Statement of Performance Expectations

1 July 2018 - 30 June 2019

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 2018 to 30 June 2019. It should be read in conjunction with the Statement of Intent for 2016–2020.

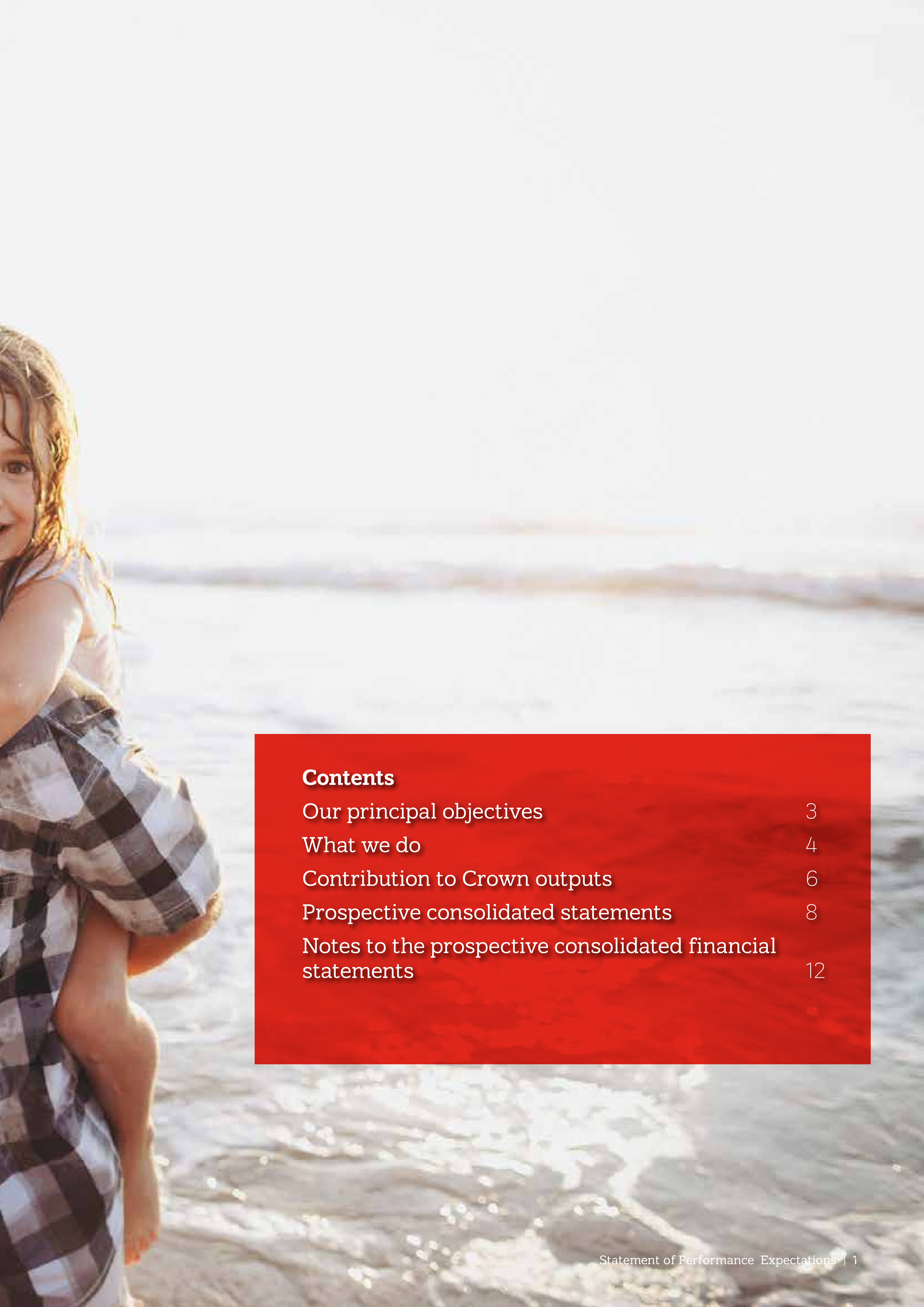
The purpose of the prospective financial statements is to facilitate Parliament's consideration of the planned performance of Public Trust. Use of this information for other purposes may not be appropriate. There is no intention to update the prospective financial statements subsequent to presentation.

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:

Ian Fitzgerald	**Fiona Oliver**
Board Chair	Deputy Chair

29 June 2018



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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 services; trustee services for individuals, businesses, corporates and charities; personal management services; investments for fiduciary customers and protective fiduciary services to New Zealanders.

Getting started – estate planning

We write Wills and set up Enduring Powers of Attorney (EPAs) and 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.

Living smart – estate maintenance

We maintain and review customers' estate plans based on life events to ensure the appropriateness of their solutions, and 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 manage lots of different asset types, including one of New Zealand's largest training farms, Smedley Station. We also safeguard student fees on behalf of private training establishments through our Fee Protect service.

Personal Assist

We offer a tailored personal management service called Personal Assist where 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.

PPPR

We provide personal management services under the Protection of Personal and Property Rights Act 1988 (PPPR). This involves Public Trust being appointed by court order as the property manager for customers that no longer have mental capacity to manage their own affairs.

Leaving well – estate administration

We administer and manage approximately 7,200 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 completely manage estates on behalf of executors if required.

Investment services for fiduciary customers

We provide investment management services to a range of customers ensuring they can access effective and appropriate advice. We offer an on-call deposit account to meet customers' short-term savings needs, and an investment service to meet customers' long-term investing needs. Our Common Fund is subject to rigorous investment guidelines, and contains Trust accounts for fiduciary customers.

AA credit rating

We provide our customers with an added degree of financial security and assurance by holding a long-term AA credit rating from independent ratings agency Fitch.

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.

Corporate Trustee Services

Corporate Trustee Services is a leading specialist corporate Trustee (with more than NZ$70 billion under supervision) licensed under the Financial Markets Supervisors Act.

We monitor and represent the collective interests of investors in KiwiSaver schemes (seven KiwiSaver providers with approximately $15.5 billion of assets under management), managed investment schemes, superannuation schemes, public debt issues, and act as a licensed statutory supervisor for retirement villages.

We also act as trustee in a number of structured finance arrangements, securitisation of assets and wholesale funds and a custodian by holding assets in trust in accordance with trust deeds.

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). To achieve a Net Promoter Score (NPS) of 15%. 80% of complaints are closed within 30 days and less than 5% of complaints are referred to an external dispute resolution provider.
Provide Trustee Services to more New Zealanders	To grow probate market share (Wills, EPA and Estates) to 15%.

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	2016/17 actual	2017/18 estimate	2018/19 forecast
Hours to manage and advise individuals under the Protection of Personal Property Rights Act	4,694	6,175	7,500

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	2016/17 actual	2017/18 estimate	2018/19 forecast
Hours to manage and advise on small estates and trusts	3,206	3,510	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	2016/17 actual	2017/18 estimate	2018/19 forecast
Hours taken to examine statements	3,102	2,669	2,885

Revenues and expenses

Expected revenue 2018/19: $2.2m (GST exclusive)

Proposed expenses 2018/19: $2.2m (GST exclusive)

The maximum potential revenue under the agreement is $2.627m. 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 2018 $000	Plan 2019 $000
Assets		
Cash and cash equivalents	26,314	29,559
Investment securities	392,662	395,333
Advances to clients	2,506	1,504
Trade receivables and work in progress	9,357	9,080
Deferred tax asset	9,163	9,163
Advances secured by mortgage	996	0
Total financial assets	**440,998**	**444,639**
Sundry receivables		
Sundry receivables and prepayments	608	608
Property, plant and equipment	3,994	4,129
Intangibles	27,581	28,353
Total assets	**473,181**	**477,729**
Liabilities		
Liabilities to clients - at call or short term	400,211	401,787
Liabilities to clients - term deposits	1,583	0
Prepaid estate administration	300	285
Total liabilities to clients	**402,094**	**402,072**
Trade payables	2,923	3,010
Other payables	1,034	1,065
Derivative financial instruments	399	399
Prepaid income	16	40
Employee benefits	3,036	3,127
Provisions	1,901	1,711
Total liabilities	**411,403**	**411,424**
Equity		
Contributed equity	90,174	90,174
Retained earnings	**(28,396)**	**(23,869)**
Total equity	**61,778**	**66,305**
Total liabilities plus equity	**473,181**	**477,729**

Prospective consolidated statement of changes in equity

FOR THE PERIOD 1 JULY 2017 TO 30 JUNE 2019	Forecast **2018** $000	Plan **2019** $000
Equity at the start of the year	58,740	61,778
Comprehensive income		
Other comprehensive income		
Profit after tax	3,038	4,527
Total comprehensive income	3,038	4,527
Equity at the end of the year	**61,778**	**66,305**

Prospective consolidated statement of profit or loss and other comprehensive income

FOR THE PERIOD 1 JULY 2017 TO 30 JUNE 2019	Forecast **2018** $000	Plan **2019** $000
Revenue		
Revenue from financial instruments		
Interest from interest bearing securities	14,518	14,756
Less: Interest expense	3,484	3,541
	11,034	11,215
Fees and commission revenue	47,527	54,105
Other revenue	415	427
Revenue from the Crown	1,854	2,200
Total revenue	**60,830**	**67,947**
Expenses		
Employee benefits	33,187	38429
Operating lease costs	3,191	3598
Depreciation	1,133	1018
Amortisation of intangibles	3,187	3808
Net gains on disposals of property, plant and equipment and intangibles assets	0	0
Impairment recoveries on advances secured by mortgages	0	0
Other expenses	17,271	16567
Total expenses	**57,969**	**63,420**
Net gains on financial instruments	(177)	0
Profit before tax for the year	**3,038**	**4,527**
Tax expense	0	0
Profit after tax for the year	**3,038**	**4,527**
Other comprehensive income		
Items that may be reclassified to profit and loss:		
Total comprehensive income for the year	**3,038**	**4,527**

*Revenue for the Forecast and Plan does not include the impact of new and amended financial reporting standards to be adopted from 1 July 2018.

Prospective consolidated statement of cash flows

FOR THE PERIOD 1 JULY 2017 TO 30 JUNE 2019	Forecast **2018** $000	Plan **2019** $000
Cash flows from operating activities		
Fees and other revenue	48,815	55,572
Interest revenue	12,899	13,110
Payments to suppliers and employees	(51,008)	(59,063)
Interest expense	(1,833)	(3,541)
Net GST	(330)	(337)
Net cash flows from operating activities	**8,543**	**5,741**
Cash flows from investing activities		
Net flows from non-trading investments	66,051	60,775
Purchase of property, plant and equipment	(1,521)	(1,580)
Purchase of intangibles	(1,705)	(3,220)
Net cash flows from investing activities	**62,825**	**55,975**
Cash flows from financing activities		
Net payments to clients	(63,808)	(58,471)
Net cash flows from financing activities	**(63,808)**	**(58,471)**
Net increase in cash and cash equivalents	7,560	3,245
Cash and cash equivalents at beginning of the year	18,754	26,314
Cash and cash equivalents at the end of the year	**26,314**	**29,559**

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 ending 30 June 2019. 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 - 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:

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. This requires management to assess the likelihood, timing and the level of future taxable profits.

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 rates and pre-tax discount rates.

Prepaid estate administration

Estimates are required in valuing 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 2018 forecast data includes actuals to February 2018 and 4 months of forecast.
2. Revenue growth in Retail comes from improved efficiency, new propositions and revenue management.
3. Revenue growth will occur for corporate trustee services, driven by customer retention (exiting low value customers) and growth in funds under supervision.
4. Customer investment services revenue is steady state with focus on raising awareness of our investment portfolio with our existing client base.
5. Operating costs will increase by wage/salary increases, additional headcount 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. A new agreement will be in place from 1 July 2018.
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. 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 2018 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 2018 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. NZ IFRS 15 provides a principles based five-step model that will be applicable to all contracts with customers. The projected impact of adoption of NZ IFRS 15 on the Group's financial statements is a reduction in revenue in the first year of adoption of approximately $500,000 due to deferral of revenue.
- NZ IFRS 9 Financial Instruments introduces new requirements for classification and measurement, impairment, and hedge accounting. The Group intends to adopt NZ IFRS 9 from 1 July 2018. The impact of adoption of the standard is as follows:
  - New NZ IFRS 9 hedge accounting rules will not have a material impact on the Group's financial statements for the year ended 30 June 2019.
  - No significant changes are expected as a result of the classification, measurement and impairment requirements of NZ IFRS 9.
- NZ IFRS 16 Leases requires a lessee to recognise a lease liability reflecting future lease payments and a "right-of use asset" for virtually all lease contracts. The Group plans to adopt the new standard from 1 July 2019. The Group does not expect the adoption of NZ IFRS 16 to materially impact the Group's financial statements.

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.

(i) Financial instruments

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequently, the Group applies accounting policies for the categories of financial instruments outlined below:

Financial assets at fair value through profit or loss

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

- investments securities: interest bearing securities; and
- 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.

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.

(ii) Loans and receivables

Financial assets in this category include:

- cash and cash equivalents;
- investment securities: term deposits;
- advances to clients;
- trade receivables and work in progress; and
- 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.

(iii) 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.

(iv) Financial liabilities at amortised cost

Financial liabilities in this category include:

- liabilities to clients; and
- trade and other payables.

Subsequent to initial recognition, financial liabilities at amortised cost 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 and sick 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. The sick leave allowance is calculated based on each person's entitlement as per the relevant contract.

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.

Taxes

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.

Cash flows from non-trading investments are presented on a net basis as they relate to the placement and withdrawal of deposits from other financial institutions.

Cash receipts from/payments to clients are presented on a net basis as they represent cash receipts and payments on behalf of customers and the cash flows reflect the activities of the customer rather than those of Public Trust.

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