u>	<u>65 704</u>
Represented by:			
Fair value of outstanding units based on net asset value		<u>69 883</u>	<u>65 704</u>

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Cash Flows
for the year ended 30 June 2021

Short Term Fixed Interest Common Fund

	Note	2021 Inflows (Outflows) \$'000	2020 Inflows (Outflows) \$'000
Cash flows from operating activities			
Cash inflows			
Interest received		886	1 030
Cash generated from operations		<u>886</u>	<u>1 030</u>
Cash outflows			
Payments for expenses		(741)	(717)
Cash used in operations		<u>(741)</u>	<u>(717)</u>
Net cash (used in) / provided by operating activities	5.2	<u>145</u>	<u>313</u>
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		11 500	7 000
Cash generated from investing activities		<u>11 500</u>	<u>7 000</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(10 500)	(30 997)
Cash used in investing activities		<u>(10 500)</u>	<u>(30 997)</u>
Net cash (used in) / provided by investing activities		<u>1 000</u>	<u>(23 997)</u>
Cash flows from financing activities			
Cash inflows			
Proceeds from applications by unitholders		8 107	4 637
Cash generated by financing activities		<u>8 107</u>	<u>4 637</u>
Cash outflows			
Net proceeds / payments from applications / redemptions from / (to) other Common Funds		(3 884)	(3 292)
Distributions paid		(269)	(684)
Cash used in financing activities		<u>(4 153)</u>	<u>(3 976)</u>
Net cash provided / (used in) by financing activities		<u>3 954</u>	<u>661</u>
Net increase / (decrease) in cash and cash equivalents		<u>5 099</u>	<u>(23 023)</u>
Cash and cash equivalents at the beginning of the period		7 156	30 179
Cash and cash equivalents at the end of the period	3.1	<u>12 255</u>	<u>7 156</u>

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Comprehensive Income
for the year ended 30 June 2021

Long Term Fixed Interest Common Fund

	Note	2021 \$'000	2020 \$'000
Investment income			
Trust distributions		1 697	-
Interest	1.1(d)	2 130	2 709
Net gain / (loss) on financial assets held at fair value through profit or loss	4.3	(2 649)	936
Other income		7	-
Total investment income		1 185	3 645
Expenses			
The Public Trustee management fees	1.1(e), (m)	1 153	1 132
Legal and advisory expenses		28	27
Total expenses		1 181	1 159
Net result from operating activities		4	2 486
Financing costs attributable to unitholders			
Undistributed income brought forward	4.4	735	997
Distributions to unitholders	4.4	(2 717)	(1 837)
Transfers from / (to) net assets to determine distributable income	1.1(g)	2 949	(911)
Total financing costs attributable to unitholders		967	(1 751)
(Increase) / decrease in net assets attributable to unitholders		(971)	(735)
Total comprehensive result		-	-

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Financial Position
as at 30 June 2021

Long Term Fixed Interest Common Fund

	Note	2021	2020
		\$'000	\$'000
Assets			
Cash and cash equivalents	3.1	13 985	14 064
Financial assets held at fair value through profit or loss	3.2	93 916	92 481
Other assets	1.1(j)	486	494
Total assets		108 387	107 039
Liabilities			
Income distribution payable	4.4	971	735
Other liabilities		6	1
Total liabilities (excluding net assets attributable to unitholders)		977	736
Net assets attributable to unitholders - Liability	4.2	107 410	106 303
Represented by:			
Fair value of outstanding units based on net asset value		107 410	106 303

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Cash Flows
for the year ended 30 June 2021

Long Term Fixed Interest Common Fund

	Note	2021 Inflows (Outflows) \$'000	2020 Inflows (Outflows) \$'000
Cash flows from operating activities			
Cash inflows			
Trust Distributions Received		1 619	-
Interest received		2 260	2 752
Cash generated from operations		3 879	2 752
Cash outflows			
Payments for expenses		(1 176)	(1 158)
Cash used in operations		(1 176)	(1 158)
Net cash (used in) / provided by operating activities	5.2	2 703	1 594
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		32 800	11 030
Cash generated from investing activities		32 800	11 030
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(36 921)	(21 501)
Cash used in investing activities		(36 921)	(21 501)
Net cash (used in) / provided by investing activities		(4 121)	(10 471)
Cash flows from financing activities			
Cash inflows			
Proceeds from applications by unitholders		11 843	7 524
Cash generated by financing activities		11 843	7 524
Cash outflows			
Net proceeds / payments from applications / redemptions from / (to) other Common Funds		(7 787)	(6 073)
Distributions paid		(2 717)	(1 837)
Cash used in financing activities		(10 504)	(7 910)
Net cash provided / (used in) by financing activities		1 339	(386)
Net increase / (decrease) in cash and cash equivalents		(79)	(9 263)
Cash and cash equivalents at the beginning of the period		14 064	23 327
Cash and cash equivalents at the end of the period	3.1	13 985	14 064

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Comprehensive Income
for the year ended 30 June 2021

Overseas Fixed Interest Common Fund

	Note	2021 \$'000	2020 \$'000
Investment income			
Trust distributions		3 779	1 920
Interest	1.1(d)	2	50
Net gain / (loss) on financial assets held at fair value through profit or loss	4.3	(2 638)	(755)
Other income		132	108
Total investment income		1 275	1 323
Expenses			
The Public Trustee management fees	1.1(e), (m)	656	645
Legal and advisory expenses		16	15
Total expenses		672	660
Net result from operating activities		603	663
Financing costs attributable to unitholders			
Undistributed income brought forward	4.4	1 280	812
Distributions to unitholders	4.4	(1 370)	(950)
Transfers from / (to) net assets to determine distributable income	1.1(g)	2 638	755
Total financing costs attributable to unitholders		2 548	617
(Increase) / decrease in net assets attributable to unitholders		(3 151)	(1 280)
Total comprehensive result		-	-

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Financial Position
as at 30 June 2021

Overseas Fixed Interest Common Fund

	Note	2021 \$'000	2020 \$'000
Assets			
Cash and cash equivalents	3.1	1 837	1 297
Financial assets held at fair value through profit or loss	3.2	57 500	58 006
Other assets	1.1(j)	3 207	1 341
Total assets		62 544	60 644
Liabilities			
Income distribution payable	4.4	3 151	1 280
Other liabilities		3	-
Total liabilities (excluding net assets attributable to unitholders)		3 154	1 280
Net assets attributable to unitholders - Liability	4.2	59 390	59 364
Represented by:			
Fair value of outstanding units based on net asset value		59 390	59 364

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Cash Flows
for the year ended 30 June 2021

Overseas Fixed Interest Common Fund

	Note	2021 Inflows (Outflows) \$'000	2020 Inflows (Outflows) \$'000
Cash flows from operating activities			
Cash inflows			
Trust Distributions Received		1 911	1 300
Interest received		4	70
Cash generated from operations		1 915	1 370
Cash outflows			
Payments for expenses		(669)	(660)
Cash used in operations		(669)	(660)
Net cash (used in) / provided by operating activities	5.2	1 246	710
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(2 000)	(5 501)
Cash used in investing activities		(2 000)	(5 501)
Net cash (used in) / provided by investing activities		(2 000)	(5 501)
Cash flows from financing activities			
Cash inflows			
Proceeds from applications by unitholders		6 882	4 290
Cash generated by financing activities		6 882	4 290
Cash outflows			
Net proceeds / payments from applications / redemptions from / (to) other Common Funds		(4 218)	(3 362)
Distributions paid		(1 370)	(950)
Cash used in financing activities		(5 588)	(4 312)
Net cash provided / (used in) by financing activities		1 294	(22)
Net increase / (decrease) in cash and cash equivalents		540	(4 813)
Cash and cash equivalents at the beginning of the period		1 297	6 110
Cash and cash equivalents at the end of the period	3.1	1 837	1 297

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Comprehensive Income
for the year ended 30 June 2021

Australian Shares Common Fund			
	Note	2021	2020
		\$'000	\$'000
Investment income			
Trust distributions		11 596	7 627
Interest	1.1(d)	12	129
Net gain / (loss) on financial assets held at fair value through profit or loss	4.3	37 446	(10 110)
Other income		651	615
Total investment income		49 705	(1 739)
Expenses			
The Public Trustee management fees	1.1(e), (m)	1 948	1 852
Legal and advisory expenses		48	45
Total expenses		1 996	1 897
Net result from operating activities		47 709	(3 636)
Financing costs attributable to unitholders			
Undistributed income brought forward	4.4	5 387	9 089
Distributions to unitholders	4.4	(9 436)	(11 773)
Transfers from / (to) net assets to determine distributable income	1.1(g)	(34 042)	11 707
Total financing costs attributable to unitholders		(38 091)	9 023
(Increase) / decrease in net assets attributable to unitholders		(9 618)	(5 387)
Total comprehensive result		-	-

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Financial Position
as at 30 June 2021

Australian Shares Common Fund

	Note	2021 \$'000	2020 \$'000
Assets			
Cash and cash equivalents	3.1	3 567	7 601
Financial assets held at fair value through profit or loss	3.2	199 499	156 902
Other assets	1.1(j)	8 133	5 802
Total assets		211 199	170 305
Liabilities			
Income distribution payable	4.4	9 618	5 387
Other liabilities		11	1
Total liabilities (excluding net assets attributable to unitholders)		9 629	5 388
Net assets attributable to unitholders - Liability	4.2	201 570	164 917
Represented by:			
Fair value of outstanding units based on net asset value		201 570	164 917

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Cash Flows
for the year ended 30 June 2021

Australian Shares Common Fund

	Note	2021 Inflows (Outflows) \$'000	2020 Inflows (Outflows) \$'000
Cash flows from operating activities			
Cash inflows			
Trust Distributions Received		9 260	11 167
Interest received		19	148
Cash generated from operations		9 279	11 315
Cash outflows			
Payments for expenses		(1 988)	(1 895)
Cash used in operations		(1 988)	(1 895)
Net cash (used in) / provided by operating activities	5.2	7 291	9 420
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		13 500	7 500
Cash generated from investing activities		13 500	7 500
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(18 000)	(13 500)
Cash used in investing activities		(18 000)	(13 500)
Net cash (used in) / provided by investing activities		(4 500)	(6 000)
Cash flows from financing activities			
Cash inflows			
Proceeds from applications by unitholders		18 206	13 305
Cash generated by financing activities		18 206	13 305
Cash outflows			
Net proceeds / payments from applications / redemptions from / (to) other Common Funds		(15 595)	(10 563)
Distributions paid		(9 436)	(11 773)
Cash used in financing activities		(25 031)	(22 336)
Net cash provided / (used in) by financing activities		(6 825)	(9 031)
Net increase / (decrease) in cash and cash equivalents		(4 034)	(5 611)
Cash and cash equivalents at the beginning of the period		7 601	13 212
Cash and cash equivalents at the end of the period	3.1	3 567	7 601

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Comprehensive Income
for the year ended 30 June 2021

Overseas Shares Common Fund

	Note	2021 \$'000	2020 \$'000
Investment income			
Trust distributions		15 059	2 512
Interest	1.1(d)	11	64
Net gain / (loss) on financial assets held at fair value through profit or loss	4.3	21 866	(6 194)
Other income		494	406
Total investment income		37 430	(3 212)
Expenses			
The Public Trustee management fees	1.1(e), (m)	1 588	1 530
Legal and advisory expenses		39	37
Total expenses		1 627	1 567
Net result from operating activities		35 803	(4 779)
Financing costs attributable to unitholders			
Undistributed income brought forward	4.4	1 415	3 824
Distributions to unitholders	4.4	(11 370)	(3 824)
Transfers from / (to) net assets to determine distributable income	1.1(g)	(11 339)	6 194
Total financing costs attributable to unitholders		(21 294)	6 194
(Increase) / decrease in net assets attributable to unitholders		(14 509)	(1 415)
Total comprehensive result		-	-

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Financial Position
as at 30 June 2021

Overseas Shares Common Fund

	Note	2021 \$'000	2020 \$'000
Assets			
Cash and cash equivalents	3.1	1 432	3 727
Financial assets held at fair value through profit or loss	3.2	151 216	134 231
Other assets	1.1(j)	14 239	2 186
Total assets		166 887	140 144
Liabilities			
Income distribution payable	4.4	14 509	1 415
Other liabilities		9	1
Total liabilities (excluding net assets attributable to unitholders)		14 518	1 416
Net assets attributable to unitholders - Liability	4.2	152 369	138 728
Represented by:			
Fair value of outstanding units based on net asset value		152 369	138 728

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Cash Flows
for the year ended 30 June 2021

Overseas Shares Common Fund

	Note	2021 Inflows (Outflows) \$'000	2020 Inflows (Outflows) \$'000
Cash flows from operating activities			
Cash inflows			
Trust Distributions Received		3 005	3 500
Interest received		13	76
Cash generated from operations		3 018	3 576
Cash outflows			
Payments for expenses		(1 620)	(1 566)
Cash used in operations		(1 620)	(1 566)
Net cash (used in) / provided by operating activities	5.2	1 398	2 010
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		29 875	-
Cash generated from investing activities		29 875	-
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(24 500)	(1 981)
Cash used in investing activities		(24 500)	(1 981)
Net cash (used in) / provided by investing activities		5 375	(1 981)
Cash flows from financing activities			
Cash inflows			
Proceeds from applications by unitholders		14 936	10 859
Cash generated by financing activities		14 936	10 859
Cash outflows			
Net proceeds / payments from applications / redemptions from / (to) other Common Funds		(12 634)	(8 727)
Distributions paid		(11 370)	(3 824)
Cash used in financing activities		(24 004)	(12 551)
Net cash provided / (used in) by financing activities		(9 068)	(1 692)
Net increase / (decrease) in cash and cash equivalents		(2 295)	(1 663)
Cash and cash equivalents at the beginning of the period		3 727	5 390
Cash and cash equivalents at the end of the period	3.1	1 432	3 727

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Comprehensive Income
for the year ended 30 June 2021

Property Common Fund

	Note	2021 \$'000	2020 \$'000
Investment income			
Trust distributions		4 585	2 948
Interest	1.1(d)	6	85
Net gain / (loss) on financial assets held at fair value through profit or loss	4.3	10 878	(10 026)
Other income		144	138
Total investment income		15 613	(6 855)
Expenses			
The Public Trustee management fees	1.1(e), (m)	1 215	1 241
Legal and advisory expenses		30	127
Total expenses		1 245	1 368
Net result from operating activities		14 368	(8 223)
Financing costs attributable to unitholders			
Undistributed income brought forward	4.4	906	2 148
Distributions to unitholders	4.4	(1 125)	(2 894)
Transfers from / (to) net assets to determine distributable income	1.1(g)	(11 123)	9 875
Total financing costs attributable to unitholders		(11 342)	9 129
(Increase) / decrease in net assets attributable to unitholders		(3 026)	(906)
Total comprehensive result		-	-

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Financial Position
as at 30 June 2021

Property Common Fund

	Note	2021 \$'000	2020 \$'000
Assets			
Cash and cash equivalents	3.1	2 060	3 332
Financial assets held at fair value through profit or loss	3.2	119 969	104 914
Other assets	1.1(j)	3 222	541
Total assets		125 251	108 787
Liabilities			
Income distribution payable	4.4	3 026	906
Other liabilities		7	1
Total liabilities (excluding net assets attributable to unitholders)		3 033	907
Net assets attributable to unitholders - Liability	4.2	122 218	107 880
Represented by:			
Fair value of outstanding units based on net asset value		122 218	107 880

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Statement of Cash Flows
for the year ended 30 June 2021

		Property Common Fund	
	Note	2021 Inflows (Outflows) \$'000	2020 Inflows (Outflows) \$'000
Cash flows from operating activities			
Cash inflows			
Trust Distributions Received		1 901	4 479
Interest received		9	101
Cash generated from operations		<u>1 910</u>	<u>4 580</u>
Cash outflows			
Payments for expenses		(1 044)	(1 264)
Cash used in operations		<u>(1 044)</u>	<u>(1 264)</u>
Net cash (used in) / provided by operating activities	5.2	<u>866</u>	<u>3 316</u>
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		-	1 000
Cash generated from investing activities		<u>-</u>	<u>1 000</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(4 228)	(10 110)
Cash used in investing activities		<u>(4 228)</u>	<u>(10 110)</u>
Net cash (used in) / provided by investing activities		<u>(4 228)</u>	<u>(9 110)</u>
Cash flows from financing activities			
Cash inflows			
Proceeds from applications by unitholders		12 062	8 826
Cash generated by financing activities		<u>12 062</u>	<u>8 826</u>
Cash outflows			
Net proceeds / payments from applications / redemptions from / (to) other Common Funds		(8 847)	(7 015)
Distributions paid		(1 125)	(2 894)
Cash used in financing activities		<u>(9 972)</u>	<u>(9 909)</u>
Net cash provided / (used in) by financing activities		<u>2 090</u>	<u>(1 083)</u>
Net increase / (decrease) in cash and cash equivalents		<u>(1 272)</u>	<u>(6 877)</u>
Cash and cash equivalents at the beginning of the period		3 332	10 209
Cash and cash equivalents at the end of the period	3.1	<u>2 060</u>	<u>3 332</u>

The accompanying notes form part of these financial statements.

The Public Trustee
COMMON FUNDS
Notes to and forming part of the financial statements
for the year ended 30 June 2021

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The Public Trustee
COMMON FUNDS
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1. About Public Trustee COMMON FUNDS

The Common Funds have been established pursuant to the *Public Trustee Act 1995* or its predecessor legislation. The following Common Funds were active for the whole of the current and comparative reporting periods:

- Cash Common Fund;
- Short Term Fixed Interest Common Fund;
- Long Term Fixed Interest Common Fund;
- Overseas Fixed Interest Common Fund;
- Australian Shares Common Fund;
- Overseas Shares Common Fund; and
- Property Common Fund.

The Inflation Linked Investments Common Fund was dormant throughout 2020-21 and (2019-20), has nil assets and liabilities and has not been reported.

Investment in Common Funds (with the exception of direct investment in the Cash Common Fund) is by way of notional unit holdings in the Common Funds. Unitholders may invest in the Cash Common Fund or alternately invest in a selection of Common Funds in proportions determined by one or more of the following standard investment strategies provided by the Public Trustee:

- Capital Stable
- Growth
- Balanced
- Equities

Management of Common Fund investments is undertaken by the Public Trustee. An Investment Advisory Committee consisting of three independent members (one being appointed as chair), senior Public Trustee personnel, with attendance by external investment advisors, assists the Public Trustee in ensuring a sound and prudent system for investing client funds.

Australian and International Equity investments, Property investments together with Overseas Fixed Interest investments are made using Australian domiciled pooled funds.

1.1. Basis of preparation

a) Statement of Compliance

The Public Trustee Common Funds financial statements are general purpose financial statements and have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

b) Basis of Preparation

The Public Trustee Common Funds financial statements have been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. The statements have also been prepared on the basis that all funds are distributable to unitholders resulting in zero residual equity. On this basis, the Statement of Changes in Equity has not been included for reporting purposes as the changes in equity are zero.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

The Public Trustee
COMMON FUNDS
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1. About Public Trustee COMMON FUNDS (continued)

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 financial assets at fair value through profit or loss and net assets attributable to unitholders.

c) Comparative Information

The presentation and classification of items in the financial statements are consistent with prior periods, except where specific accounting standards and / or accounting policy statements have required a change.

d) Investment income

Interest income and expenses are recognised in the Statement of Comprehensive Income for all debt instruments using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 7.1.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

e) Expenses

All expenses, including management fees, are recognised in the Statement of Comprehensive Income on an accruals basis.

Management fees are charged against each Common Fund at a rate of one-twelfth of one percent of the value of the fund as at the first business day of each month as authorised by the *Public Trustee Act 1995*.

f) Income tax

Under current legislation, the Common Funds are not subject to income tax provided the taxable income of the Fund is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Fund).

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, the portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Funds to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

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

The Funds currently incur withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the Statement of Comprehensive Income.

**The Public Trustee
COMMON FUNDS
Notes to and forming part of the financial statements
for the year ended 30 June 2021**

1. About Public Trustee COMMON FUNDS (continued)

g) Transfers (to) / from net assets to determine distributable income

Non-distributable income is included in net assets attributable to unitholders and may consist of unrealised changes in the net fair value of financial instruments held at fair value through profit or loss, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, and net capital losses. Net capital gains on the realisation of any financial instruments and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax. Movements in net assets attributable to unitholders are recognised in the Statement of Comprehensive Income as financing costs.

h) Foreign currency translation

i) Functional and presentation currency

Items included in the Common Funds' financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Common Funds compete for funds and is regulated.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

The Funds do not isolate that portion of gains or losses on financial instruments which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

i) Advances to estates

The Public Trustee may, pursuant to section 25 of the *Public Trustee Act 1995*, advance and pay money on account of an estate as authorised or requested (whether to beneficiaries or creditors), for costs or expenses incurred in administering the estate or for any other purpose. No greater amount may be advanced and paid than the value of the property so vested in or under the control of the Public Trustee.

The sums so advanced, with interest at a rate to be fixed by the Public Trustee from time to time in respect of all such sums, are a first charge on all property vested in or under the control of the Public Trustee on account of the estate.

j) Other assets

Other assets may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment using the effective interest rate method. Amounts are generally received within 30 days of being recorded as receivable.

k) Other liabilities

Other liabilities are accrued expenses owing by the Funds which are unpaid as at balance date.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately on the Statement of Financial Position as unitholders are presently entitled to the distributable income as at 30 June 2021 under the Trust Deed.

l) Applications and redemptions

Applications received for units in the Common Funds are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

The Public Trustee
COMMON FUNDS
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1. About Public Trustee COMMON FUNDS (continued)

m) Goods and services tax (GST)

The Common Funds are registered entities under the Goods and Services Tax (GST) legislation. Investments in the Public Trustee Common Funds are classified as input taxed financial supplies and no GST is charged on such supplies.

The GST incurred on the costs of various services provided to the Common Funds by third parties such as management fees have been passed onto the Common Funds. The Common Funds qualify for Reduced Input Tax Credits (RITC) at a rate of 75% hence investment management fees and other expenses have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in other assets in the Statement of Financial Position.

n) Use of estimates

The Common Funds financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities within the 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.

o) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$000).

1.2. Impact of COVID-19 pandemic on the Common Funds

The COVID-19 pandemic and its effects on the global economy continued into 2020-21. The first quarter of 2020-21 saw a rebound in global financial markets, with stronger economic growth experienced. The roll-out of vaccines for COVID-19 and a number of significant government stimulus measures continued to help restore confidence. In November 2020, the Reserve Bank of Australia cut official interest rates to a record low, to support the Australian economy through COVID-19.

The key impacts in 2020-21 were:

- Higher investment returns coupled with corresponding higher portfolio growth, particularly in domestic and overseas equity funds;
- Higher returns to clients through distributions paid; and
- Lower returns on cash investments due to reduction in interest rates. The management fee for the Cash Common Fund was discounted for part of 2020-21 to avoid negative returns to customers due to lower interest rates.

1.3. Significant transactions with government related entities

The Public Trustee is a government business enterprise and is wholly owned and controlled by the Government of South Australia. The Public Trustee Common Funds are wholly owned by unitholders who have invested in the funds. The Public Trustee Corporate provides key management personnel (KMP) to the Common Funds and on this basis the Public Trustee Corporate is a related party together with all public authorities that are controlled and consolidated into the whole of government financial statements. Related parties also include all Common Fund KMP and their close family members.

Significant transactions with government related entities

An additional \$3.0 million was invested during 2020-21 by the Retail Shop Leases Fund by the Small Business Commissioner South Australia (2020: \$6.0 million by the Residential Tenancies and Retail Shop Leases Funds). These funds were invested across all Common Funds at a percentage allocation in accordance with the defined Standard Investment Strategies.

Collectively, but not individually significant transactions with government related entities

Management fee expenses paid to the Public Trustee corporate for the reporting period were \$11.6 million (2020: \$11.5 million).

The Public Trustee
COMMON FUNDS
Notes to and forming part of the financial statements
for the year ended 30 June 2021

2. Board, Committees and employees

2.1. Key management personnel

Key management personnel of the Public Trustee Common Funds include the Attorney-General, the Public Trustee Executive and the Manager, Investment Services. The salary and other benefits the Attorney-General receives; the Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*. The compensation of other key management personnel is paid from the Public Trustee corporate account.

For the year ended 30 June 2021, there were no material transactions or balances to disclose with key management personnel or other related parties (2020: Nil).

The Public Trustee
COMMON FUNDS
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3. Financial Assets

3.1. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Cash Common Fund		
Cash	922	2 261
Money market instruments	34 000	36 000
	<u>34 922</u>	<u>38 261</u>
Short Term Fixed Interest Common Fund		
Deposits in Cash Common Fund	12 255	7 156
	<u>12 255</u>	<u>7 156</u>
Long Term Fixed Interest Common Fund		
Deposits in Cash Common Fund	13 985	14 064
	<u>13 985</u>	<u>14 064</u>
Overseas Fixed Interest Common Fund		
Deposits in Cash Common Fund	1 837	1 297
	<u>1 837</u>	<u>1 297</u>
Australian Shares Common Fund		
Deposits in Cash Common Fund	3 567	7 601
	<u>3 567</u>	<u>7 601</u>
Overseas Shares Common Fund		
Deposits in Cash Common Fund	1 432	3 727
	<u>1 432</u>	<u>3 727</u>
Property Common Fund		
Deposits in Cash Common Fund	2 060	3 332
	<u>2 060</u>	<u>3 332</u>
Total cash and cash equivalents	<u>70 058</u>	<u>75 438</u>

Cash at bank and on hand

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 and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, where applicable, are shown within liabilities on the Statement of Financial Position.

The cash deposit is held with a financial institution and is interest bearing at 0.30% (2020: 0.45%) per annum as at 30 June 2021 available at call. During 2020-21, the Public Trustee's customer banking operations were provided by the Commonwealth Bank of Australia (CBA) as part of the whole of Government banking contract. The CBA cash rate is the Reserve Bank target rate plus 20 basis points. The Public Trustee also continued to manage a Westpac Banking Corporation (WBC) account during 2020-21 where a small number of deposits continue to be received on behalf of customers.

Deposits in Cash Common Fund

Deposits in the Cash Common Fund act as operating cash accounts for the other Common Funds, and are interest bearing at 0.00% (2020: 0.50%). These investments are available at call.

The Public Trustee
COMMON FUNDS
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3. Financial Assets (continued)

Money market instruments

Money market investments comprise short term at call deposit accounts. Interest rates range from 0.45% to 0.80% (2020: 0.60% to 1.30%).

3.2. Financial assets held at fair value through profit or loss

	Cash		Short Term Fixed Interest	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At fair value through profit or loss				
Fixed interest securities ¹	439 888	424 149	57 386	58 429
Total at fair value through profit or loss	439 888	424 149	57 386	58 429
	Long Term Fixed Interest		Overseas Fixed Interest	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At fair value through profit or loss				
Fixed interest securities ¹	58 452	92 481	-	-
Unlisted unit trusts	35 464	-	57 500	58 006
Total at fair value through profit or loss	93 916	92 481	57 500	58 006
	Australian Shares		Overseas Shares	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At fair value through profit or loss				
Unlisted unit trusts	199 499	156 902	151 216	134 231
Total at fair value through profit or loss	199 499	156 902	151 216	134 231
	Property		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At fair value through profit or loss				
Fixed interest securities ¹	-	-	555 726	575 059
Unlisted unit trusts	119 969	104 914	563 648	454 053
Total at fair value through profit or loss	119 969	104 914	1 119 374	1 029 112

¹ Includes other Common Funds deposits in the Cash Common Fund of \$35.1 million (2020: \$37.2 million).

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 7.2.

Fixed interest securities

These investments bear fixed or floating interest rates between 0.45% and 6.00% (2020: 0.87% and 5.30%). These investments are available at call.

The Public Trustee
COMMON FUNDS
Notes to and forming part of the financial statements
for the year ended 30 June 2021

4. Liabilities

4.1. Net assets attributable to unitholders

Each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be returned into the Common Funds at any time for cash equal to a proportionate share of the Common Funds' net asset values. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the Statement of Financial Position date if unitholders exercise their right to return the units back to the Common Funds. For financial reporting purposes and compliance with Australian Accounting Standards assets are recorded at net asset value.

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

Common Fund unit prices

	2021		2020	
	Purchase Price	Redemption Price	Purchase Price	Redemption Price
Cash	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Short Term Fixed Interest	\$1.0184	\$1.0174	\$1.0188	\$1.0178
Long Term Fixed Interest	\$1.0408	\$1.0398	\$1.0695	\$1.0685
Overseas Fixed Interest	\$0.8245	\$0.8232	\$0.8603	\$0.8589
Australian Shares	\$1.9893	\$1.9802	\$1.6553	\$1.6474
Overseas Shares	\$1.2425	\$1.2375	\$1.1498	\$1.1450
Property	\$1.1472	\$1.1451	\$1.0439	\$1.0416

Movements in units

	Short Term Fixed Interest		Long Term Fixed Interest		Overseas Fixed Interest	
	2021	2020	2021	2020	2021	2020
	No. of units 000's	No. of units 000's	No. of units 000's	No. of units 000's	No. of units 000's	No. of units 000's
Opening balance	64 521	63 193	99 440	98 080	69 018	67 982
Applications	7 945	4 576	11 167	7 053	7 927	4 865
Redemptions	(3 809)	(3 248)	(7 375)	(5 693)	(4 863)	(3 829)
Closing balance	68 657	64 521	103 232	99 440	72 082	69 018

	Australian Shares		Overseas Shares		Property	
	2021	2020	2021	2020	2021	2020
	No. of units 000's	No. of units 000's	No. of units 000's	No. of units 000's	No. of units 000's	No. of units 000's
Opening balance	99 892	98 585	120 936	119 364	102 865	101 492
Applications	10 178	7 258	12 321	8 783	11 163	7 534
Redemptions	(8 508)	(5 951)	(10 304)	(7 211)	(8 079)	(6 161)
Closing balance	101 562	99 892	122 953	120 936	105 949	102 865

The Public Trustee
COMMON FUNDS
Notes to and forming part of the financial statements
for the year ended 30 June 2021

4. Liabilities (continued)

4.2. Movements in funds employed

	Cash		Short Term Fixed Interest		Long Term Fixed Interest		Overseas Fixed Interest	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	430 789	415 499	65 704	63 650	106 303	103 941	59 364	59 191
Applications	5 447	3 195	8 107	4 637	11 843	7 524	6 882	4 290
Redemptions	(2 654)	(2 261)	(3 885)	(3 292)	(7 787)	(6 073)	(4 218)	(3 362)
Transfers from/(to) net assets to determine distributable income ¹	10 557	14 356	(43)	709	(2 949)	911	(2 638)	(755)
Closing balance	444 139	430 789	69 883	65 704	107 410	106 303	59 390	59 364

	Australian Shares		Overseas Shares		Property		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	164 917	173 882	138 728	142 790	107 880	115 944	1 073 685	1 074 897
Applications	18 206	13 305	14 936	10 859	12 062	8 826	77 483	52 636
Redemptions	(15 595)	(10 563)	(12 634)	(8 727)	(8 847)	(7 015)	(55 620)	(41 293)
Transfers from/(to) net assets to determine distributable income ¹	34 042	(11 707)	11 339	(6 194)	11 123	(9 875)	61 431	(12 555)
Closing balance	201 570	164 917	152 369	138 728	122 218	107 880	1 156 979	1 073 685

¹ The Cash Common Fund is the primary working account for trust administration operations. Movements in net assets attributable to unitholders are typically high volume, low value transactions.

The Public Trustee
COMMON FUNDS
Notes to and forming part of the financial statements
for the year ended 30 June 2021

4. Liabilities (continued)

4.3. Net realised and unrealised gains / (losses) on financial assets

	2021	2020
	\$'000	\$'000
Cash Common Fund		
Net Unrealised Gains / (Losses)	314	80
Net Realised Gains / (Losses)	(36)	(72)
Total	<u>278</u>	<u>8</u>
Short Term Fixed Interest Common Fund		
Net Unrealised Gains / (Losses)	22	725
Net Realised Gains / (Losses)	(66)	(16)
Total	<u>(44)</u>	<u>709</u>
Long Term Fixed Interest Common Fund		
Net Unrealised Gains / (Losses)	(2 122)	975
Net Realised Gains / (Losses)	(527)	(39)
Total	<u>(2 649)</u>	<u>936</u>
Overseas Fixed Interest Common Fund		
Net Unrealised Gains / (Losses)	(2 638)	(755)
Total	<u>(2 638)</u>	<u>(755)</u>
Australian Shares Common Fund		
Net Unrealised Gains / (Losses)	35 090	(10 479)
Net Realised Gains / (Losses)	2 356	369
Total	<u>37 446</u>	<u>(10 110)</u>
Overseas Shares Common Fund		
Net Unrealised Gains / (Losses)	21 631	(6 194)
Net Realised Gains / (Losses)	235	-
Total	<u>21 866</u>	<u>(6 194)</u>
Property Common Fund		
Net Unrealised Gains / (Losses)	10 878	(9 312)
Net Realised Gains / (Losses)	-	(714)
Total	<u>10 878</u>	<u>(10 026)</u>
Total net gain / (loss) on financial assets held at fair value through profit or loss	<u>65 137</u>	<u>(25 432)</u>

The Public Trustee
COMMON FUNDS
Notes to and forming part of the financial statements
for the year ended 30 June 2021

4. Liabilities (continued)

4.4. Distributions to unitholders

The Public Trustee distributes Common Fund income and capital based on the financial results at 31 December and 30 June. The Public Trustee recognises Common Fund distributions to client accounts on the date they are paid by the Public Trustee.

For the Cash Common Fund, the provision for distributions represents both the monthly interest distributed to client accounts and the bi-annual distributions calculated at 31 December and 30 June.

The items above are accrued as appropriate in the financial statements under Australian Accounting Standards and the distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

The distributions, including cents per unit (CPU), were paid / payable as follows:

	2021 \$'000	2021 CPU	2020 \$'000	2020 CPU
Cash Common Fund				
Distributions to unitholders	968	0.0022	5 644	0.0132
Undistributed income brought forward	(206)	-	(1 083)	-
Distributions payable	-	-	206	-
Total Distributions to unitholders	<u>762</u>		<u>4 767</u>	
	2021 \$'000	2021 CPU	2020 \$'000	2020 CPU
Short Term Fixed Interest Common Fund				
Distributions to unitholders	269	0.0039	684	0.0106
Undistributed income brought forward	(178)	-	(414)	-
Distributions payable	43	-	178	-
Total Distributions to unitholders	<u>134</u>		<u>448</u>	
	2021 \$'000	2021 CPU	2020 \$'000	2020 CPU
Long Term Fixed Interest Common Fund				
Distributions to unitholders	2 717	0.0263	1 837	0.0185
Undistributed income brought forward	(735)	-	(997)	-
Distributions payable	971	-	735	-
Total Distributions to unitholders	<u>2 953</u>		<u>1 575</u>	
	2021 \$'000	2021 CPU	2020 \$'000	2020 CPU
Overseas Fixed Interest Common Fund				
Distributions to unitholders	1 370	0.0190	950	0.0138
Undistributed income brought forward	(1 280)	-	(812)	-
Distributions payable	3 151	-	1 280	-
Total Distributions to unitholders	<u>3 241</u>		<u>1 418</u>	

The Public Trustee
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4. Liabilities (continued)

	2021 \$'000	2021 CPU	2020 \$'000	2020 CPU
Australian Shares Common Fund				
Distributions to unitholders	9 436	0.0929	11 773	0.1179
Undistributed income brought forward	(5 387)	-	(9 089)	-
Distributions payable	9 618	-	5 387	-
Total Distributions to unitholders	13 667		8 071	
	2021 \$'000	2021 CPU	2020 \$'000	2020 CPU
Overseas Shares Common Fund				
Distributions to unitholders	11 370	0.0925	3 824	0.0316
Undistributed income brought forward	(1 415)	-	(3 824)	-
Distributions payable	14 509	-	1 415	-
Total Distributions to unitholders	24 464		1 415	
	2021 \$'000	2021 CPU	2020 \$'000	2020 CPU
Property Common Fund				
Distributions to unitholders	1 125	0.0106	2 894	0.0281
Undistributed income brought forward	(906)	-	(2 148)	-
Distributions payable	3 026	-	906	-
Total Distributions to unitholders	3 245		1 652	

In accordance with the *Public Trustee Act 1995*, investors received a proportionate distribution of net income depending on the number of days units were held.

Included in the distributions payable at 30 June 2021 were the following net realised capital gains which were distributed to unitholders based on the number of units held as at 30 June 2021:

	2021 \$'000	2021 CPU	2020 \$'000	2020 CPU
Common Fund Capital Distributions Payable				
Long Term Fixed Interest	177	0.0017	25	0.0003
Australian Shares	9 208	0.0907	5 388	0.0539
Overseas Shares	8 502	0.0691	1 202	0.0099
	17 887		6 615	

The Public Trustee
COMMON FUNDS
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5. Other disclosures

5.1. Derivative financial instruments

The Public Trustee did not invest in derivative investments for the year ended 30 June 2021 (2020: \$Nil).

5.2. Cash flow

Payments and receipts relating to the purchase and sale of investment securities are classified as investing cash flows because the core activity of the Public Trustee is the administration of trustee services.

Reconciliation of net result to cash flows from operating activities

Cash Common Fund	2021	2020
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	34 922	38 261
Balance as per the Statement of Cash Flows	34 922	38 261
Reconciliation of net cash provided by operating activities to net result:		
Net operating result	1 004	4 775
Add / (less) non cash items:		
Net losses / (gains) on financial instruments held at fair value through profit or loss	(278)	(8)
Amortisation of discounts and premiums	22	9
Movements in assets / liabilities:		
Decrease / (Increase) in receivables and other assets	547	1 374
Increase / (Decrease) in payables and other liabilities	8	1
Adjustment for balance day transactions	(9)	8
Net cash provided by operating activities	1 294	6 159
Short Term Fixed Interest Common Fund	2021	2020
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	12 255	7 156
Balance as per the Statement of Cash Flows	12 255	7 156
Reconciliation of net cash provided by operating activities to net result:		
Net operating result	91	1 157
Add / (less) non cash items:		
Net losses / (gains) on financial instruments held at fair value through profit or loss	44	(709)
Amortisation of discounts and premiums	(2)	(1)
Movements in assets / liabilities:		
Decrease / (Increase) in receivables and other assets	8	(134)
Increase / (Decrease) in payables and other liabilities	4	-
Net cash provided by operating activities	145	313

The Public Trustee
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5. Other disclosures (continued)

Long Term Fixed Interest Common Fund	2021	2020
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	13 985	14 064
Balance as per the Statement of Cash Flows	13 985	14 064
Reconciliation of net cash provided by operating activities to net result:		
Net operating result	4	2 486
Add / (less) non cash items:		
Net losses / (gains) on financial instruments held at fair value through profit or loss	2 649	(936)
Income reinvested and not received in cash	(7)	-
Amortisation of discounts and premiums	44	46
Movements in assets / liabilities:		
Decrease / (Increase) in receivables and other assets	8	(3)
Increase / (Decrease) in payables and other liabilities	5	1
Net cash provided by operating activities	2 703	1 594
Overseas Fixed Interest Common Fund	2021	2020
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	1 837	1 297
Balance as per the Statement of Cash Flows	1 837	1 297
Reconciliation of net cash provided by operating activities to net result:		
Net operating result	603	663
Add / (less) non cash items:		
Net losses / (gains) on financial instruments held at fair value through profit or loss	2 638	755
Income reinvested and not received in cash	(132)	(108)
Movements in assets / liabilities:		
Decrease / (Increase) in receivables and other assets	(1 866)	(600)
Increase / (Decrease) in payables and other liabilities	3	-
Net cash provided by operating activities	1 246	710

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5. Other disclosures (continued)

Australian Shares Common Fund	2021	2020
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	3 567	7 601
Balance as per the Statement of Cash Flows	3 567	7 601
Reconciliation of net cash provided by operating activities to net result:		
Net operating result	47 709	(3 636)
Add / (less) non cash items:		
Net losses / (gains) on financial instruments held at fair value through profit or loss	(37 446)	10 110
Income reinvested and not received in cash	(651)	(615)
Movements in assets / liabilities:		
Decrease / (Increase) in receivables and other assets	(2 331)	3 560
Increase / (Decrease) in payables and other liabilities	10	1
Net cash provided by operating activities	7 291	9 420
Overseas Shares Common Fund	2021	2020
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	1 432	3 727
Balance as per the Statement of Cash Flows	1 432	3 727
Reconciliation of net cash provided by operating activities to net result:		
Net operating result	35 803	(4 779)
Add / (less) non cash items:		
Net losses / (gains) on financial instruments held at fair value through profit or loss	(21 866)	6 194
Income reinvested and not received in cash	(494)	(406)
Movements in assets / liabilities:		
Decrease / (Increase) in receivables and other assets	(12 053)	1 000
Increase / (Decrease) in payables and other liabilities	8	1
Net cash provided by operating activities	1 398	2 010

The Public Trustee
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5. Other disclosures (continued)

Property Common Fund	2021	2020
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	2 060	3 332
Balance as per the Statement of Cash Flows	2 060	3 332
Reconciliation of net cash provided by operating activities to net result:		
Net operating result	14 368	(8 223)
Add / (less) non cash items:		
Net losses / (gains) on financial instruments held at fair value through profit or loss	(10 878)	10 026
Income reinvested and not received in cash	(144)	(138)
Investment fees funded through unit redemption	-	103
Realignment of capital distribution relating to prior year	195	-
Movements in assets / liabilities:		
Decrease / (Increase) in receivables and other assets	(2 681)	1 547
Increase / (Decrease) in payables and other liabilities	6	1
Net cash provided by operating activities	866	3 316

6. Outlook

6.1. Impact of standards and statements not yet effective

The Public Trustee has, after assessment, determined that there will be no financial impact on the financial statements of the common funds of new and changed Australian Accounting Standards and Interpretations not yet effective.

6.2. Events after the reporting period

There were no known or material events that have occurred since the end of the reporting period which would impact on the financial position of the Common Funds.

The Public Trustee
COMMON FUNDS
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7. Measurement and Risk

7.1. Fair value

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Classification

The Funds' financial assets are classified as measured at fair value through profit or loss.

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted trusts, unlisted equity instruments and commercial paper. Other assets / liabilities comprise amounts due to or from the Common Funds.

Cash and cash equivalents are valued at nominal amounts. This asset consists of cash at bank, on hand and short-term money market deposits with maturities of three months or less that is readily converted to cash and which are subject to insignificant risk of changes in value.

All other assets and liabilities are measured at amortised cost.

Recognition

The Funds recognise financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Measurement

Financial assets held at fair value through profit or loss

Investments in pooled funds are recorded at fair value as reported by the managers of such funds. The Public Trustee has determined the fair value of financial assets to be the market value of these investments at balance date. AASB 7 *Financial Instruments: Disclosures* requires disclosure of the measurement methodology used to value financial instruments. The Public Trustee invests through fund managers and utilises pricing data provided by those managers which is indirectly derived from the pricing of the underlying securities. For internally managed portfolios, the Public Trustee invests directly through banks and other financial institutions, government and semi-government bond markets and utilises pricing data provided by those institutions and third party pricing vendors.

Fair value hierarchy

The Public Trustee classifies the fair value measurements of financial assets and financial liabilities using the three level fair value hierarchy as required by AASB 13, set out below, to reflect the source of valuation inputs used when determining the fair value:

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within Level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

The Public Trustee
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7. Measurement and Risk (continued)

The table below presents the fair value classification of Common Fund financial assets by class:

	Note	2021 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial assets					
Cash and cash equivalents	3.1	70 058	70 058	-	-
Financial assets at fair value through profit or loss					
Fixed interest securities	3.2	555 726	331 256	224 470	-
Unlisted unit trusts	3.2	563 648	-	563 648	-
Total		1 189 432	401 314	788 118	-

	Note	2020 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial assets					
Cash and cash equivalents	3.1	75 438	75 438	-	-
Financial assets at fair value through profit or loss					
Fixed interest securities	3.2	575 059	361 000	214 059	-
Unlisted unit trusts	3.2	454 053	-	454 053	-
Total		1 104 550	436 438	668 112	-

The Public Trustee's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

During 2021 and 2020, the Public Trustee had no valuations categorised in level 3. There were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

The Public Trustee
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7. Measurement and Risk (continued)

7.2. Financial instruments

Financial risk management

The Public Trustee's Common Fund activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance. Only Australian domiciled pooled funds are used for overseas asset purchases. In terms of currency exposure, the Overseas Fixed Interest Common Fund is 100% hedged and the Overseas Shares Common Fund maintains a 50% hedged benchmark position which reduces currency volatility. Overseas currency exposure in the Property Common Fund is 98% hedged.

The Manager, Investment Services is responsible for ensuring that all investments are within the guidelines specified by the Public Trustee's Investment Guidelines and Procedures Manual. The Manager, Investment Services may recommend to the Public Trustee and the Public Trustee may, after consultation with the Investment Advisory Committee, approve investments outside of the Public Trustee's Investment Guidelines.

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to outstanding receivables and committed transactions.

Short-term money market instruments must have a short-term Standard and Poor's (S&P) rating of A1 or in the case of the issuer being a bank under the *Banking Act 1959* a rating of A2 is accepted. Floating rate instruments must have a long-term S&P credit rating of A+ or better or where the counter party is a bank under the *Banking Act 1959*, a rating of BBB or better is accepted. Long-term investments must have long-term S&P credit rating of A+ or better or be an investment in a Commonwealth Government or Semi-Government bond. If there is no independent rating, the Public Trustee assesses the credit quality of the provider, taking into account its financial position and past experience.

Credit risk arises primarily with the following classes of instruments and counterparties:

- Sovereign debt of the Australian Commonwealth and state governments
- Sovereign debt of foreign governments
- Banking corporations
- Corporate debt
- Pooled investment funds

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets.

The credit quality of financial assets that are neither past due nor impaired are assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Pooled fund investments are not rated, however, the Public Trustee makes a thorough assessment of all pooled fund managers in regard to credit and other risks prior to the investment of funds with each manager. The credit risk lies with the pooled fund manager responsible for the management of the underlying investments. The Public Trustee continually monitors these assessments.

The following table shows the maximum exposure to credit risk at the end of the reporting period. The exposure is the carrying amount of the financial assets.

The Public Trustee
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7. Measurement and Risk (continued)

Credit risk analysis

	2021	2020
	\$'000	\$'000
Cash Common Fund		
<i>Cash and short term investments</i>		
A1+	200 543	183 525
A1	21 000	66 008
A2	70 502	56 005
Cash at bank	34 922	38 261
Total cash and short term investments	326 967	343 799
<i>Long term investments</i>		
AA-	122 235	108 602
A+	6 501	1 511
BBB+	19 107	8 498
Total long term investments	147 843	118 611
Short Term Fixed Interest Common Fund		
<i>Cash and short term investments</i>		
A1+	14 571	6 050
A1	-	2 005
A2	6 011	3 510
Cash at bank	12 255	7 156
Total cash and short term investments	32 837	18 721
<i>Long term investments</i>		
AA-	34 766	39 877
BBB+	2 038	6 987
Total long term investments	36 804	46 864
Long Term Fixed Interest Common Fund		
<i>Cash and short term investments</i>		
A1+	16 624	15 604
A2	2 005	3 510
Cash at bank	13 985	14 064
Total cash and short term investments	32 614	33 178
<i>Long term investments</i>		
AAA	2 207	2 265
AA-	37 616	69 111
BBB+	-	1 991
Total long term investments	39 823	73 367

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7. Measurement and Risk (continued)

Market risk

(i) Price risk

The Australian Shares Common Fund, Overseas Shares Common Fund, Property Common Fund and the Overseas Fixed Interest Common Fund are exposed to price risk. The Public Trustee is not directly exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Public Trustee diversifies its portfolio. Diversification of the portfolio is in accordance with the Public Trustee's Investment Guidelines. Irrespective of what type of investment vehicle is used, the primary focus is to ensure the risk/reward objectives of the Public Trustee's investment approach are met. The Common Funds comprise a number of sub-portfolios which invest in different sectors of the equity market.

The Australian Shares Common Fund invests primarily in ASX 300 Companies through Australian domiciled-pooled funds. The Australian Shares Common Fund portfolio consists of listed shares, convertible notes, instalment receipts, preference shares and options. Derivatives are permitted for portfolio management provided the fund is not geared.

Equities in the Overseas Shares Common Fund consist of investments through Australian domiciled-pooled funds that obviate exposure to currency price risk. An "active" approach is used by the fund utilising a variety of fund managers with different investment styles. This provides diversification benefits and reduces the overall level of risk.

The Property Common Fund primarily invests in listed securities from the Property Trust sector of any Australian or overseas stock exchange or any listed company whose major activity is in real property/infrastructure. Investments in this class also comprise un-listed unit trusts where the holding of property or infrastructure is the primary business activity of the issuer.

(ii) Cash flow and interest rate risk

The Public Trustee is exposed to interest rate risk arising from cash investments, short term and long term investments. Instruments issued at fixed interest rates expose the Public Trustee to fair value interest rate risk and variable rate instruments expose the Public Trustee to cash flow interest rate risk.

The Cash Common Fund can invest in short term money market instruments with up to one year maturity, floating rate investment instruments with maturity terms up to 10 years if the counterparty is a bank with a credit rating of A- or better or fixed interest instruments with maturity terms up to three years. Securities with greater than one year maturity are restricted to make up less than 20% of the overall fund.

The Short Term Fixed Interest Common Fund can invest in fixed interest securities with maturity terms of three years if the credit rating is A+ or better, or a maturity term of up to six years for Commonwealth and Semi-government bonds.

The Long Term Fixed Interest Common Fund is currently transitioning from an internal to an external managed portfolio with Australian domiciled pooled Funds.

(iii) Foreign exchange risk

The Overseas Fixed Interest Common Fund, the Overseas Shares Common Fund and the Property Common Fund are indirectly exposed to foreign exchange risk as a result of their investments in other unit trusts which in turn invest in financial instruments that are denominated in foreign currencies.

A sensitivity analysis is provided below, outlining the exposure to each type of market risk at the end of each reporting period, showing how profit or loss and equity would have been affected by the changes in the relevant risk variable that was reasonably possible at that date. All instruments are financial assets and classified as measured at fair value through the profit or loss; resulting in no impact on equity.

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7. Measurement and Risk (continued)

Cash Common Fund

2021

Financial Assets	Carrying amount \$'000	Interest Rate Risk		Price Risk	
		-1%	+1%	-20%	+10%
		Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income
Cash and cash equivalents	34 922	(349)	349	-	-
Financial assets held at fair value through profit or loss	439 888	(4 399)	4 399	-	-
Total increase/(decrease)		(4 748)	4 748	-	-

Cash Common Fund

2020

Financial Assets	Carrying amount \$'000	Interest Rate Risk		Price Risk	
		-1%	+1%	-20%	+10%
		Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income
Cash and cash equivalents	38 261	(383)	383	-	-
Financial assets held at fair value through profit or loss	424 149	(4 241)	4 241	-	-
Total increase/(decrease)		(4 624)	4 624	-	-

Short Term Fixed Interest

2021

Financial Assets	Carrying amount \$'000	Interest Rate Risk		Price Risk	
		-1%	+1%	-20%	+10%
		Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income
Cash and cash equivalents	12 255	(122)	122	-	-
Financial assets held at fair value through profit or loss	57 386	(574)	574	-	-
Total increase/(decrease)		(696)	696	-	-

Short Term Fixed Interest

2020

Financial Assets	Carrying amount \$'000	Interest Rate Risk		Price Risk	
		-1%	+1%	-20%	+10%
		Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income
Cash and cash equivalents	7 156	(72)	72	-	-
Financial assets held at fair value through profit or loss	58 429	(584)	584	-	-
Total increase/(decrease)		(656)	656	-	-

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7. Measurement and Risk (continued)

Long Term Fixed Interest

2021

Financial Assets	Carrying amount \$'000	Interest Rate Risk		Price Risk	
		-1%	+1%	-20%	+10%
		Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income
Cash and cash equivalents	13 985	(140)	140	-	-
Financial assets held at fair value through profit or loss	93 916	(939)	939	-	-
Total increase/(decrease)		(1 079)	1 079	-	-

Long Term Fixed Interest

2020

Financial Assets	Carrying amount \$'000	Interest Rate Risk		Price Risk	
		-1%	+1%	-20%	+10%
		Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income
Cash and cash equivalents	14 064	(141)	141	-	-
Financial assets held at fair value through profit or loss	92 481	(925)	925	-	-
Total increase/(decrease)		(1 066)	1 066	-	-

Overseas Fixed Interest

2021

Financial Assets	Carrying amount \$'000	Interest Rate Risk		Price Risk	
		-1%	+1%	-20%	+10%
		Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income
Cash and cash equivalents	1 837	(18)	18	-	-
Financial assets held at fair value through profit or loss	57 500	-	-	(11 500)	5 750
Total increase/(decrease)		(18)	18	(11 500)	5 750

Overseas Fixed Interest

2020

Financial Assets	Carrying amount \$'000	Interest Rate Risk		Price Risk	
		-1%	+1%	-20%	+10%
		Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income
Cash and cash equivalents	1 297	(13)	13	-	-
Financial assets held at fair value through profit or loss	58 006	-	-	(11 601)	5 801
Total increase/(decrease)		(13)	13	(11 601)	5 801

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7. Measurement and Risk (continued)

Australian Shares	2021				
	Carrying amount	Interest Rate Risk		Price Risk	
		-1%	+1%	-20%	+10%
		Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	3 567	(36)	36	-	-
Financial assets held at fair value through profit or loss	199 499	-	-	(39 900)	19 950
Total increase/(decrease)		(36)	36	(39 900)	19 950

Australian Shares	2020				
	Carrying amount	Interest Rate Risk		Price Risk	
		-1%	+1%	-20%	+10%
		Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	7 601	(76)	76	-	-
Financial assets held at fair value through profit or loss	156 902	-	-	(31 380)	15 690
Total increase/(decrease)		(76)	76	(31 380)	15 690

Overseas Shares	2021				
	Carrying amount	Interest Rate Risk		Price Risk	
		-1%	+1%	-20%	+10%
		Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	1 432	(14)	14	-	-
Financial assets held at fair value through profit or loss	151 216	-	-	(30 243)	15 122
Total increase/(decrease)		(14)	14	(30 243)	15 122

Overseas Shares	2020				
	Carrying amount	Interest Rate Risk		Price Risk	
		-1%	+1%	-20%	+10%
		Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	3 727	(37)	37	-	-
Financial assets held at fair value through profit or loss	134 231	-	-	(26 846)	13 423
Total increase/(decrease)		(37)	37	(26 846)	13 423

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7. Measurement and Risk (continued)

Property	2021				
	Carrying amount	Interest Rate Risk		Price Risk	
		-1%	+1%	-20%	+10%
		Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income
\$'000	\$'000	\$'000	\$'000	\$'000	
Cash and cash equivalents	2 060	(21)	21	-	-
Financial assets held at fair value through profit or loss	119 969	-	-	(23 994)	11 997
Total increase/(decrease)		(21)	21	(23 994)	11 997

Property	2020				
	Carrying amount	Interest Rate Risk		Price Risk	
		-1%	+1%	-20%	+10%
		Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income
\$'000	\$'000	\$'000	\$'000	\$'000	
Cash and cash equivalents	3 332	(33)	33	-	-
Financial assets held at fair value through profit or loss	104 914	-	-	(20 983)	10 491
Total increase/(decrease)		(33)	33	(20 983)	10 491

Liquidity risk

The Public Trustee has working capital policies in place in order to maintain liquidity for clients. Short-term investment analysis assists in determining the amount, if any, to be invested or reinvested in order to maintain working capital.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. The Public Trustee manages the liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

Classification of financial instruments

On initial recognition, a financial asset / liability is classified as measured at amortised cost or at fair value through profit or loss as described in note 7.1.

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7. Measurement and Risk (continued)

Maturity analysis of financial assets and financial liabilities

The following table discloses the maturity analysis of financial assets and financial liabilities.

Category of financial asset and financial liability	Note	2021	2021 Contractual Maturities		
		Carrying amount \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents	3.1	70 058	70 058	-	-
Advances to estates		3 358	3 358	-	-
Financial assets held at fair value through profit or loss	3.2	1 119 374	894 904	224 470	-
Other assets		30 707	30 707	-	-
Total financial assets		1 223 497	999 027	224 470	-

Financial liabilities					
Income distribution payable		31 318	31 318	-	-
Funds due to other Common Funds		35 136	35 136	-	-
Other liabilities		64	64	-	-
Total financial liabilities		66 518	66 518	-	-

Category of financial asset and financial liability	Note	2020	2020 Contractual Maturities		
		Carrying amount \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents	3.1	75 438	75 438	-	-
Advances to estates		4 100	4 100	-	-
Financial assets held at fair value through profit or loss	3.2	1 029 112	788 272	233 771	7 069
Other assets		12 339	12 339	-	-
Total financial assets		1 120 989	880 149	233 771	7 069

Financial liabilities					
Income distribution payable		10 107	10 107	-	-
Funds due to other Common Funds		37 177	37 177	-	-
Other liabilities		20	20	-	-
Total financial liabilities		47 304	47 304	-	-

The Public Trustee
STATEMENT OF TRUSTS BEING ADMINISTERED
for the year ended 30 June 2021

		2021	2020
	Note	\$'000	\$'000
Trust funds under administration	3		
Deceased Estates		174 706	175 979
Trusts		145 440	134 651
Administration Matters		45 106	40 417
Court Award Orders		478 124	428 606
Protected Estates		438 668	382 166
Workers Compensation Awards		86	97
Power of Attorney		70 058	65 178
Investors		457 112	440 037
Total funds		1 809 300	1 667 131
Represented by			
Investment in Common Funds	1(b),2		
Non-current assets			
Australian equities		199 499	156 902
International equities		151 216	134 231
Property securities		119 969	104 914
Australian fixed interest investments		257 935	238 840
International fixed interest investments		57 500	58 006
		786 119	692 893
Current assets			
Cash and cash equivalents		34 922	38 261
Australian fixed interest investments		333 255	336 219
Advances to estates		3 358	4 100
Trust distribution receivable		28 853	9 834
Other assets		1 854	2 505
		402 242	390 919
Current liabilities			
Income distribution payable		31 318	10 107
Other liabilities		64	20
		31 382	10 127
Net Common Fund assets		1 156 979	1 073 685
Estate assets	1(c)		
Non-current assets			
Real estate		359 869	364 203
Superannuation		191 601	153 814
Personal chattels		38 586	33 038
Equities		28 271	27 862
Fixed interest and cash assets		13 383	16 553
Mortgages		257	18
		631 967	595 488
Current assets			
Other assets	1(b)	32 861	11 585
Current liabilities			
Other liabilities	1(b)	12 507	13 627
Net estate assets		652 321	593 446
Total net assets		1 809 300	1 667 131

The Public Trustee
STATEMENT OF TRUSTS BEING ADMINISTERED
Notes to and forming part of the Statement of Trusts being Administered
for the year ended 30 June 2021

1. Statement of Principal Accounting Policies

a) Basis of preparation

The Statement of Trusts Being Administered (the Statement) and related notes are special purpose financial statements that provide information on the value and nature of trusts being administered. The Statement consolidates all trusts being administered by the Public Trustee, accordingly, no accounting standards and other mandatory reporting requirements are applied in the presentation of this Statement.

The Public Trustee has prepared the Statement, where appropriate, based on the general principles outlined in Australian Accounting Standards.

The Statement has been prepared using the accrual basis of accounting.

b) Basis of valuation of Common Fund assets and liabilities

Investments in Common Funds (the Funds) relating to Australian equities, International equities, Property securities and International fixed interest investments, are reported at market value to comply with current accounting standards.

Australian Fixed Interest Investments: Are valued at market value based on independently obtained market yields applying at balance date.

Advances to Estates: Are carried at their nominal amounts. The Public Trustee is authorised by the *Public Trustee Act 1995* to advance monies where an estate has insufficient monies to make payments as authorised or required to administer the estate, usually on a short term basis. Funds advanced are a first charge on the estate's property vested under the control of Public Trustee. The interest rate applicable on advances at 30 June 2021 was 0.60% (2020: 0.50%).

Cash and Cash Equivalents: Are carried at nominal amounts, translated at prevailing exchange rates where applicable. This asset consists of cash at bank and on hand, as well as other short term, highly liquid investments with original maturities of three months or less.

Other assets: Includes amounts for dividends and interest. Dividends are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment using the effective interest rate method.

Trust Distribution Receivable: Are accrued when the right to receive payment is established.

Other liabilities: Are accrued expenses owing by the Funds which are unpaid as at balance date.

Income Distribution Payable: Is payable to unitholders as at the end of the reporting period and recognised separately on the Statement as unitholders are presently entitled to the distributable income as at 30 June 2021 under the Trust Deed.

c) Basis of valuation for estate assets

Real Estate: For deceased estates, real estate is initially valued as at date of death. In other matters, the initial valuation is at the date the Public Trustee is being appointed manager, administrator or new trustee. The Public Trustee revalues all South Australian real estate other than accommodation bonds annually. All other real estate is revalued to current value where these values can be ascertained. Such revaluations are determined by reference to valuations established by the South Australian Valuer-General, with a revaluation last being carried out as at 30 June 2021. Accommodation bonds are valued annually at cost less retention amount until the retention terms have expired.

Superannuation: Customer moneys were invested within an approved superannuation provider and were valued at fair value.

The Public Trustee
STATEMENT OF TRUSTS BEING ADMINISTERED
Notes to and forming part of the Statement of Trusts being Administered
for the year ended 30 June 2021

1. Statement of Principal Accounting Policies (continued)

Personal Chattels: For deceased estates valuation is at date of death. In other matters, valuation is at the date of the Public Trustee being appointed manager, administrator or new trustee. In the case of some sundry minor assets, nominal values are used for valuation purposes.

Investment by Estates in Common Funds: Valuation of estate investment in Common Funds is based on the underlying fair value of Common Funds as at balance date.

Other Estate Investments: Investments other than equities are shown at their face value. Valuation is performed at the date of the Public Trustee being appointed manager, administrator or new trustee or at the date of death in the case of deceased estates. Equities are valued at net fair value as at balance date.

2. Operation of the Common Funds

Common Funds managed by the Public Trustee have been established pursuant to Section 29 of the *Public Trustee Act 1995* or its predecessor legislation. Financial Statements for each Common Fund operated by the Public Trustee are presented within the annual report of the Public Trustee.

Investment in Common Funds (with the exception of direct investment in the Cash Common Fund) are by way of notional unit holdings in the Common Funds. Contributors may invest in the Cash Common Fund or alternately invest in a selection of Common Funds in proportions determined by one or more of the following standard investment strategies provided by the Public Trustee:

- Capital Stable
- Balanced
- Growth
- Equities

The Public Trustee
STATEMENT OF TRUSTS BEING ADMINISTERED
Notes to and forming part of the Statement of Trusts being Administered
for the year ended 30 June 2021

3. Trust Funds under Administration

	Number		Value	
	2021	2020	2021 \$'000	2020 \$'000
Deceased Estates				
Monies and assets held under the administration of the Public Trustee pursuant to the provisions of the <i>Public Trustee Act 1995</i>	994	1 026	174 706	175 979
Trusts				
Monies and assets held under the administration of the Public Trustee pursuant to the terms of a will or a deed of trust	1 188	1 258	145 440	134 651
Administration Matters				
Monies paid and assets transferred to the Public Trustee on account of minor beneficiaries pursuant to the <i>Public Trustee Act 1995</i>	293	317	45 106	40 417
Court Award Orders				
Monies directed by the Court to be paid to the Public Trustee on behalf of clients and invested and applied by the Public Trustee as the Court directs and monies administered by the Public Trustee under the <i>Aged and Infirm Persons Property Act 1940</i>	756	769	478 124	428 606
Protected Estates				
Monies administered by the Public Trustee under the <i>Guardianship and Administration Act 1993</i>	3 963	3 828	438 668	382 166
Workers Compensation Awards				
Monies directed by the Court to be paid to the Public Trustee on behalf of widows and minors and invested and applied by the Public Trustee as the Court directs	5	5	86	97
Powers of Attorney				
Monies and assets held on behalf of donors who have appointed the Public Trustee to act on their behalf	260	280	70 058	65 178
Investors				
Monies invested in Common Funds pursuant to Section 29 (1) of the <i>Public Trustee Act 1995</i> by classes of persons approved by the Minister	73	153	457 112	440 037
	7 532	7 636	1 809 300	1 667 131

4. Unclaimed Monies

During the reporting period, amounts totalling \$359,172 (2020: \$1,320,436) in respect of estates became/were identified as unclaimed monies. Payment of these amounts to the Consolidated Account pursuant to Section 32 (1) of the *Public Trustee Act 1995* is expected to occur in the next financial year.