

Trust Funds - Common Fund

Statement of Financial Performance for the year ended 30 June 2002

16. MANAGEMENT OF ESTATES OF PERSONS INCAPABLE OF MANAGING THEIR AFFAIRS

The transactions and balances in the Common Fund which consist of the Access Fund and the Investment Funds is as follows:

		Access Fund 30-Jun-02 \$'000	Investment Funds 30-Jun-02 \$'000	Total Funds 30-Jun-02 \$'000	Total Funds 30-Jun-01 \$'000
REVENUE					
<i>Notes</i>					
Revenue from Ordinary Activities					
Investment Income	(20(a))	61,068	10,559	71,627	73,591
Miscellaneous Revenue		47	-	47	169
TOTAL REVENUE		61,115	10,559	71,674	73,760
EXPENDITURE					
Expenditure from Ordinary Activities					
Distributions to Estates under Management	9(a) 19(t)	44,142	10,528	54,670	62,936
Office of Protective Commissioner - Fees	(19(a))	3,292	-	3,292	3,937
Transfers to Administration Fund	(7(a))	12,475	-	12,475	12,000
Financial Institutions Duty		-	-	-	45
Capital Management Fee Adjustment		-	-	-	1,863
Prudent Person Implementation Costs	(7(b))	346	-	346	540
Unrealised changes in net market value of investments		-	20,733	20,733	-
Miscellaneous		399	5	404	401
TOTAL EXPENDITURE		60,654	31,266	91,920	81,722
Surplus/(Deficit) from Ordinary Activities		461	(20,707)	(20,246)	(7,962)
NON OWNER TRANSACTION CHANGES IN EQUITY					
Transfers: -					
Transfers from Estates Guarantee & Reserve Account	(24)	164	-	164	2,474
Transfers to Estates Guarantee & Reserve Account	(24)	-	-	-	(2,464)
Transfers from S54(1)(b) Reserve Fund	(24)	373	-	373	-
Transfers to Unrealised (Gains)/Losses Reserve	(20 c)	-	20,733	20,733	-
Total Revenues, Expenses and Valuation Adjustments recognised directly in Equity		537	20,733	21,270	10
Total Changes in Equity other than those resulting from transaction with owners as owners		998	26	1,024	(7,952)

Notes 17 to 25 refer to the activities of the Access Fund and the Investment Funds and should be read in conjunction with this statement.

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
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Trust Funds - Common Fund

Statement of Financial Position as at 30 June 2002

The assets and liabilities of the Common Fund which consists of the Access Fund and the Investment Funds at 30 June 2002 are represented in the Statement of Financial Position as follows:

	<i>Notes</i>	Access Fund 30-Jun-02 \$'000	Investment Funds 30-Jun-02 \$'000	Total Funds 30-Jun-02 \$'000	Total Fund 30-Jun-01 \$'000
ASSETS					
Current Assets					
Cash at Bank	(25)	3,213	4,004	7,217	5,832
Short Term Deposits		34,000	1,980	35,980	7,000
Accrued Income		7,119	1,498	8,617	8,290
Interest Receivable		340	11	351	426
Semi Government & Local Government Loans		156,141	7,161	163,302	18,076
Bank & Building Society Deposits		391,260	26,672	417,932	569,799
Bank Transferable Deposits		25,007	6,953	31,960	5,000
Debentures		-	-	-	6,870
Units held in Trust		-	195,851	195,851	-
Advances to Clients		552	-	552	509
Mortgages		-	-	-	570
Total Current Assets		617,632	244,130	861,762	622,372
Non Current Assets					
Semi Government & Local Government Loans		136,363	51,289	187,652	333,888
Bank & Building Society Deposits		9,695	8,018	17,713	54,515
Bank Transferable Deposits		54,927	-	54,927	114,267
Debentures		-	4,959	4,959	7,427
Total Non Current Assets		200,985	64,266	265,251	510,097
TOTAL ASSETS	(21)	818,617	308,396	1,127,013	1,132,469
LIABILITIES					
Current Liabilities					
Accrued Expenses		13	-	13	-
Administration Fund Investment Account	(14a)	-	-	-	4,893
Total Current Liabilities		13	-	13	4,893
Non Current Liabilities					
Estates Under Management	(23)	795,244	329,103	1,124,347	1,104,677
Total Non Current Liabilities		795,244	329,103	1,124,347	1,104,677
TOTAL LIABILITIES		795,257	329,103	1,124,360	1,109,570
NET ASSETS		23,360	(20,707)	2,653	22,899
UNDISTRIBUTED EARNINGS AND RESERVES					
Unallocated Investment Income	(20b)	18,526	26	18,552	17,528
Unrealised Capital Gains/(Losses) Reserve	(20c)	-	(20,733)	(20,733)	-
Estates Guarantee & Reserve Account	(24)	-	-	-	5,371
S54(1)(b) Reserve Fund	(24)	4,834	-	4,834	-
TOTAL UNDIS TRIBUTED EARNINGS AND RESERVES		23,360	(20,707)	2,653	22,899

Notes 17 to 25 refer to the activities of the Access Fund and the Investment Funds and should be read in conjunction with this statement.

Trust Funds - Common Fund

Statement of Cash Flows for the year ended 30 June 2002

16. Management Of Estates Of Persons Incapable of Managing Their Affairs (cont'd)

The cash flow of the above distributable income is as follows: -

	Access Fund 30-Jun-02 Notes \$'000	Investment Funds 30-Jun-02 \$'000	Total Funds 30-Jun-02 \$'000	Total Funds 30-Jun-01 \$'000
Cash Flows from Operating Activities				
Interest received from Common Fund Investments	38,854	9,050	47,904	48,414
Other Revenue	4,298	-	4,298	169
Fees/Commission paid to Administration Fund	(3,292)	-	(3,292)	(3,937)
Financial Institution Duty Payments	-	-	-	(45)
Payments to Administration Fund under Sections 55 1(c) and 57 of the <i>Protected Estates Act 1983</i>	(12,475)	-	(12,475)	(12,000)
Other Payments	(686)	(5)	(691)	(941)
Net Cash Provided by Operating Activities (25b)	26,699	9,045	35,744	31,660
Cash Flows from Investing Activities				
Premiums Paid on Purchase of Investments	-	-	-	-
Purchase of Investments	(3,141,322)	(322,931)	(3,464,253)	(2,651,974)
Redemption/Sale of Investments	3,461,572	1,295	3,462,867	2,667,159
Net Cash Provided by/(Used in) Investing Activities	320,250	(321,636)	(1,386)	15,185
Cash Flows from Financing Activities				
Increase in Investments by Administration Fund	-	-	-	29,211
Decrease in Investments by Administration Fund	(4,893)	-	(4,893)	(31,133)
Receipts for Estates under Management	347,525	318,575	666,100	223,966
Disbursements to Estates under Management	(665,200)	-	(665,200)	(270,735)
Net Cash Provided by/(Used in) Financial Activities	(322,568)	318,575	(3,993)	(48,691)
Net (Decrease)/Increase in Cash Held	24,381	5,984	30,365	(1,846)
Cash at Beginning of the Reporting Period	12,832	-	12,832	14,678
Cash at End of the Reporting Period (25a)	37,213	5,984	43,197	12,832

Notes 17 to 25 refer to the activities of the Access Fund and the Investment Funds and should be read in conjunction with this statement

17. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements in the notes on the Common Fund as produced by the Office of the Protective Commissioner comprise the Statement of Financial Performance, Statement of Financial Position, and Statement of Cash Flows.

The financial statements in these notes are a special purpose financial report and have been prepared on an accrual basis to comply in all material respects with Australian Accounting Standards and disclosure requirements of Australian Accounting Standards, except for AASB 1041, Revaluation of Non Current Assets; Trust Industry Practices; the requirements of the *Public Finance & Audit Act 1983*; the *Public Finance & Audit Regulation 2000*; UIG consensus views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements in these notes have been prepared in accordance with the historical cost convention unless otherwise stated. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

The *Protected Estates Act 1983* Section 13 prescribes that where a Court is satisfied that a person is incapable of managing his or her affairs, it may make a declaration to that effect and order that the estate of the person be subject to management under the Act. Section 52 (1) states that where the Protective Commissioner is appointed to manage the affairs of a protected person, the balances to the credit of the protected person in the trust fund shall be one common fund.

Amendments to the *Trustee Act 1925*, introduced by the Trustee Amendment (Discretionary Investments) Act 1997, replaced the list of authorised investments with a broad investment power in line with the observance of the process of the Prudent Person Test.

Legislative changes

To provide the Protective Commissioner with the same investment powers as a trustee under the *Trustee Act 1925*, the Protected Estates Amendment (Investment) Bill 2000 was passed by Parliament in April 2000. The *Protected Estates Amendment (Investment) Act 2000* was proclaimed on 9 November 2001 and the diversification of the Protective Commissioner's Common Fund Investments commenced on 12 March 2002. The transitional provisions of the Act required that the balance in the Interest Account at that date be distributed to clients of the Office. The distribution did not take place on that date and the Office continued to make half yearly

NOTES TO AND FORMING PART OF THE
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17. Summary Of Significant Accounting Policies (cont'd)

distributions to clients in December and June, based on rates set by the Protective Commissioner. Although this may constitute non-compliance with legislation, the balance in the Interest Account at 9 November 2001 was taken into account in the distribution of interest at 31 December 2001.

Following proclamation of the *Protected Estates Amendment (Investment) Act 2000*, The existing Common Fund was split between the Access Fund and 7 new investment funds. Investments in the funds are on the basis of individual Client Financial Plans. As at 30 June 2002 the Financial Planning Unit had invested in excess of \$370 million.

- i) **Access Fund**
The Access Fund is designed for clients who require low risk investments and ready access to their current accounts for day to day use. The security of the clients' capital is viewed as more critical than the rate of return.
- ii) **Australian Cash Fund**
The Australian Cash Fund is designed for clients who require low risk investment and ready access to their funds for day to day use. The security of clients' capital is viewed as more critical than the rate of return.
- iii) **Australian Cash Plus Fund**
The Australian Cash Plus Fund is designed for clients who require a relatively low risk investment with potentially higher returns obtained by investing in high quality bonds. It is a Unitized Fund. Return is based on unit value and number of units held and is mark to market.
- iv) **Australian Fixed Interest Fund**
The Australian Fixed Interest Fund is designed to provide investors with a diversified portfolio of bonds and money market instruments. It is a Unitized Fund. Return is based on unit value and number of units held and is mark to market.
- v) **Australian Share Fund**
The Australian Share Fund is designed to provide investors with a diversified portfolio of Australian Shares. It is a Unitized Fund. Return is based on unit value and number of units held and is mark to market.
- vi) **Australian Listed Property Securities Fund**
The Australian Listed Property Securities Fund is designed for clients who require exposure

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to a diversified portfolio of property trusts or property related companies listed on the Australian Stock Exchange. It is a Unitized Fund. Return is based on unit value and number of units held and is mark to market.

vii) International Share Fund

The International Share Fund is designed to provide clients with exposure to a diversified portfolio of international shares across a range of countries. It is a Unitized Fund. Return is based on unit value and number of units held and is mark to market.

viii) International Bond Fund

The International Bond Fund is designed to provide clients with exposure to a diversified portfolio of international bonds across a range of countries. It is a Unitized Fund. Return is based on unit value and number of units held and is mark to market.

The Access Fund, Australian Cash Fund, Australian Cash Plus Fund and Australian Fixed Interest Fund are managed by OPC's investment staff. The Australian Share Fund, Australian Listed Property Securities Fund, International Share Fund and International Bond Fund are managed on behalf of the OPC by State Street Global Advisors via the NSW Treasury Corporation under a Memorandum of Understanding with OPC.

The Responsible Entity under this arrangement is State Street Services who is wholly responsible for State Street Global Advisors. State Street Australia Limited is the custodian of the funds and is responsible to State Street Services.

(b) Financial Instruments - Common Fund

Financial instruments give rise to positions that are a financial asset of the Common Fund which consists of the balances in the Access Fund and Investment Funds and are a financial liability (or equity instrument) of the other party. For the Common Fund, financial assets include cash, receivables and investments. Financial liabilities include Estates under Management.

In accordance with AAS 33 "Presentation and Disclosure of Financial Instruments", information is disclosed in Note 22 in respect of the credit risk and interest rate risk of financial instruments.

All such amounts are carried in the accounts at net fair value except for financial instruments, which are recorded at either cost, amortised value or are mark to market. The specific accounting policy in respect of each class of such financial instrument is stated hereunder.

17. Summary Of Significant Accounting Policies (cont'd)

Classes of instruments recorded at cost comprise: -

- Cash
- Receivables
- Payables
- Estates under Management
- Short Term Deposits
- Advances to Clients

Classes of instruments recorded in the Access Fund at amortised value comprise:

- Semi and Local Government Loans
- Debentures
- Bank Transferable Deposits
- Bank and Building Society Deposits

Classes of instruments for all other funds are recorded at market value and comprise:

- Semi and Local Government Loans
- Units held in Trust
- Bank and Building Society Deposits
- Bank Transferable Deposits
- Debentures

Market Valuations for internal funds are determined by reference to NAB and UBS Warburg indices. Market valuations for External Funds are provided by State Street Global Advisors - Australia. Changes in market valuations are brought to account in the Statement of Financial Performance. Unrealised changes in Market value are transferred to the Unrealised Capital Gains/(Losses) Reserve.

(c) Revenue Recognition

(i) Access Fund

Investment income is recognised in the period in which control of a right to receive consideration for the provision of, or investment in assets has been attained.

(ii) Investment Funds

Investment income is recognised either in the period in which control of a right to receive consideration for provision of, or investment in assets has been attained. Gains or losses in investments are calculated as the difference between the net market value at year end and

the net market value at the previous valuation point.

(d) Real and Personal Property of Estates under Management

In addition to, and not included in the Common Fund, the Protective Commissioner is required to exercise management functions on behalf of clients in respect of certain real estate and other unrealised assets such as shares, debentures and similar investments, jewellery and furniture, and other personal effects. The net worth of real estate currently valued is considered to be \$342.1M (\$360.1M - 2001). This does not include a valuation for properties of deceased clients or those properties where a recent independent valuation has not taken place.

A financial asset/investment identification, verification and valuation system has been implemented and the database is in the process of being populated. Financial assets/investments of approximately \$50.7M have been recorded to date for clients' assets other than real estate, which are external to the Access Fund. This system is assisting in the financial planning process.

(e) Contingent Liabilities

The Office of the Protective Commissioner has a potential contingent liability of \$1.9M (\$0.050M - 2001) in respect of a number of former clients who alleged negligence in respect of the management of their affairs. These claims are covered by the Treasury Managed Fund.

OPC Invested Funds

Statement of Financial Position as at 30 June 2002

18. SUMMARISED STATEMENTS OF FINANCIAL POSITION

The summarised Statements of Financial Position below show the position of each fund as at 30 June 2002. Separate tables are provided for internally and externally managed funds.

		Aust Cash Fund	Aust Cash Plus Fund	Aust Fixed Interest Fund	Total Internal Funds
		30-Jun-02	30-Jun-02	30-Jun-02	30-Jun-02
ASSETS	Notes	\$'000	\$'000	\$'000	\$'000
Current Assets					
Cash at Bank	(25a)	47	5	11	63
Short Term Deposits	(25a)	800	290	890	1,980
Accrued Income		76	763	659	1,498
Interest Receivable		3	3	5	11
Semi Government & Local Government Loans		-	2,046	5,115	7,161
Bank & Building Society Deposits		15,819	7,925	2,928	26,672
Bank Transferable Deposits		6,953	-	-	6,953
Total Current Assets		23,698	11,032	9,608	44,338
Non Current Assets					
Semi Government & Local Government Loans		-	23,273	28,016	51,289
Bank & Building Society Deposits		-	4,998	3,020	8,018
Debentures		-	-	4,959	4,959
Total Non Current Assets		-	28,271	35,995	64,266
TOTAL ASSETS		23,698	39,303	45,603	108,604
LIABILITIES					
Non-Current Liabilities					
Estates Under Management		23,697	39,365	45,264	108,326
Total Non Current Liabilities		23,697	39,365	45,264	108,326
TOTAL LIABILITIES		23,697	39,365	45,264	108,326
NET ASSETS		1	(62)	339	278
UNDISTRIBUTED EARNINGS AND RESERVES					
Unallocated Investment Income	(20b)	1	11	(6)	6
Unrealised Capital Gains/(Losses) Reserve	(20c)	-	(73)	345	272
TOTAL UNDISTRIBUTED EARNINGS AND RESERVES		1	(62)	339	278

OPC Invested Funds By State Street Global Advisors

Statement of Financial Position as at 30 June 2002

18. SUMMARISED STATEMENTS OF FINANCIAL POSITION (cont'd)

		Aust Share Fund	Aust Listed Property Securities Fund	International Share Fund	International Bond Fund	Total External Funds
		30-Jun-02	30-Jun-02	30-Jun-02	30-Jun-02	30-Jun-02
ASSETS	<i>Notes</i>	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets						
Cash at Bank	<i>(25a)</i>	107	11	3,765	58	3,941
Units held in Trust		108,705	20,502	55,115	11,529	195,851
Total Current Assets		108,812	20,513	58,880	11,587	199,792
TOTAL ASSETS		108,812	20,513	58,880	11,587	199,792
LIABILITIES						
Non-Current Liabilities						
Estates Under Management		119,396	22,017	66,976	12,388	220,777
Total Non Current Liabilities		119,396	22,017	66,976	12,388	220,777
TOTAL LIABILITIES		119,396	22,017	66,976	12,388	220,777
NET ASSETS		(10,584)	(1,504)	(8,096)	(801)	(20,985)
UNDISTRIBUTED EARNINGS AND RESERVES						
Unallocated Investment income	<i>(20b)</i>	6	2	12	-	20
Unrealised Capital Gains/(Losses)						
Reserve	<i>(20c)</i>	(10,590)	(1,506)	(8,108)	(801)	(21,005)
TOTAL UNDISTRIBUTED EARNINGS AND RESERVES		(10,584)	(1,504)	(8,096)	(801)	(20,985)

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
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19. DISTRIBUTION OF INVESTMENT INCOME

(a) Access Fund

Investment income distributed to client accounts for 2001/2002 was \$44.142M compared with \$62.936M allocated in the previous year.

Interest is distributed to client accounts at six monthly intervals on 31 December and 30 June. A summary of the interest rates declared for the past two years is: -

		2002	2001
		%	%
Current Accounts	• Interim Distribution	4.50	5.15
	• Final Distribution	4.30	5.55
	• Annual Compound Effective Rate	4.45	5.42
Term Deposit Accounts	• Interim Distribution	-	6.15
	• Final Distribution	-	6.50
	• Annual Compound Effective Rate	-	6.43

The Protective Commissioner approved the reclassification of Term Deposit Accounts to Current Accounts effective 1 July 2001 as part of the process to implement diversified investments for our client base.

Where clients' current accounts were closed prior to 31 December 2001 or 30 June 2002 distribution dates, interest was credited to those accounts at the rate of 2% and 1% respectively for the period during which the funds were invested in the Common Fund.

Distributions from Access Fund earnings for the 2002 year also included fees of \$3.292M (\$3.937M - 2001) paid to the Office of the Protective Commissioner Administration Fund and other transfers as mentioned in Note 24.

(b) New Investment Funds

Internal Investment Funds managed by OPC

Investment income earned by clients has been reinvested in the funds. For Internal Funds the amount reinvested was \$1.474M.

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19. DISTRIBUTION OF INVESTMENT INCOME (cont'd)

A summary of returns appears below: -

	Return from 12 March 2002 to 30 June 2002	For comparison Effective Annualised Returns
	% p.a.	% p.a.
Australian Cash Fund	1.35	4.52
Australian Cash Plus Fund	1.60	5.37
Australian Fixed Interest Fund	2.71	9.18

The above returns have been confirmed by an external Actuary at OPC's request.

External Investment Funds managed by State Street Global Advisors for OPC via NSW Treasury Corporation.

Income earned by clients has been reinvested in the fund. For External Funds the amount reinvested is \$9.028M.

A summary of returns appears below: -

	Return from 2 April 2002 effective to 30 June 2002
Australian Share Fund	-5.22%
Australian Listed Property Securities Fund	4.97%
International Bond Fund	3.37%
International Share Fund	-13.78%

This information has been provided to OPC by NSW Treasury Corporation.

NOTES TO AND FORMING PART OF THE
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20. NOTES TO STATEMENTS OF FINANCIAL PERFORMANCE AND FINANCIAL POSITION - COMMON FUND

(a) Investment Income

A summary of transactions for the past 2 years is as follows: -

	Access Fund 30-Jun-02 \$'000	Investment Funds 30-Jun-02 \$'000	Total Funds 30-Jun-02 \$'000	Total Funds 30-Jun-01 \$'000
Income Earned from Investments	37,596	10,559	48,155	43,616
Capital Gain on Sale of Investments	4,298	-	4,298	2,829
Amortised Income of Investments	19,174	-	19,174	27,146
	61,068	10,559	71,627	73,591

(b) Unallocated Investment Income

A summary of transactions for the past 2 years is as follows: -

	Access Fund 30-Jun-02 \$'000	Investment Funds 30-Jun-02 \$'000	Total Funds 30-Jun-02 \$'000	Total Funds 30-Jun-01 \$'000
Balance at 1 July 2001	17,528	-	17,528	25,480
Surplus/(Deficit) from Ordinary Activities	461	(20,707)	(20,246)	(7,962)
	17,989	(20,707)	(2,718)	17,518
Transfers from Estates Guarantee & Reserve Account	164	-	164	2,474
Transfers to Estates Guarantee & Reserve Account	-	-	-	(2,464)
Transfer from S54(1)(b) Reserve Fund	373	-	373	-
Transfers to Unrealised (Gains)/losses	-	20,733	20,733	-
Undistributed Income at 30 June 2002	18,526	26	18,552	17,528

NOTES TO AND FORMING PART OF THE
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(c) Unrealised Capital Gains/(Losses)

A summary of the asset values as at 30 June 2002 with unrealised capital losses appears below: -

	Cost Value 30-Jun-02 \$'000	Market Value 30-Jun-02 \$'000	Unrealised Capital Gains/ (Losses) 30-Jun-02 \$'000
Australian Fixed Interest Fund	45,258	45,603	345
Australian Cash Plus Fund	39,376	39,303	(73)
Australian Share Fund	119,402	108,812	(10,590)
Australian Listed Property Securities Fund	22,019	20,513	(1,506)
International Share Fund	66,988	58,880	(8,108)
International Bond Fund	12,389	11,588	(801)
	305,432	284,699	(20,733)

The market value for the Australian Cash Plus Fund and the Australian Fixed Interest Fund as at 30 June 2002 were determined by reference to NAB Fixed interest Index. The market value for The Australian Cash Fund was determined by reference to Bloomberg. Market values for the remaining Funds were provided by State Street Global Advisors - Australia.

Unrealised Capital Losses are brought to account as an expense in the period in which the market valuation takes place.

21. INVESTMENTS

Section 52 (1) of the *Protected Estates Act 1983* provided that the balances to the credit of current accounts, except in special circumstances as provided by subsection (2), shall for the purpose of investment be one Common Fund. In terms of Section 58 of the statute, prior to the passing of the *Protected Estates Amendment (Investment) Act, 2000* Common Fund balances (including undistributed earnings) could be invested in securities authorised by the *Trustee Act 1925* or under certain conditions with the Treasurer. The passing of the *Protected Estates Amendment (Investment) Act 2000* replaced the list of authorised investments with a broad investment power in line with the observance of the process of the Prudent Person Test.

The Act was proclaimed on 9 November 2001 and the diversification of the Protective Commission's Common Fund Investment commenced on 12 March 2002. The existing Common Fund has been renamed the Access Fund and the Office of the Protective Commissioner has introduced an additional seven new investment funds in its diversification process.

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21. Investments (cont'd)

Access Fund investments at 30 June 2002 with comparative figures for the proceeding 12 months are as follows:

	30 June 2002		30 June 2001			
	Amortised	Market	Amortised	Market		
	Value	Value	Value	Value		
	\$'000	%	\$'000	\$'000	%	\$'000
Short Term Deposits	34,000	5	34,000	7,000	1	7,000
Semi Government & Local Government Loans	292,504	35	302,015	351,964	32	367,069
Bank & Building Society Fixed Deposits	400,955	50	399,589	624,314	55	625,441
Bank Transferable Deposits	79,934	10	80,412	119,267	11	120,893
Debentures	-		-	14,297	1	14,407
Advances to Clients	552		552	509		520
Mortgages	-		-	570	-	570
Total Investments	807,945	100	816,568	1,117,921	100	1,135,900
Cash at Bank	3,213		3,213	5,832		5,832
Accrued Income	7,119		-	8,290		-
Interest Receivable	340		-	426		-
TOTAL	818,617		819,781	1,132,469		1,141,732

Market values as recorded above are based on a valuation of the Access Fund Portfolio as at balance date by Lewis Securities (Securities Dealers Licence No 11054 and a Consultative Member of the Australian Financial Markets Association). In the main Access Fund investments acquired are generally purchased with the intention of being held until maturity, therefore no provision for diminution of investments is required where the market value is below amortised value.

In terms of the Australian Accounting Standard AAS21, Access Fund current investments are brought to account at cost. Non current investments are brought to account at cost with amortisation of premiums and accretion of discounts being matched on a straight line basis, over the life of the investment until maturity.

The amount shown in the Statement of Financial Performance as Amortisation of non current Access Fund Investments, is the net of premiums and discounts over the accounting period.

The values of non current Access Fund Assets appearing in the Statement of Financial Position are net of unamortised premiums and discounts.

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22. FINANCIAL INSTRUMENTS - ACCESS FUND AND NEW INVESTMENT FUNDS

(a) Interest Rate Risk

Access Fund

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. The Access Fund's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at the Statement of Financial Position date, are as follows:

	Floating Interest Rate \$'000	Fixed 1 Yr or Less \$'000	Interest Rate 1 to 5 Years \$'000	Maturing in Over 5 Years \$'000	Non- Interest Bearing \$'000	Total Carrying Amount as per Statement of Financial Position \$'000	Weighted Average Effective Interest Rate* %
30 June 2002							
Financial Assets							
Short Term Deposits	34,000	-	-	-	-	34,000	4.75
Semi & Local Government Loans	-	156,141	136,363	-	-	292,504	7.96
Bank & Building Society Deposits	-	391,260	-	9,695	-	400,955	4.92
Debentures	-	-	-	-	-	-	
Advances to Clients	-	552	-	-	-	552	7.75
Bank Transferable Deposits	-	25,007	54,927	-	-	79,934	5.63
Cash at Bank	3,213	-	-	-	-	3,213	4.31
Accrued Income	-	-	-	-	7,119	7,119	n/a
Interest Receivable	-	-	-	-	340	340	n/a
	37,213	572,960	191,290	9,695	7,459	818,617	
Financial Liabilities							
Accounts payable					(13)	(13)	n/a
Estates under Management	-	-	-	(795,244)	-	(795,244)	4.45
Total Financial Liabilities	-	-	-	(795,244)	(13)	(795,257)	
Net Financial Assets/ (Financial Liabilities)	37,213	572,960	191,290	(785,549)	7,446	23,360	

* Weighted average effective interest rate was computed on an annual basis.

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

22. Financial Instruments - Access Fund and New Investment Funds (cont'd)

30 June 2001	Floating Interest Rate \$'000	Fixed Interest 1 Yr or Less \$'000	Rate 1 to 5 Years \$'000	Maturing in Over 5 Years \$'000	Non- Interest Bearing \$'000	Total Carrying Amount as per Statement of Financial Position \$'000	Weighted Average Effective Interest Rate* %
FINANCIAL ASSETS							
Short Term Deposits	-	7,000	-	-	-	7,000	5.00
Semi & Local Government							
Loans	-	18,075	333,889	-	-	351,964	6.79
Bank & Building Society							
Deposits	44,500	564,799	15,015	-	-	624,314	5.07
Debentures	14,297	-	-	-	-	14,297	5.5
Advances to Clients	-	509	-	-	-	509	7.15
Mortgages	-	570	-	-	-	570	8.61
Bank Transferable Deposits	-	5,000	114,267	-	-	119,267	6.06
Accrued Income	-	-	-	-	8,290	8,290	n/a
Interest Receivable	-	-	-	-	426	426	n/a
Cash at Bank	5,832	-	-	-	-	5,832	4.49
Total Financial Assets	64,629	595,953	463,171	-	8,716	1,132,469	
FINANCIAL LIABILITIES							
Administration Fund Investment							
Account	-	(4,893)	-	-	-	(4,893)	
Estates under Management	-	-	-	(1,104,677)	-	(1,104,677)	5.42
Total Financial Liabilities	-	(4,893)	-	(1,104,677)	-	(1,109,570)	
Net Financial Assets/ (Financial Liabilities)	64,629	591,060	463,171	(1,104,677)	8,716	22,899	

* Weighted average effective interest rate was computed on an annual basis.

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

The New Investment Funds

The Investment Fund's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at the Statement of Financial Position date, are as follows:

	Floating Interest Rate \$'000	1 Yr or Less \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	Total Carrying Amount as per Statement of Financial Position \$'000	Weighted Average Effective Interest Rate* %
Financial Assets							
Short Term Deposits	1,980	-	-	-	-	1,980	4.75
Semi & Local Government Loa	-	7,161	32,445	18,844	-	58,450	7.39
Bank & Building Society Depos	-	26,672	8,018	-	-	34,690	5.04
Debentures	-	-	4,959	-	-	4,959	5.25
Units held in Trust	195,851	-	-	-	-	195,851	n/a
Bank Transferable Deposits	-	6,953	-	-	-	6,953	4.98
Interest Receivable	-	-	-	-	11	11	n/a
Accrued Income	-	-	-	-	1,498	1,498	n/a
Cash at Bank	4,004	-	-	-	-	4,004	4.31
	201,835	40,786	45,422	18,844	1,509	308,396	
Financial Liabilities							
Estates under Management	-	-	-	(329,103)	-	(329,103)	5.42
Total Financial Liabilities	-	-	-	(329,103)	-	(329,103)	
Net Financial Assets/ (Financial Liabilities)	201,835	40,786	45,422	(310,259)	1,509	(20,707)	

* Weighted average effective interest rate was computed on an annual basis.

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

22. Financial Instruments - Access Fund and New Investment Funds (cont'd)

(b) Credit Risk

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation thereunder. The Access Fund and the Investment Funds' maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Statement of Financial Position.

Access Fund

Credit risk by classification of counterparty for the past 2 years is as follows:

30 June 2002	Governments \$'000	Banks \$'000	Other \$'000	TOTAL \$'000
Financial Assets				
Short Term Deposits	-	34,000	-	34,000
Semi & Local Government Loans	292,504	-	-	292,504
Bank & Building Society Deposits	-	400,955	-	400,955
Advances to Clients	-	-	552	552
Bank Transferable Deposits	-	79,934	-	79,934
Cash at Bank	-	3,213	-	3,213
Accrued Income	5,690	1,429	-	7,119
Interest Receivable	97	243	-	340
Total Financial Assets	298,291	519,774	552	818,617

30 June 2001	Governments \$'000	Banks \$'000	Other \$'000	TOTAL \$'000
Financial Assets				
Short Term Deposits	-	7,000	-	7,000
Semi & Local Government Loans	351,964	-	-	351,964
Bank & Building Society Deposits	-	624,314	-	624,314
Debentures	-	-	14,297	14,297
Advances to Clients	-	-	509	509
Mortgages	-	-	570	570
Bank Transferable Deposits	-	119,267	-	119,267
Cash at Bank	-	5,832	-	5,832
Accrued Income	6,021	2,191	78	8,290
Interest Receivable	207	219	-	426
Total Financial Assets	358,192	758,823	15,454	1,132,469

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

The New Investment Funds

Credit risk by classification of counterparty at 30 June for Investment Funds is as follows:

30 June 2002	Governments \$'000	Banks \$'000	Other \$'000	TOTAL \$'000
Short Term Deposits	-	1,980	-	1,980
Semi & Local Government Loans	58,450	-	-	58,450
Bank & Building Societies	-	34,690	-	34,690
Debentures	-	-	4,959	4,959
Units in Trust	-	-	195,851	195,851
Bank Transferable Deposits	-	-	6,953	6,953
Cash at Bank	-	4,004	-	4,004
Accrued Income	1,056	349	93	1,498
Interest Receivable	-	11	-	11
Total Financial Assets	59,506	41,034	207,856	308,396

(c) Net Fair Value- Access Fund

All financial instruments are carried at net fair value except for financial instruments recorded at either cost or amortised value.

(d) Net Fair Value- Investment Funds

All financial instruments are carried at market value

23. ESTATES UNDER MANAGEMENT

Estates under Management are shown as \$1,124.347M as at 30 June 2002, which compares with \$1,104.677M for the preceding year. This amount represents the liability for the cash balances in the Access Fund and unitised Funds of client accounts held under Section 52 (1) of the Protected Estates Act 1983. The Estates under Management figure includes an amount of \$15.485M (\$15.385M- 2001) which is held within the Access Fund on behalf of the Department of Community Services for its clients in institutions and nursing homes. The Office of the Protective Commissioner effectively acts as "banker" for such clients and meets their ongoing expenses from pension monies received on their behalf.

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

24. RESERVE ACCOUNTS

The Estates Guarantee and Reserve Account was established under Section 55 (1) Protected Estates Act. At the discretion of the Protective Commissioner, the account could be applied, among other things, to pay to the Common Fund an amount equivalent to any realised loss on an investment, to meet the costs of protecting investments or to meet legal and/or other costs that could not reasonably be charged to a particular estate. Part 4 of the Protected Estates Act, which include Section 55, was omitted from the Act upon commencement of the *Protected Estates Amendment (Investment) Act 2000* on 9 November 2001.

Operations on the Estates Guarantee and Reserve Account for the past two years until its closure on 9 November 2001 were: -

Estates Guarantee and Reserve Account	30-Jun-02	30-Jun-01
	\$'000	\$'000
Balance at 1 July 2001	5,371	5,381
Transfers to: Statement of Financial Performance*	(164)	(2,474)
	5,207	2,907
Transfers from: Statement of Financial Performance	-	2,464
	5,207	5,371
Transfers to: Section 54 1(b) Reserve Fund	(5,207)	-
Balance at 30 June 2002	-	5,371

* The figure of \$2,474M of 30 June 2001 included a transfer from Section 55 of \$1,863,257-70 for reimbursement of capital management fees.

Section 54 (1)(b) of the Protected Estates Act now provides for the establishment of a Reserve Fund. That Reserve Fund was established on 9 November 2001 and the balance of the former Estate Guarantee and Reserve Account of \$5.207M was transferred to the new Reserve Fund.

Money in the Reserve Fund may be used for payment to an investment fund for any realised loss on an investment or for costs incurred in protecting investments made from an investment fund. Other costs incurred by the Protective Commissioner in the exercise for functions under the Protected Estates Act may be met from an investment fund under Section 55 (1)(c)(i).

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

Operations on the Reserve Fund since 9 November 2001 comprise:

Section 54(1)(b) Reserve Fund	30-Jun-02
	\$'000
Transfers from: Estates Guarantee and Reserve Account	5,207
Transfers to: Statement of Financial Performance	(373)
Balance at 30 June 2002	4,834

** This consists of payments of \$27,000 from the Reserve Fund as well as \$346,000 for Prudent Person implementation costs.*

25. NOTES TO THE STATEMENT OF CASH FLOWS - ACCESS FUND AND NEW INVESTMENT FUNDS

(a) Reconciliation of Cash

Cash at the end of the period as shown in the Statement of Cash Flows for the Access Fund is reconciled to the related items in the Statement of Financial Position as follows: -

	30-Jun-02	30-Jun-01
	\$'000	\$'000
Cash at Bank	3,213	5,832
Short Term Deposits	34,000	7,000
	37,213	12,832

Cash at the end of the period as shown in the Statement of Cash Flows for the Investment Funds is reconciled to the related items in the Statement of Financial Position as follows: -

	Internal Funds	External Funds	30-Jun-02
	\$'000	\$'000	\$'000
Cash at Bank	63	3,941	4,004
Short Term Deposits	1,980	-	1,980
	2,043	3,941	5,984

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

25. Notes to the Statement Of Cash Flows - Access Fund and New Investment Funds (cont'd)

(b) Reconciliation of Net Cash provided by Operating Activities to Operating Result of the Access Fund

	30-Jun-02	30-Jun-01
	\$'000	\$'000
Surplus/(Deficit) from Ordinary Activities	461	(7,962)
Interest Distributed to Client Accounts	43,732	62,418
Interest paid on Former Clients' Accounts	409	517
Capital Management Fee Adjustment	-	1,863
Net Movement in Amortisation Account	(16,587)	(26,879)
Write Back Premiums/Discounts on Sale of Investments	(2,586)	(266)
Decrease in Accrued Income	1,171	2,281
Decrease/(Increase) Interest Receivable	86	(312)
Increase/(Decrease) in Accrued Expenses	13	-
Net Cash provided by Operating Activities	26,699	31,660

(c) Reconciliation of Net Cash provided by Operating Activities to Operating Result of the Investment Funds

	30-Jun-02
	\$'000
(Deficit) from Ordinary Activities	(20,707)
Interest Distributed to Client Accounts	10,528
Change in Net Market Values	20,733
(Increase) in Accrued Income	(1,498)
(Increase) in Interest Receivable	(11)
Net Cash provided by Operating Activities	9,045

(d) Consolidated Reconciliation of Net cash provided by Operating Activities

	30-Jun-02
	\$'000
Net Cash provided by Operating Activities of the Common Fund	26,699
Net Cash provided by Operating Activities of the Unitised Fund	9,045
Cash provided by Consolidated Investment Activities	35,744



26. EVENTS OCCURRING AFTER REPORTING DATE

Since the date of the financial report, the Protective Commissioner has determined that the Office of the Protective Commissioner will outsource all Investment Funds held on behalf of the Office's clients from early 2003.

END OF AUDITED FINANCIAL STATEMENTS
OFFICE OF THE PROTECTIVE COMMISSIONER
FINANCIAL STATEMENTS
FOR YEAR ENDED
30 JUNE 2002

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Copies of the Protected Estates Act, 1983, the Guardianship Act 1987 and Regulations may be purchased from the Government Information Centre.
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