Statement of Performance Expectations

2025/26

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Public Trust

Board statement

This Statement of Performance Expectations (SPE) is submitted by the Board of Public Trust and has been prepared in accordance with the Crown Entities Act 2004. It sets out the activities of Public Trust for the period from 1 July 2025 to 30 June 2026.

The Board acknowledges responsibility for the prospective consolidated financial statements presented, including the appropriateness of the assumptions made in preparing the financial information and all other disclosures.

Signed on behalf of the Public Trust Board:

Karen Price
Chair
30 June 2025

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Introduction

Public Trust is New Zealand's largest provider of trustee and estate administration services. We also provide corporate trustee, supervisory and custodial services through our Corporate Trustee Services business, and play an important role in the charitable trust sector.

At some point in life, every New Zealander may need one of our offerings, and we want to ensure we are there for them when they need us most.

Our unique role is to empower all New Zealanders to build and protect their legacies. To achieve this, we are focused on delivering products and services that are compelling, relevant and accessible to all Kiwi.

Our 2024 – 2027 Statement of Intent (SOI) sets out our medium-term strategy, our ambitions and measures for assessing our progress towards them. This Statement of Performance Expectations (SPE) outlines the short-term planned actions we will undertake in the financial year to 30 June 2026, which support our ambitions as set out in our SOI.

Established over 150 years ago, Public Trust is a self-funding autonomous Crown entity governed by the Public Trust Act 2001 and Crown Entities Act 2004. Our Board is appointed by the Minister of Justice. The Chief Executive has responsibility for the day-to-day management of the business.

While our main objective as defined in our Act is to operate as an effective business, we also have clear obligations to care for New Zealanders and care for our people.

Our Act sets out that we must:

- 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
- be an organisation that exhibits a sense of social responsibility by having regard to the interests of the communities in which we operate.

Our culture of care underpins all our work. We have a team of over 400 people working across 22 locations, ensuring we remain closely connected to the customers, clients and communities we serve.

Our operating environment

Changing social dynamics means the demand for our core services remains strong.

By the end of this century, there will be one senior citizen for every two working-age Kiwi. New Zealand's rapidly ageing population, growing burden of dementia, changing family structures, and the largest-ever intergenerational wealth transfer now underway are focusing our attention.

In this evolving space, Public Trust is a constant, offering reliable and independent advice to support our customer's long-term financial wellbeing. We are here to make it easier for people to manage complex and challenging times in their lives, and to take control of planning for their future.

Currently, too few of us have a plan should the time come when we can no longer manage our affairs. That's why Public Trust will keep promoting public education on the value of enduring powers of attorney and other life-planning documents like wills. Having these in place reduces cost and pressure for families and the Courts.

Technology plays a pivotal role in improving service accessibility and boosting productivity. In an increasingly digital world, we are modernising our technology to keep pace with forecast growth and changing customer preferences.

Our success as a business is intrinsically linked to the people we employ and the customers and communities we serve. To enable our strategic ambitions and drive performance, we will continue to embrace innovation and focus on what matters most to New Zealanders.

What we seek to achieve for New Zealanders

Public Trust's strategic aspiration is to continue to grow a sustainable trustee and supervisory services business that is compelling, relevant, and accessible to all New Zealanders.

Our purpose, to empower all New Zealanders to build and protect their legacies, drives our strategic thinking.

Estate planning and management

We deliver day-to-day estate planning and trustee services to everyday New Zealanders through our national network of customer centres, contact centre and website.

We provide guidance to New Zealanders to ensure that the people and things that matter the most to them are taken care of after they have passed away. We work with our customers to maintain and review their estate plans, ensuring they remain relevant and up to date over their lifetime.

We specialise in helping customers with:

> **Wills:** A legal document that sets out wishes regarding the care of children, funeral arrangements as well as how to distribute assets or special items after their death.

> **Enduring Powers of Attorney:** A legal document appointing an attorney to step in to manage financial and property affairs or personal care if they can't.

> **Trusts:** A legal arrangement to protect the assets, and future assets, of their whānau.

Estate administration

We act as executor for estates. This critical service helps whānau at a very difficult time and ensures that the wishes of the will maker are carried out so their legacy can continue.

Executor Assist advisory service

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.

Personal Assist

We offer a tailored personal management service to help customers with their financial and property matters, including paying bills, managing bank accounts, buying or selling assets, arranging caregiving, home repairs and applying for pensions.

Services under the Protection of Personal and Property Rights Act

We provide personal management services for vulnerable New Zealanders under the Protection of Personal and Property Rights Act 1988. This involves Public Trust being appointed by Court order as the property manager for customers who no longer have mental capacity to manage their own affairs.

Public Trust also undertakes examinations of the financial statements of private property managers on behalf of the Courts, to ensure that those without capacity are having their finances managed appropriately.

Services funded by the Ministry of Justice

We are entrusted to look after the financial affairs of New Zealanders who risk being unable to access services from the commercial market and or where there is a higher duty of care needed that cannot be met by the market.

Public Trust receives funding from the Ministry of Justice to provide personal management services for vulnerable New Zealanders under the Protection of Personal and Property Rights Act 1988, who are without the means to pay.

Trustee of last resort

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.

Charities

As one of New Zealand's largest charitable trust administrators and advisers, Public Trust is proud to empower others to give for good. In FY2025 we have distributed $11.2 million in grants through the charitable trusts we administer (as at 31 March 2025), supporting a wide range of community groups.

We help over 430 charities and work to make sure a benefactor's intentions are carried out for the life of their charitable trust. We take care of registration, reporting, gifting, legal, accounting and taxation, making sure that assets are invested to provide lasting benefits. We manage many different asset types, including New Zealand's largest training farm, Smedley Station.

Services to tertiary education

We safeguard student fees on behalf of over 190 private training establishments through our Fee Protect service. This service protects students from losses outside of their control (for example, due to closure or insolvency of a course provider). It also creates confidence in New Zealand as an education destination as student funds are protected until students have received their education.

Investment services for fiduciary customers

We provide investment management services to our fiduciary customers, designed to help meet their current and future needs. Our products aim to provide sustainable, risk-adjusted investment returns and appropriate income streams.

We invest funds on behalf of our fiduciary customers, including our charitable trusts, in our Common Fund or our Public Trust Investment Service.

Our Common Fund (around $315 million as at 31 March 2025) is used primarily for Retail customers requiring shorter term liquidity and for our Fee Protect customers. Deposits held in our Common Fund are government guaranteed.

In addition, we have around $1.2 billion funds under management in our Public Trust Investment Service (as at 31 March 2025). These funds comprise assets we manage on behalf of clients with longer-term investment needs, which includes the charities Public Trust administers.

All funds are managed within well-defined investment policies and a robust governance framework.

Corporate Trustee Services

Public Trust has a specialised corporate trustee team who supervise a number of New Zealand financial services businesses to help ensure consumer and investor trust in the financial system is maintained.

We are licensed by the Financial Markets Authority, under the Financial Markets Supervisors Act 2011 to oversee and provide guidance to our clients, ensuring that they meet the standards expected of them and that investors' interests are protected.

Our Corporate Trustee Services team provide specialist services including:

- Supervision of regulated investment schemes and trusteeship of unregulated schemes e.g. wholesale schemes.
- Supervision of KiwiSaver schemes, including four of the six default providers.
- Custodial services, we hold listed and unlisted securities in safekeeping and are responsible for all associated cash and security transactions along with all reporting and tax obligations on our clients' assets.
- Statutory supervision of retirement villages, monitoring compliance with obligations, including the financial position of villages and the security of residents' interests.
- Structured finance transactions, covering debt issues and securitisations.

Measuring our progress

This Statement of Performance Expectations outlines the key measures we use to track our success in advancing the focus areas set out in our strategy. Public Trust has a robust framework to monitor, assess, and be held accountable for our performance.

These measures are focused on driving improvements for our customers and communities, continued financial strength, and creating a great place to work for our people, and will be reported against in our Annual Report.

Objectives	What success looks like	Measure	2023/2024 actual	2024/2025 forecast	2025/2026 plan
Serving our customers and communities	Our products and services are compelling, relevant and accessible to all New Zealanders and we empower them to build and protect their legacies	New business sales for wills and EPAs	11,406	12,274	13,244
		New business sales for wills and EPAs completed online compared to total sales	71.0%	71.0%	71.0%
		Number of new estates administered each year	1,375	1,330	1,389
		Net Promoter Score (NPS). NPS is a customer experience measure	30.1	35.0	40.0
		KiwiSaver hardship applications processed within two business days	99.0%	97.5%	95.0%
Being a good employer	Our culture of care ensures our people are highly engaged, healthy, safe and well	Total Recordable Injury Frequency Rate (TRIFR)	0.56	TRIFR will not exceed 1.71	TRIFR will not exceed 1.71
Delivering financial growth	We deliver a strong financial performance which enables us to return a dividend to our owner and continue to reinvest in our business to drive better outcomes for the customers we serve	Return on equity	6.6%	6.5%	7.6%
		Cost to income ratio	91.5%	91.3%	89.7%

Contribution to Crown outputs

Public Trust has one reportable class of outputs under section 149E(1)(a) of the Crown Entities Act 2004, which arises from its services agreement with the Crown (acting through the Minister of Justice). Under this services agreement, the Crown purchases non-commercial fiduciary services from Public Trust to ensure that affordability does not prevent New Zealanders from accessing these services.

Providing these services helps advance the Crown's objective to protect the most vulnerable members of our society. The outputs arising from this contract are intended to enable access to fiduciary services for New Zealanders who are either vulnerable or unable to obtain these services within their own means.

In financial year 2025/26 Public Trust will be funded to deliver services to incapacitated persons with less than $30,000 assets under the Protection of Personal and Property Rights Act 1988 or under Public Trust agencies.

In previous years, a higher asset threshold of $50,000 existed which broadened eligibility and funding also covered the administration of estates and trusts for some clients. In financial year 2024/25 this funding was discontinued. In previous years subsided Private Manager Examinations were also funded. In 2024/25 this funding was discontinued following a change to regulation which reduced the requirement of this work for customers with low levels of assets or income.

How performance will be assessed

The services agreement specifies the scope of services Public Trust provides. Performance under the agreement is monitored through regular reporting to the Ministry of Justice. Public Trust assesses its performance under the agreement by measuring the number of clients served and total hours spent providing services.

			2023/2024 actual		2024/2025 forecast		2025/2026 plan	
Service	**Measure**	**Client asset pool qualifying threshold***	**No. of clients**	**Hours**	**No. of clients**	**Hours**	**No. of clients**	**Hours**
Providing services to incapacitated persons under the Protection of Personal and Property Rights Act 1988 or under Public Trust agencies	Number of clients served and hours to manage and advise under the Protection of Personal and Property Rights Act 1988	$0-$20k	575	10,398	627	10,643	$Nil**	$Nil**
		$20k-$50k	110	1,464	$Nil***			
		$0k-$30k					830	14,110
		Exceptional circumstances	2	52	$Nil***			
Administration of estates and trusts	Number of clients served and hours administering	$0-$20k	464	1,166	$Nil***			
Examination of statements filed in Court by any manager who is not a trustee corporation under section 46 of the Protection of Personal and Property Rights Act 1988	Number of clients served, and hours taken to examine statements	$0-$20k	1,090	3,006	$Nil***			
		$20k-$50k	2,050	7,095	$Nil***			

*For financial year 2024/25, demand from qualifying customers exceeded the funding received from the Crown. Public Trust has continued to deliver services to qualifying customers in excess of the funding received. The costs of this will be reported in the Public Trust 2024/25 Annual Report.

**In 2025/26 the $0-$20k client asset pool qualifying category is expected to be changed to $0-$30k.

***Funding was discontinued from 2024/25 onwards.

Revenue and expenses

In financial year 2025/26, it is likely that demand from qualifying customers will exceed the funding provided by the Crown. This is reflected below, with anticipated expenses being greater than revenue. Public Trust will report the cost of providing services to qualifying customers that are more than the funding received in its Annual Report.

- Expected revenue 2025/26: $1.984 million (GST exclusive).
- Proposed expenses 2025/26: $3.335 million (GST exclusive) – proposed expenses include only the direct costs incurred to deliver these services.
- Maximum potential revenue 2025/26: The maximum potential revenue under the agreement is $1.984 million.

Common Fund reporting

Public Trust's Common Fund contains fiduciary customers' money and is guaranteed by the New Zealand Government. The Common Fund is invested in the manner provided by the Trusts Act 2019 and Public Trust Act 2001.

Investments made from the Common Fund are not made on account of, and do not belong to, any particular estate and are subject to strict investment guidelines to ensure a conservative risk-return profile is maintained.

The primary measures used to monitor the risk exposure of the investments made from the Common Fund are credit quality, issuer concentration ratio and the liquidity test. The risk exposure of the investments made from the Common Fund is also assessed using the value at risk method. Taken together, these measures are a subset of, and in alignment with, controls in the Common Fund's Statement of Investment Policy and Objectives, which sets out the governance, strategy, investment approach, constraints and risk management policies.

Credit quality

Credit quality assesses the creditworthiness or default risk of the investments made from the Common Fund and is based on published external credit ratings.

Measure	2023/2024 actual	2024/2025 forecast	2025/2026 plan
Aggregate percentage of investments held with a long-term S&P-equivalent credit rating between BBB and A-, measured monthly, must not exceed 20%, and none may be held with a long-term S&P-equivalent credit rating of BBB- or lower	BBB to A-: 7.5%, monthly average BBB- or lower: 0%	BBB to A-: 5.4%, monthly average BBB- or lower: 0%	Aggregate value of investments held with a long-term S&P-equivalent credit rating of BBB to A-: will not exceed 20% of the total investments, and none rated with a long-term S&P-equivalent credit rating of BBB- or lower

Issuer concentration ratio

The issuer concentration ratio offers a measure of market concentration within the portfolio of investments made from the Common Fund and indicates the exposure of the investments to non-bank issuers (other than the New Zealand Government and the New Zealand Local Government Funding Agency (LGFA)).

Measure	2023/2024 actual	2024/2025 forecast	2025/2026 plan
Credit exposure* to a single non-bank issuer (other than government, LGFA) must not exceed 4% of total investments, measured monthly	Credit exposure did not exceed 4%	Credit exposure will not exceed 4%	Credit exposure will not exceed 4%

* Credit exposure is the market value of all investments held with a single non-bank issuer (e.g., non-bank issuer of commercial paper, floating rate note, or corporate bond, other than those issued by the New Zealand Government and LGFA) as a percentage of the total market value of all investments held.

Liquidity test

A liquidity test measures the proportion of liquid assets relative to the total value of an investment portfolio. An asset is considered liquid if it can be quickly converted into cash. An appropriate level of liquid assets must be maintained to ensure that the funding requirements of the fiduciary customers are met.

Measure	2023/2024 actual	2024/2025 forecast	2025/2026 plan
Percentage of total investments (by dollar value) that can be liquidated within 100 days, measured monthly	51.6% monthly average, with no month below 33%	52.9% monthly average, with no month below 33%	At least 33% (by dollar value) of total investments can be liquidated within 100 days

Value at risk

Value at risk (VaR) is a statistical measure of the risk of loss in an investment portfolio given normal market conditions over a defined period within a given probability/confidence level. In other words, VaR defines the maximum level of acceptable loss for a portfolio given normal market conditions over a given period of time.

VaR is an estimate of the risk of a loss within a portfolio. By setting VaR measures, portfolio managers attempt to keep the risk of loss within agreed levels.

Measure	2023/2024 actual	2024/2025 forecast	2025/2026 plan
VaR, excluding term deposits, measure of 0.4% at 95% confidence level*	0.29% monthly average	0.31% monthly average, with no month exceeding 0.4%	VaR will not exceed 0.4%

* The VaR measure of 0.4% at 95% confidence is the same as stating that Public Trust is confident that losses will not exceed 0.4% of the total value of investments over any one day.

Prospective consolidated statement of total comprehensive income

for the period 1 July 2024 to 30 June 2026

	Forecast 2025 ($000)	Plan 2026 ($000)
Revenue		
Interest from investment securities	16,187	11,434
Interest from advances to customers	225	167
Less: Interest paid to customers	(6,760)	(4,410)
	9,652	**7,191**
Revenue from contracts with customers	77,809	82,469
Net revenue	**87,461**	**89,660**
Expenses		
Employee benefits	(54,800)	(55,404)
Amortisation of intangible assets	(4,213)	(2,344)
Depreciation	(3,569)	(3,403)
Operating lease costs	(96)	(209)
Other expenses	(16,795)	(18,747)
Total operating expenses	**(79,473)**	**(80,107)**
Finance costs	(373)	(318)
Net losses from investment securities	11	-
Profit before tax for the year	**7,626**	**9,235**
Income tax expense	(2,282)	(2,586)
Profit after tax for the year	**5,344**	**6,649**
Total comprehensive income for the year	**5,344**	**6,649**

Prospective consolidated statement of changes in equity

for the period 1 July 2024 to 30 June 2026

	Forecast 2025 ($000)	Plan 2026 ($000)
Equity at the start of the year	**77,740**	**82,084**
Profit after tax for the year	5,344	6,649
Total comprehensive income for the year	**5,344**	**6,649**
Contribution from the Crown	1,031	-
Dividend paid to the Crown	(2,031)	(1,069)
Equity at the end of the year	**82,084**	**87,664**

Prospective consolidated statement of financial position

as at 30 June

	Forecast 2025 ($000)	Plan 2026 ($000)
Assets		
Cash	22,461	22,501
Investment securities	346,962	358,168
Trade and other receivables	4,992	5,060
Advances to customers	3,687	3,769
Total financial assets	**378,102**	**389,498**
Contract assets	11,299	11,534
Other assets	1,075	1,099
Property, plant and equipment	2,718	2,487
Right-of-use assets	14,475	12,203
Intangible assets	15,051	16,179
Deferred tax asset	5,308	2,722
Total assets	**428,028**	**435,722**
Liabilities		
Liabilities to customers	318,298	322,240
Trade payables	2,420	2,474
Other liabilities	841	874
Employee benefits	6,514	6,989
Provisions	1,900	1,758
Contract liabilities	172	164
Lease liabilities	15,799	13,559
Total liabilities	**345,944**	**348,058**
Equity		
Contributed equity	89,174	88,105
Accumulated losses	(7,090)	(441)
Total equity	**82,084**	**87,664**
Total liabilities and equity	**428,028**	**435,722**

Prospective consolidated statement of cash flows

for the period 1 July 2024 to 30 June 2026

	Forecast 2025 ($000)	Plan 2026 ($000)
Cash flows from operating activities		
Receipts from customers	76,420	82,158
Interest received from investment securities	14,032	12,929
Payments to suppliers and employees	(71,996)	(73,964)
Interest paid to customers	(6,760)	(4,410)
Payment of interest portion of lease liabilities	(373)	(318)
Net cash flows generated from operating activities	**11,323**	**16,395**
Cash flows from investing activities		
Proceeds from sale of investment securities	350,518	342,606
Purchase of investment securities	(370,500)	(355,222)
Purchase of property, plant and equipment	(351)	(900)
Purchase of intangible assets	(6,764)	(3,472)
Net cash flows used in investing activities	**(27,097)**	**(16,988)**
Cash flows from financing activities		
Net receipts from customers	22,070	3,942
Payment of principal portion of lease liabilities	(2,339)	(2,240)
Dividend paid to the Crown	(1,000)	(1,069)
Net cash flows generated from financing activities	**18,731**	**633**
Net increase in cash	**2,957**	**40**
Cash at the beginning of the year	19,504	22,461
Cash at the end of the year	**22,461**	**22,501**

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 purpose of the prospective consolidated 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 consolidated financial statements subsequent to presentation.

2 | Basis of preparation

The prospective consolidated financial statements of the Group have been prepared:

- in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as it relates to prospective financial statements and comply with New Zealand Financial Reporting Standard 42 (NZ FRS 42) Prospective Financial Statements.
- on the historical cost basis;
- in New Zealand Dollars, rounded to the nearest thousand ($000), except when otherwise stated; and
- exclusive of GST, with the exception of payables and receivables that include GST.

Actual financial results for the period are likely to differ from the prospective information presented. Any material variances will be disclosed and explained in the Annual Report.

3 | Assets and liabilities

Classification of assets and liabilities are disclosed in the Group's prospective consolidated statement of financial position in an order that reflects their relative liquidity.

4 | Basis of consolidation

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

All intra-group balances and transactions and unrealised income and expenses resulting from intra-group transactions are eliminated on consolidation.

Subsidiaries are consolidated from the date on which control commences until the date control ceases. When control is lost, related assets, liabilities, and equity components are derecognised, and any retained interest in the former subsidiary is measured at fair value.

5 | Summary of accounting policies

Revenue from contracts with customers

The Group's 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.

Revenue from contracts with customers is recognised over time as the customer simultaneously receives and consumes the benefits of the services provided to them.

The Group has concluded that it is the principal in its revenue arrangements because it controls the services before transferring them to the customer.

Disclosure of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers is provided in note 7.

Fees revenue
Fees from services are recognised at a point in time or over a period of time in accordance with the underlying service contract when control of the asset is transferred to the customer, generally as work is performed or as time elapses over a fixed-term contract.

Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with volume fees and volume rebates. The volume rebates give rise to variable consideration.

Refer to note 7 for further details on the accounting treatment of variable consideration.

Income tax expense

Income tax expense comprises current tax and deferred tax.

Current tax
Current tax is income tax assessed on taxable profit for the year using tax rates enacted or substantively enacted at the reporting date. Taxable profit differs from profit before tax reported in the prospective consolidated statement of total comprehensive income as it excludes items of income and expense that are taxable or deductible in other years, and also excludes items that will never be taxable or deductible.

Deferred tax
Deferred tax is provided using the liability method on:

- future income tax benefits arising from unutilised tax losses
- temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are offset on the prospective consolidated statement of financial position where there is a legal enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Financial instruments

The Group applies the following accounting policies for financial instruments.

(a) Financial assets

The Group's business model is to hold financial assets in order to collect the contractual cash flows consistent with a 'buy and hold' investment strategy, and all of the Group's financial assets give rise to cash flows that are solely payments of principal and interest.

Financial assets in this category include:

- cash
- investment securities
- trade and other receivables
- advances to customers.

Subsequent to initial recognition, investment securities, trade and other receivables and advances to customers are carried at their amortised cost in accordance with the effective interest method, less any impairment.

Financial assets at amortised cost are regularly reviewed for impairment under either the simplified approach applicable to trade receivables and contract assets (excluding contract assets of uncertain timing) or under the general approach applicable to all other financial assets.

Any reversal of impairment or loss is recognised in profit or loss with a corresponding reduction in the carrying value of the financial asset through a loss allowance account.

(b) Financial liabilities

Financial liabilities in this category include:

- liabilities to customers
- trade and other payables
- lease liabilities.

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

Impairment of non-financial assets

Non-financial assets other than goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If the carrying value of the asset exceeds the recoverable amount, an impairment loss is 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.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Leasehold improvements (aligned to expected life of the lease)	4 – 12 years
Furniture and fittings	3 – 10 years
IT hardware	2 – 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

Right-of-use assets

The Group leases various offices, motor vehicles and IT equipment. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets comprises the amount of the corresponding initial lease liability, lease payments made at or before the commencement date less any lease incentives received, initial direct costs and restoration costs.

Right-of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Intangible assets

(a) Intangible information technology (IT) assets

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 3–10 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.

(b) Goodwill

Goodwill represents the excess of the consideration transferred and the fair value of identifiable assets acquired and liabilities assumed. Goodwill is subsequently carried at cost less any accumulated impairment losses.

Goodwill is assessed as having an indefinite useful life and is not amortised. Instead, it is subject to impairment testing using a discounted cash flow model at each reporting period or whenever there are indications of impairment. Any impairment is recognised in profit or loss as a permanent reduction in the carrying value and is not subsequently reversed.

The total carrying amount of goodwill has been allocated to the Corporate Trustee Services cash generating unit, being the lowest level of asset group for which there are separately identifiable cash inflows.

Liabilities to customers

Public Trust holds some of the monies it is responsible for on behalf of its fiduciary customers within the Common Fund. These customer deposits, which are available on call, are recognised as liabilities to customers in the prospective consolidated statement of financial position. The capital and interest of liabilities to customers in the Common Fund is Crown guaranteed. The guarantee on capital for those deposits is provided by section 52 of the 2001 Act and is not time limited. The interest on customer deposits is covered by the Crown guarantee provided under section 65ZD of the Public Finance Act 1989.

Interest payable to customers whose money constitutes the Common Fund is recognised in profit or loss, calculated on the daily balances and paid at a rate and at intervals determined by Public Trust in accordance with the 2001 Act.

Employee benefits

Employee benefits mainly comprise of salaries, KiwiSaver and Government Superannuation Scheme contributions, annual leave, sick leave and long service leave.

A liability for employee benefits is recognised when it is probable that settlement will be required and the amount is capable of being measured reliably.

(a) Annual leave

A 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.

(b) Long-service leave

The present value of long-service leave depends on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Projected cash flows are estimated in accordance with both national and entity experience. The resulting projected cash flows are discounted using a Treasury risk-free rate as at the reporting date.

Provisions

The Group has recognised provisions for liabilities of uncertain timing or amount including those for make good, onerous contracts, remedial work and litigation and restructuring.

(a) Make good

The make-good provision relates to contractual obligations resulting from the Group entering into lease contracts for office buildings. The provision is calculated using the present value of management's best estimate of the expenditure required to make good the condition of the buildings upon terminating the lease and vacating the premises. These costs have been capitalised as part of the cost of right-of-use assets and are amortised over the shorter of the term of the lease or the useful life of the assets.

(b) Onerous contracts

The onerous contracts provision relates to existing office lease contracts and is measured at the present value of the least net cost of exiting the contracts which is the lower of the costs of fulfilling the contracts and any compensation or penalties arising from the failure to fulfil the contracts. The cost of fulfilling the contracts comprises the costs that relate directly to the contracts (i.e. both incremental costs and an allocation of costs directly related to contract activities).

(c) Remedial work and litigation

The remedial work and litigation provision relates to a number of matters where fault with the Group's service delivery has been identified or alleged or other contractual disputes have arisen. Final resolution may take a number of years.

Where the Group assesses that a present obligation exists in any such matter, a provision is recognised and is carried at the estimated amount of cash necessary to settle the obligation.

Where it is expected that some or all of the provision will be reimbursed by a third party, the reimbursement is recognised as a separate asset under sundry receivables when the reimbursement is virtually certain.

(d) Restructuring

The restructuring provision relates primarily to the termination of employment. This is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly before or at the reporting date. The provision is carried at the estimated amount of cash necessary to settle the obligation. It is expected that the sums provided will be paid within 12 months after the reporting date.

Lease liabilities

On initial recognition, lease liabilities comprises the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that are based on an index or a rate initially measured using the index or rate as at the commencement date.
- Lease payments to be made under reasonably certain extension options.

The lease payments are discounted using the Group's incremental borrowing rate being the Treasury risk-free discount rate (to serve as the risk-free interest rate), adjusted for the Group's credit risk and entity specific margin.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on lease liabilities (using the effective interest method) and reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever the lease term changes, the future lease payments change or a lease contract is modified and the lease modification is not accounted for as a separate lease.

Presentation of cash flows

Cash flows from operating activities are cash flows from the principal revenue-producing activities of the Group.

Cash flows from the sale and purchase of investment securities relate to investments made from the Common Fund.

Net cash flows from financing activities are substantially comprised of:

- movements in liabilities to customers, which are cash payments and receipts relating to monies held on behalf of customers within the Common Fund. These transactions reflect the activities of the customers rather than those of Public Trust and are therefore disclosed on a net basis.
- cash payments for the principal portion of lease liabilities.

6 | Changes in accounting policies

(a) New standards, interpretations and amendments adopted from 1 July 2024

There were no new standards, interpretations and amendments adopted from 1 July 2024 that had an effect on the measurement of any items in the prospective consolidated financial statements of the Group.

(b) New standards, interpretations and amendments not yet effective

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The impact of these on the prospective consolidated financial statements are currently being assessed by the Group.

7 | Significant accounting judgements, estimates and assumptions

Use of judgements and estimates

The preparation of the prospective consolidated financial statements requires judgements and estimates that impact the application of policies and the reported amounts of assets and liabilities, income and expenses.

The areas of significant estimates and judgements are as follows:

A. Revenue from contracts with customers

(a) Contracts with a significant financing component

The Group considers a significant financing component applies to contract assets of uncertain timing. These represent estate administration charges where payment is not due until an uncertain point in the future. These charges relate to estates with life tenants where payment will be received when the estate is wound up on the death of the life tenant.

Judgement applies in determining the expected date of recovery and in applying appropriate discount rates to expected cash flows of the contract assets. The expected recovery date is based on actuarial models using statistical life expectancy data.

Cash flows are discounted using the Treasury-risk free rates at the reporting date reflecting the low credit risk resulting from the Group's first call over the customer's assets. Future cash flows beyond 10 years have been discounted using the

10-year rate. Where collection is expected within 12 months of the reporting date, no discounting is applied.

(b) Variable consideration

Under NZ IFRS 15, variable consideration exists as a result of the 5% cap provision (under section 122 of the 2001 Act), volume rebates and annual management fees being calculated as a percentage of the gross value of assets under ongoing administration.

To estimate the variable consideration to which the Group is entitled resulting from the 5% cap and annual management fees, the Group applies the expected value method and only recognises revenue to the extent it is highly probable that a significant reversal in cumulative revenue recognised will not occur when the uncertainty is subsequently resolved.

Volume rebates are offset against amounts payable by the customer. Customer entitlements to rebates are calculated each month based on timely unit pricing information for managed funds. Accordingly, estimation is not required to determine this variable consideration.

B. Recognition of deferred tax asset for carried-forward tax losses

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses or temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and the level of future taxable profit.

C. Impairment of trade receivables and contract assets

Impairment analysis is performed regularly for trade receivables and contract assets (excluding contract assets of uncertain timing) using the simplified lifetime expected credit loss approach. Loss allowances are based on the aged profile of the receivable or contract asset, historical trends of recoverability by age and service type, review of customers' ability to pay expected or outstanding fees and current economic and forecasts of future conditions.

The credit quality of trade receivables and contract assets is considered to be high as Public Trust acts as trustee or administrator for most of its customers and generally has first call over the customers' assets. The Group considers these financial assets to be in default when internal and/or external information indicates that the Group is unlikely to receive the outstanding contractual amounts and the financial assets are written off when there is no reasonable expectation of recovering the contractual cash flows.

D. Goodwill impairment

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

E. Provisions

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

F. Lease accounting

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

For leases of office buildings, the following factors are normally the most relevant:

- If there are significant penalties to early terminate, the Group is typically reasonably certain to not early terminate.
- If any leasehold improvements are expected to have significant remaining value, the Group is typically reasonably certain to extend.

Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption resulting from replacing the leased asset.

Extension options in motor vehicle leases have not been included in the lease liability because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised or the Group becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs that affects this assessment and that is within the control of the lessee.

Significant assumptions

The prospective consolidated 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 their relative impact on the prospective consolidated financial statements:

1. The 2025 forecast financials include actuals up to 31 December 2024 and six months of forecast.
2. Operating costs are projected to increase on the expectation of staff remuneration and supplier cost increases, in line with inflation expectations, partially offset by reduced amortisation due to the expected completion of a major IT system upgrade resulting in an extension of the expected useful life of this intangible software asset.
3. Retail revenue is projected to grow due to price increases, marketing initiatives, and investment in legal personnel to deliver services in-house that were previously outsourced to external providers.
4. Corporate Trustee Services revenue is projected to grow driven by continued KiwiSaver member contributions, market growth and planned business development activities.
5. Investments revenue is projected to decline resulting from an expectation of further OCR cuts, partially offset by increased Public Trust Investment Service revenue, driven by growth in funds under management.
6. Digital revenue and transaction volumes are forecast to grow year-on-year as a result of targeted marketing activity.
7. Fee Protect revenue is expected to increase, driven by continued growth in New Zealand's international and domestic student market for private training establishments.
8. The 2026 financial plan assumes capital expenditure on intangible assets and property, plant and equipment of $4.4 million.
9. Costs associated with compensation and legal claims arising from service delivery issues are assumed to decline from financial year 2025 levels due to the major IT upgrade reducing operational risk and errors and improving service delivery. Provisions are based on the best available estimates.
10. The funding cap for the services agreement between the Ministry of Justice and Public Trust has been assumed to remain at $1.98 million in financial year 2025/26.

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