

CORRIGENDUM
PUBLIC TRUSTEE AND GUARDIAN
ANNUAL REPORT 2017-18

This Corrigendum relates to the Annual Report for the Public Trustee and Guardian for 2017-18 and should be read together with and part of the Annual Report.

The Annual Report is amended as follows –

1. By replacing in “Annexure - Financial Statements”, page 47, with the following page numbered page 6, commencing with the opening statement “These have been partially offset by higher:”.
2. By inserting in “Annexure - Financial Statements”, after page 89, the following page numbered page 20, commencing with the page titled “Notes to and forming part of the Financial Statements for the Year Ended 30 June 2018”.
3. By replacing in “Annexure - Financial Statements”, page 118, with the following page with the opening statement “As required by Australian Auditing Standards, the auditors:”.



Andrew Taylor
PUBLIC TRUSTEE AND GUARDIAN
31 October 2018

These have been partially offset by higher:

- Payables (**\$41,116**) due to an increase in unpaid expenses accrued at year end; and
- Employee Benefits (**\$101,807**) due to an increase in staff not taking leave and accruing benefits.

4. Future Trends

It is anticipated that overall liabilities will decrease over time as Other Liabilities are offset against rental expenses over the term of the Operating Lease for the two floors of 221 London Circuit Canberra.

Liquidity

“Liquidity” is the ability of PTG to satisfy its short-term debts as they fall due. A common indicator for liquidity is the current ratio, which compares the ability to fund short-term liabilities from short-term assets. A ratio of less than 1:1 may indicate a reliance on the next financial year’s operating revenue to meet short-term debts. Table 2 illustrates the current liquidity position.

Table 2: Current Ratio

	Prior Year Actual 2017 \$'000	Current Year Actual 2018 \$'000	Current Year Budget 2018 \$'000	Forward Year Budget 2019 \$'000	Forward Year Budget 2020 \$'000	Forward Year Budget 2021 \$'000	Forward Year Budget 2022 \$'000
Total Current Assets	7.696	7.712	8.022	7.838	7.971	7.974	8.003
Total Current Liabilities	2.379	2.380	2.281	2.198	2.177	2.173	2.193
Net Current Assets	5.617	5.332	5.741	5.640	5.794	5.801	5.810
Current Ratio	3.23:1	3.24:1	3.52:1	3.57:1	3.66:1	3.67:1	3.65:1

PTG's current ratio at 30 June 2018 is **3.24 to 1**, marginally lower than the budgeted current ratio at 30 June 2018 of **3.52 to 1**. This is due to higher than expected liabilities exceeding higher than expected assets. PTG anticipates current assets to remain relatively stable and will maintain a strong level of liquidity and be able to pay its current liabilities when due.

PUBLIC TRUSTEE AND GUARDIAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

15. PLANT AND EQUIPMENT (CONTINUED)

Valuation Techniques, Inputs and Processes

Level 3 Valuation Techniques and Significant Unobservable Inputs

Valuation Technique: The majority of the Office Fit-out and Security System were considered to be specialised assets with no observable market sales data. These were measured using the depreciated replacement cost approach that reflects the cost to a market participant to construct assets of comparable utility adjusted for obsolescence.

Significant Unobservable Inputs: In determining the value of Office Fit-out and Security System, consideration was given to the age and condition of the assets, their estimated replacement cost and current use.

There has been no change to the above valuation techniques during the reporting period.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer.

As required by Australian Auditing Standards, the auditors:

- applied professional judgement and maintained scepticism;
- identified and assessed the risks of material misstatements due to error or fraud and implemented procedures to address these risks so that sufficient evidence was obtained to form an audit opinion. The risk of not detecting material misstatements due to fraud is higher than the risk due to error, as fraud may involve collusion, forgery, intentional omissions or misrepresentations or the override of internal controls;
- obtained an understanding of internal controls to design audit procedures for forming an audit opinion;
- evaluated accounting policies and estimates used to prepare the financial statements and disclosures made in the financial statements;
- evaluated the overall presentation and content of the financial statements, including whether they present the underlying transactions and events in a manner that achieves fair presentation;
- reported the scope and timing of the audit and any significant deficiencies in internal controls identified during the audit to the Public Trustee and Guardian; and
- assessed the going concern* basis of accounting used in the preparation of the financial statements.

(*Where the auditor concludes that a material uncertainty exists which cast significant doubt on the appropriateness of using the going concern basis of accounting, the auditor is required to draw attention in the audit report to the relevant disclosures in the financial statements or, if such disclosures are inadequate, the audit opinion is to be modified. The auditor's conclusions on the going concern basis of accounting are based on the audit evidence obtained up to the date of this audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.)

Limitations on the scope of the audit

An audit provides a high level of assurance about whether the financial statements are free from material misstatements, whether due to fraud or error. However, an audit cannot provide a guarantee that no material misstatements exist due to the use of selective testing, limitations of internal control, persuasive rather than conclusive nature of audit evidence and use of professional judgement in gathering and evaluating evidence.

An audit does not provide assurance on the:

- prudence of decisions made by the Public Trustee and Guardian;
- adequacy of controls implemented by the Public Trustee and Guardian; or
- integrity of the audited financial statements presented electronically or information hyperlinked to or from the financial statements. Assurance can only be provided for the printed copy of the audited financial statements.



Tim Larnach
Acting Director, Financial Audits
19 September 2018