Statement of Performance Expectations.

1 July 2017 - 30 June 2018

publictrust.co.nz

Public Trust

Statement of Authorisation

This Statement of Performance Expectations meets the requirements of the Crown Entities Act 2004 and reflects Public Trust's proposed performance targets and prospective financial information for the period 1 July 2017 to 30 June 2018. It should be read in conjunction with the Statement of Intent for 2016 – 2020.

The purpose of the prospective financial statements is to facilitate Parliament's consideration of the planned performance of Public Trust. Use of this information for other purposes may not be appropriate. There is no intention to update the prospective financial statements subsequent to presentation.

The Public Trust Board is responsible for, and has deemed appropriate for issue, the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

On behalf of the Board of Public Trust:

Sarah Roberts	**Fiona Oliver**
Board Chair	Deputy Chair

28 June 2017

Contents

Our principal objectives

Public Trust has a long tradition of looking after the interests of New Zealanders – it's what we've been doing since we were established in 1873.

Our principal objective, as defined in the Public Trust Act 2001 is to operate as an effective business. To this end we need to:

- be as efficient as comparable businesses that are not owned by the Crown;
- prudently manage our assets and liabilities;
- maintain financial viability in the long term;
- be a good employer; and
- be an organisation that exhibits a sense of social responsibility by having regard to the interests of the communities in which we operate.

What we do

Our core business is providing estate planning and management, trustee services for individuals, businesses and charities, personal management services, investments for fiduciary customers and protective fiduciary services to New Zealanders.

Estate planning

We write Wills and set up Enduring Powers of Attorney (EPAs) and help establish Trusts. Wills set out the wishes of our customers for how their affairs are to be managed after they're gone, EPAs specify who can take care of their personal or financial matters if they can't and Trusts allow them to protect and manage their assets.

Trust administration

We work with individuals, businesses and corporates to manage their funds and assets held in Family Trusts, Inheritance Trusts, Pre-Paid Funeral Trusts and Charitable Trusts. We also safeguard student fees on behalf of private training establishments through our Fee Protect service.

Estate management

We administer and manage approximately 7,500 immediately distributable and ongoing estates each year, carrying out the wishes of customers as set out in their Wills to ensure assets are transferred to beneficiaries as smoothly and efficiently as possible.

Executor Assist

We work with lawyers and private Executors to help them with some or all of the tasks associated with being an Executor. We complete probate applications, collect assets, pay liabilities, complete tax returns and sometimes completely manage estates on behalf of Executors.

Corporate Trustee Service

We provide specialist trustee services and leading prudential independent supervisory oversight to the New Zealand corporate market.

PPPR and Personal Assist

We provide personal management services under the Protection of Personal and Property Rights Act 1988 (PPPR) and our tailored personal management service, Personal Assist. We help customers manage their financial and property matters, including paying bills, managing bank accounts, buying or selling assets, arranging home repairs and applying for pensions when they're unable to.

Investment services for fiduciary customers

We provide investment management services to a range of customers ensuring they can access effective and appropriate advice. Our Common Fund is subject to strict investment guidelines, and comprises Trust accounts for fiduciary customers and Term Deposits which we pool and invest directly.

Social good

Under various statutes, we have specific responsibilities in relation to providing protective fiduciary services to New Zealanders. This includes PPPR and some estate management services, for which we receive funding from the Ministry of Justice through a Services Agreement. We are also required, in some instances, to act as Trustee of Last Resort and provide fiduciary services to individuals when there is no other provider, or when their needs are unlikely to be met by private sector trustee organisations.

Contribution to Crown outputs

Public Trust has one reportable output under section 149E(1)(a) of the Crown Entities Act, which contributes to the achievement of Ministry of Justice outcomes, and is presented below. Other activity and related performance measures can be found in our Statement of Intent 2016-2020.

The reportable output is that the services provided to the Ministry of Justice by Public Trust align with the Crown's expected outcomes in relation to increased trust in the justice system and the provision of more responsive, accessible and cost effective services.

Many of the services Public Trust provides contribute to this output, as we:

- provide access to justice services that individuals are unable to obtain within their own means; and
- provide quality and responsive/timely services.

Public Trust and the Crown (acting through the Minister of Justice) have a Services Agreement under which the Crown purchases a range of non-commercial protective fiduciary services.

Under the Agreement, certain non-commercial services are paid for by the Crown to ensure that, among other things, reasons of affordability do not prevent or preclude New Zealanders from obtaining key services relating to the management of their estates and personal affairs.

We provide services to people who are not well placed to look after their own affairs and to people who, because they have limited financial means, are unlikely to have their needs met by private sector trustee organisations.

Measuring our performance

The Services Agreement specifies the value of the services we provide and this is monitored through regular reporting to the Ministry of Justice.

The quality and impact of the services we provide and their contribution to Justice sector outcomes are measured as below.

Outcome	Measure
Provide access to justice services that individuals are unable to obtain within their own means	Public Trust's Contact Centre is available 95% of the time between 8.00am – 5.30pm, Monday to Friday. Online resources available with less than 40 hours down time per annum. Nationwide network of customer centres available during business hours.
Provide quality and responsive/ timely services	Customer satisfaction rating (as measured through an independent survey) is greater than 80%. 80% of complaints are closed within 30 days and less than 5% of complaints are referred to an external dispute resolution provider.

Services agreement

The non-commercial services to be provided by Public Trust under the Services Agreement are classified below. Together these are referred to as "the Services". These Services provided by Public Trust align with the Crown's expected outcomes in relation to increased trust in the justice system and more responsive, accessible and cost effective services.

Providing Protection of Personal and Property Rights Act 1988 administration, audit and advice services to incapacitated persons, either as property manager or property attorney under an Enduring Power of Attorney.

Measure	2015/16 actual	2016/17 estimate	2017/18 forecast
Hours to manage and advise individuals under the Protection of Personal Property Rights Act	5,422	7,000	7,000

Administration of small estates and trusts, including providing advice and assistance to deal with assets that do not warrant formal administration, whether or not a Will has been made.

Measure	2015/16 actual	2016/17 estimate	2017/18 forecast
Hours to manage and advise on small estates and trusts	4,057	4,400	4,400

The examination of statements filed in court by any manager who is not a trustee corporation under section 46 of the Protection of Personal Property Rights Act 1988.

Measure	2015/16 actual	2016/17 estimate	2017/18 forecast
Hours taken to examine statements	877	740	740

Revenues and expenses

Expected revenue 2017/18: $1.8m (GST exclusive)

Proposed expenses 2017/18: $2.0m (GST exclusive)

The maximum potential revenue under the agreement is $2.627m. Within the overall cap, individual customer caps apply, creating the potential for "unfunded" work. Court mandated work may also exceed expected levels or may not be eligible for funding under the agreement, also creating potential for "unfunded" work.

Prospective consolidated statement of financial position

AS AT 30 JUNE	Forecast 2017 $000	Plan 2018 $000
Assets		
Cash and cash equivalents	23,864	27,015
Investment securities	419,664	370,028
Advances to clients	2,551	2,515
Trade receivables and work in progress	9,376	9,419
Advances secured by mortgage	505	291
Total financial assets	**455,960**	**409,268**
Sundry receivables	21	21
Prepayments	557	557
Property, plant and equipment	3,547	4,227
Intangibles	27,666	29,051
Total assets	**487,751**	**443,124**
Liabilities		
Liabilities to clients - at call or short term	376,400	331,765
Liabilities to clients - term deposits	47,124	41,666
Prepaid estate administration	240	226
Total liabilities to clients	**423,764**	**373,657**
Trade payables	7,271	8,599
Other payables	1,513	1,513
Derivative financial instruments	793	793
Prepaid income	40	40
Employee benefits	3,231	3,446
Provisions	2,673	1,606
Total liabilities	**439,285**	**389,654**
Equity		
Contributed equity	90,174	90,174
Cash flow hedge reserve	-	-
Retained earnings	(41,708)	(36,704)
Total equity	**48,466**	**53,470**
Total liabilities plus equity	**487,751**	**443,124**

Prospective consolidated statement of changes in equity

FOR THE PERIOD 1 JULY 2016 TO 30 JUNE 2018	Forecast **2017** $000	Plan **2018** $000
Equity at the start of the year	45,572	48,466
Comprehensive income		
Other comprehensive income		
- movement in cash flow hedge reserve	108	-
Profit after tax	2,786	5,004
Total comprehensive income	2,894	5,004
Equity at the end of the year	**48,466**	**53,470**

Prospective consolidated statement of profit or loss and other comprehensive income

FOR THE PERIOD 1 JULY 2016 TO 30 JUNE 2018	Forecast **2017** $000	Plan **2018** $000
Revenue		
Revenue from financial instruments		
Interest from interest bearing securities	11,794	9,998
Less: Interest expense	2,274	1,928
	9,520	8,070
Fees and commission revenue	46,294	50,190
Other revenue	123	129
Revenue from the Crown	1,800	1,800
Total revenue	**57,737**	**60,189**
Expenses		
Employee benefits	32,805	33,816
Operating lease costs	3,318	3,409
Depreciation	1,413	1,655
Amortisation of intangibles	2,292	3,060
Net gains on disposals of property, plant and equipment and intangibles assets	(94)	-
Impairment recoveries on advances secured by mortgages	(164)	(50)
Other expenses	15,855	13,295
Total expenses	**55,425**	**55,185**
Net gains on financial instruments	474	-
Profit before tax for the year	**2,786**	**5,004**
Tax expense	-	-
Profit after tax for the year	**2,786**	**5,004**
Other comprehensive income		
Items that may be reclassified to profit and loss:		
Movement in cash flow hedge reserve	108	-
Total comprehensive income for the year	**2,894**	**5,004**

Prospective consolidated statement of cash flows

FOR THE PERIOD 1 JULY 2016 TO 30 JUNE 2018	Forecast **2017** $000	Plan **2018** $000
Cash flows from operating activities		
Fees and other revenue	46,343	52,534
Interest revenue	16,715	10,107
Taxation	171	-
Payments to suppliers and employees	(50,668)	(50,638)
Interest expense	(5,709)	(2,452)
Net GST	(600)	(600)
Net flows from non-trading investments	57,164	50,093
Net payments to clients	(48,488)	(50,093)
Net cash flows from operating activities	**14,928**	**8,951**
Cash flows from investing activities		
Purchase of property, plant and equipment	(925)	(1,910)
Purchase of intangibles	(8,605)	(3,890)
Net cash flows from investing activities	**(9,530)**	**(5,800)**
Net increase in cash and cash equivalents	5,398	3,151
Cash and cash equivalents at beginning of the year	18,466	23,864
Cash and cash equivalents at the end of the year	**23,864**	**27,015**

Notes to the prospective consolidated financial statements

1 | General information

Public Trust is a body corporate established and domiciled in New Zealand by the Public Trust Act 2001 (the 2001 Act), and includes those liabilities defined as the Common Fund by the 2001 Act. Public Trust is a Crown Entity for the purposes of the Crown Entities Act 2004 and an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013.

The financial statements comprise Public Trust (the Parent) and its subsidiaries (collectively, the Group).

2 | Basis of preparation

These prospective financial statements are for the year ended 30 June 2018. They have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as it relates to prospective financial statements. They comply with New Zealand Financial Reporting Standard No. 42 - *Prospective Financial Statements*.

Actual results may vary from the information presented and the variations may be material.

Measurement basis

The prospective financial statements have been prepared on a historical cost basis except for derivatives and interest bearing securities which have been measured at fair value.

Functional and presentation currency

All transactions and balances are presented in New Zealand dollars, which is also the functional currency. All amounts are rounded to the nearest thousand dollars ($000) unless otherwise stated.

Use of judgements and estimates

In the process of applying the accounting policies, management make judgements, estimates and assumptions. Actual results may differ from these estimates.

Information about critical judgements that have the most significant effect on the amounts recognised in the financial statements is included below:

Intangible assets

The recoverability of the carrying amount of goodwill and intangible work in progress is assessed for impairment annually. Performing this assessment requires management to estimate future cash flows, terminal growth rate and pre-tax discount rate.

Prepaid estate administration

Estimates are required in relation to the amount of liabilities to clients for providing estate administration services. Judgement is required in determining the likely dates of death and future cash flows.

Provisions

Legal counsel is consulted on matters that may give rise to a remedial work and litigation provisions. Estimation and assumptions are made in determining the likelihood, amount and timing of cash necessary to settle the obligation.

Fair value measurement of financial instruments

For financial assets not trading in an active market, fair value is obtained using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions related to these factors could affect the reported fair value of financial instruments.

Significant assumptions

The prospective financial statements have been prepared on the basis of assumptions as to the future market environment and events that Public Trust reasonably expects to occur, associated with the actions that Public Trust reasonably expects to take, as at the date that this information was prepared.

The statements are based on the following significant assumptions listed in order of importance in relation to their impact on the financial statements:

1. The 2017 forecast data includes actuals to February 2017 and 4 months of forecast.
2. 22% revenue growth will be achieved by our retail segment, driven by business development, increases in marketing activities and investments in the workforce.
3. Revenue growth will occur for corporate trustee services and trustee fees, driven by business development opportunities and growth in funds under supervision.
4. Customer investment services revenue will decline due to the impact of downward market pressures on pricing.
5. Operating costs will increase by wage/salary growth and general inflation.
6. The 2016 to 2018 Services Agreement between the Ministry of Justice and Public Trust dated 30 June 2015 will remain in place.
7. Claims for failure of service delivery will continue at low levels. Provisions or contingent liabilities are forecast on best estimates and are an area of uncertainty.
8. Expenses will continue to include investment in organisational change.
9. The investment portfolio will be operated within approved asset allocations and risk policies.

3 | Accounting policies

New and amended financial reporting standards and interpretations

For the year ended 30 June 2017 the Group will adopt, for the first time, certain amendments to standards. The impact of the amendments on the financial statements is immaterial.

New and amended standards and interpretations that could be expected to have a material impact on the Group's financial statements, which are not yet effective for the year ended 30 June 2017 and have not been adopted, are stated below.

- NZ IFRS 15 Revenue from Contracts with Customers will supersede all current revenue recognition requirements under NZ IFRS. The Group intends to adopt the standard from 1 July 2018. The impact of adoption of NZ IFRS 15 on the Group's financial statements is a one-off reduction in revenue of approximately $0.2m.
- NZ IFRS 9 Financial Instruments introduces new requirements for classification and measurement, impairment, and hedge accounting. The Group intends to adopt NZ IFRS 9 classification, measurement and impairment requirements from 1 July 2018. The NZ IFRS 9 hedge accounting rules are not mandatory for adoption, and the Group intends to continue to comply with NZ IAS 39.

  No significant changes are expected as a result of the classification, measurement and impairment requirements of NZ IFRS 9.

There are no other new or amended standards and interpretations that are issued but not yet effective that would be expected to have a material impact on the Group's financial statements.

Basis of consolidation

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are included in the Group's financial statements from the date on which control commences until the date control ceases.

All intra-group balances and transactions, and unrealised income and expenses resulting from intra-group transactions are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

When the Group loses control over a subsidiary, it derecognises the related assets and liabilities, and any other components of equity. Any interest in the former subsidiary is measured at fair value when control is lost.

Financial instruments

All financial instruments are initially recognised at the fair value of the consideration received less, in the case of financial assets and liabilities not recorded at fair value through profit or loss, directly attributable transaction costs.

Subsequently the Group applies the following accounting policies for financial instruments:

Financial assets at fair value through profit or loss

Financial instruments classified at fair value through profit or loss include:

- interest bearing securities;
- derivative financial instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are carried at their fair value with net changes in fair value recognised in profit or loss, with the exception of gains and losses on derivative financial instruments which are designated and effective as cash flow hedges.

The Group uses derivative financial instruments, such as interest rate swaps, to manage exposures to interest rate risk. Some of these hedged managed exposures qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

Cash flow hedges

Derivative financial instruments, whose purpose is to match the cash flows arising from interest rate changes on floating rate mortgages and liabilities to clients at call, are designated as cash flow hedges. To the extent that individual hedges are effective at inception and remain so, changes in the fair value of these instruments are recognised in other comprehensive income in the cash flow hedging reserve. Any ineffective portion is recognised immediately in profit or loss.

When the hedging instrument expires or is sold, the hedge no longer meets the criteria for hedge accounting or the hedge designation is revoked, the cumulative gain or loss on the hedging instrument remaining in the cash flow hedging reserve is transferred to profit or loss when the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss on the hedging instrument recognised in the cash flow hedging reserve is transferred to profit or loss immediately.

Fair value hedges

Derivative financial instruments, whose purpose is to match the changes in fair value of long-dated term deposit assets as interest rates change, are designated as fair value hedges. For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in profit or loss. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the Statement of Financial Position and is also recognised in profit or loss.

Loans and receivables

Financial assets in this category include:

- cash and cash equivalents;
- term deposits;
- advances to clients;
- trade receivables and work in progress;
- advances secured by mortgage.

Cash and cash equivalents include cash on hand, cash at bank (including any overdraft), money market deposits on call and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are recognised at their cash settlement value.

Subsequent to initial recognition, loans and receivables are carried at their amortised cost, in accordance with the effective interest rate method, less impairment.

Loans and receivables (other than advances secured by mortgage) are regularly reviewed for impairment, both individually and collectively in groups of financial assets with similar risk profiles. An impairment loss is recognised when there is objective evidence that future cash flows from the asset will decline from the previous expected levels. The amount of any impairment is measured as the difference between the asset's carrying value and the present value of the re-estimated cash flows, discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss with a corresponding reduction in the carrying value of the financial asset through an impairment allowance account.

Advances secured by mortgage

Initial fair value of advances secured by mortgage is measured as the cost of the advance including origination fees as this is considered to best represent an exit price at the acquisition date.

Subsequent to initial recognition, amortised cost is calculated by amortising advances secured by mortgage including fees and costs to profit or loss over the expected term of the advance.

Advances secured by mortgage are regularly reviewed for the impairment loss. The carrying amount of the advance is reduced through the use of an impairment allowance account and the amount of the loss is recognised in profit or loss.

An individual impairment allowance is provided when there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the advance. The impairment allowance is an estimation of the amount and timing of future cash flows.

When an advance is uncollectible, it's written off against the carrying amount. The related impairment allowance previously provided for is reversed in profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss is comprised solely of those derivative financial instruments held for trading in a loss position which cannot be offset against a countervailing balance which forms part of a qualifying offset agreement.

Financial liabilities at amortised cost

Financial liabilities in this category include:

- liabilities to clients;
- trade and other payables.

Subsequent to initial recognition, financial liabilities at amortised costs are carried at their amortised cost in accordance with the effective interest rate method.

Foreign currency transactions

Transactions in foreign currencies are translated to New Zealand dollars at the rate of exchange prevailing at the transaction date. At reporting date, foreign currency monetary assets and liabilities are translated into New Zealand dollars using the exchange rates prevailing at the reporting date. Exchange differences arising on the settlement or translation of foreign currency monetary items are recognised in profit or loss.

Intangible assets: IT assets and development costs

Intangible IT assets comprise computer software that is not integral to the operating systems of computer and server equipment. They are classified as finite life intangible assets that are initially recognised at the cost necessary to bring the software to the condition intended for functionality. Costs incurred in developing internally generated software are recognised where the software qualifies for recognition as an intangible asset. Costs are accumulated as capital work in progress until the intangible IT asset is in a functional condition. They are then capitalised and amortised over the asset's estimated useful life of three to ten years using the straight-line method.

A review of intangible IT assets is undertaken at the end of each financial year to ensure the estimates of useful life and the amortisation method remain relevant.

Intangible IT assets are subsequently carried at cost, less any accumulated amortisation and accumulated impairment losses.

Impairment of non–financial assets other than goodwill

Non-financial assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An annual internal review of asset values is performed at the end of each financial year. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined using a discounted cash flow model. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units, CGU).

Any impairment losses are recognised in profit or loss. Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Impairment of goodwill

Goodwill is subject to an annual impairment test. Any impairment is recognised in profit or loss as a permanent reduction in the carrying value. Impairment losses recognised for goodwill are not subsequently reversed.

Goodwill has been allocated to the Corporate Trustee Services CGU. Impairment testing is done using a discounted cash flows model.

Employee benefits

Annual leave

Provision is made for annual leave in accordance with the accumulated entitlement as at the reporting date. This is carried at the cash amount necessary to settle the obligation.

Sick leave

The sick leave allowance is calculated by assuming each person on the relevant contract is entitled to a certain number of days sick leave in a year. An estimate is made of the likelihood of each person drawing upon an accumulated entitlement over and above the standard number of sick leave days in the forthcoming year. These surplus days are valued at the current rate of pay plus an increment to represent the pay rate at which the sick leave is likely to crystallise.

Long-service leave

Provision is made for long-service leave benefits on an actuarial basis. Projected cash flows are estimated in accordance with both national and entity experience. The resulting projected cash flows are discounted in accordance with market yields on New Zealand Government bonds as at the reporting date.

Leases

Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Any lease incentives are amortised over the estimated occupancy periods and offset against lease expenditure in profit or loss. The estimated occupancy period is based on the contractual terms of the lease and is reviewed annually.

Tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax

Current tax is the tax receivable/payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax receivable/payable in respect of previous years.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, together with any future income tax benefits arising from unutilised tax losses in the financial statements.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Goods and services tax

All revenues and expenses are recognised net of goods and services tax (GST). Any GST on expenses that is not recoverable is recognised in profit or loss.

Where the cost of property, plant and equipment and intangible assets includes an element of irrecoverable GST, such costs are included as part of the initial carrying amount of the relevant asset.

Receivables and payables are recognised inclusive of any applicable GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Fees

Fees from services are recognised in profit or loss in accordance with the underlying service contract. Depending on the nature of the service, this is either based on time spent or following the performance of a specific act.

Revenue from the Crown

The Crown contracts with Public Trust to deliver certain estate administration services. Fees arising from the performance of these services are recognised on completion of the relevant services.

Presentation of cash flows

Cash flows from operating activities are cash flows from the principal revenue producing activities of the Group. Operating activities also include net proceeds from investment securities and derivative financial instruments acquired specifically for resale. For the purpose of the Statement of Cash Flows these are referred to as trading investments.

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