ANNUAL REPORT OF THE
PUBLIC GUARDIAN AND TRUSTEE
2011-2012

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2011/12 Annual Report of the Public Guardian and Trustee

Message from the Public Guardian and Trustee

The Office of the Public Guardian and Trustee (OPGT) is an organization of almost 400 staff located in six regional offices throughout the province, with an extensive mandate to perform over a dozen different functions. Following is a brief description of our key services:

Overview of Key Services

Property Guardianship Services: acting as guardian of property for mentally incapable adults who have no family able or willing to do so.

Personal Care Guardianship: by court order, acting as guardian for the purpose of making personal care decisions for mentally incapable adults in cases of extreme risk to personal care and safety.

Processing Guardianship Applications: handling applications by family members who wish to replace the OPGT as guardian of property for an incapable relative.

Reviewing Court Applications: reviewing all private applications for guardianship made to the Court.

Reviewing Accounts: reviewing accounts when they are submitted for court approval by private guardians of property and estate trustees.

Treatment Decisions: giving or refusing consent to medical treatment on behalf of mentally incapable people when there are no relatives able or willing to do so.

Litigation Guardianship: acting for individuals who are involved in lawsuits and lack sufficient mental capacity to properly instruct a lawyer or make decisions about important matters, such as settlements, and who have no family or friends willing to act in this role.

Investigations: investigating allegations that an adult is mentally incapable of making decisions about their property or personal care, and is at risk of serious harm as a result.

Estates: liquidating the estates of people who die without a will and who have no relatives in Ontario able or willing to do so, and distributing the proceeds to the lawful heirs.

Accountant of the Superior Court of Justice: providing a depository for funds held in relation to court actions or on behalf of minors.

Capacity Assessment: making available training, certification and information to capacity assessors, independent health professionals who specialize in assessing mental capacity and who have special authority to conduct the type of assessment required to appoint a guardian of property.

Cemeteries: administering trust accounts on behalf of some cemeteries that maintain such accounts to provide for the cost of ongoing care and maintenance of the grounds.

Charities: investigating complaints that a charity is using its charitable funds for improper purposes.

Dissolved Corporations: disposing of forfeited property that the government has become entitled to because its former owner, a corporation, owned property at the time of dissolution.

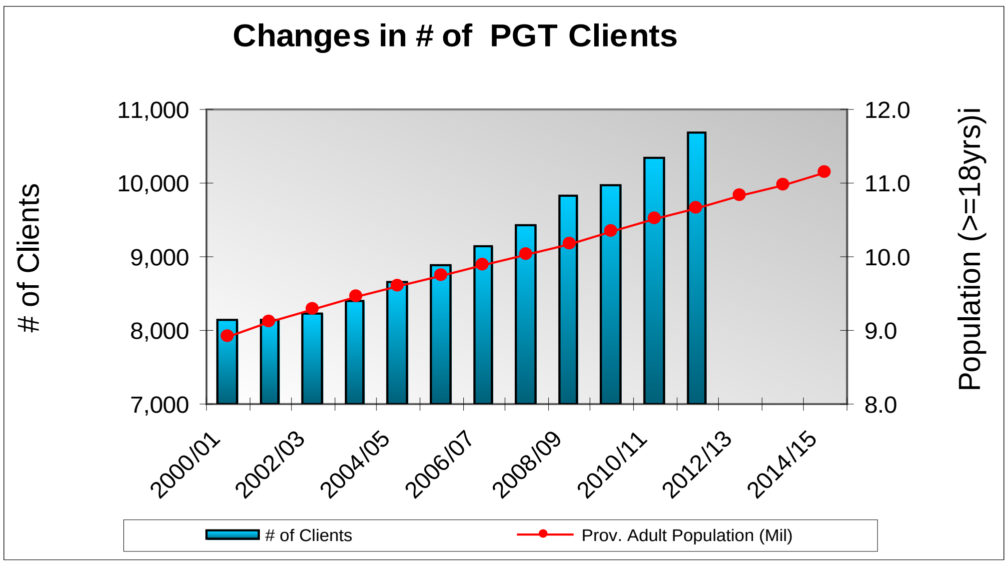
Program Activity Highlights for 2011-12

- 10,682 property guardianship files under active administration
- 261 screening and field investigations into allegations of harm, self-neglect or abuse
- 18 personal care guardianship clients
- 4,664 treatment decisions made
- 1,136 estates under administration
- 34,466 accounts held by the Accountant of the Superior Court of Justice

Property Guardianship

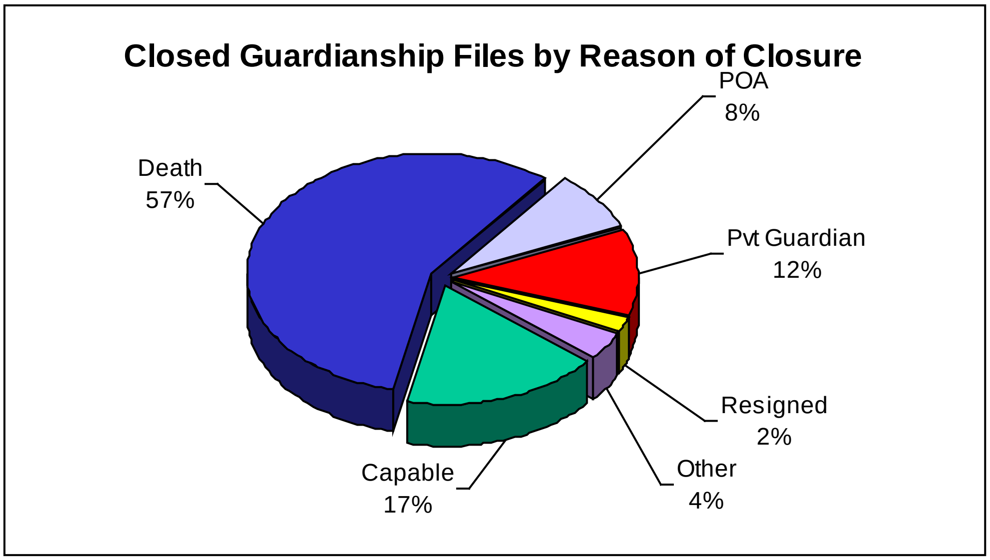
Following is more specific data about our property guardianship caseload.

Changes in Number of PGT Clients



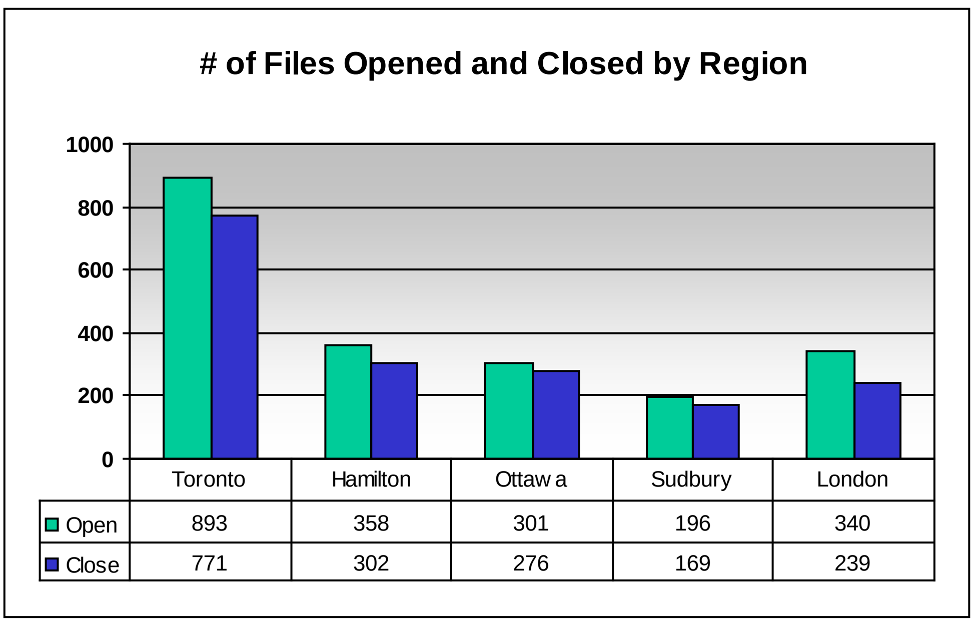
(i) Ministry of Finance, Labour and Demographic Analysis Branch

Closed Guardianship Files by Reason of Closure

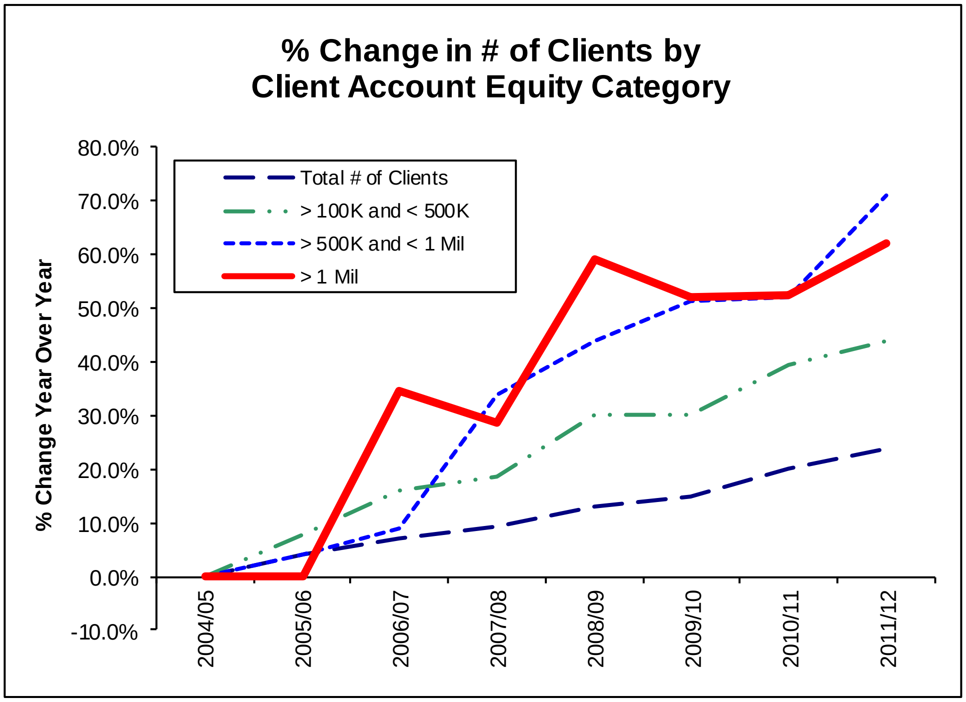


Of the client files that were closed in 2011/12, 57% were closed due to the death of the client, 17% were closed because the client regained capacity, and 20% were closed when someone else took over management of the client's finances, such as a person appointed under a pre-existing power of attorney or a private guardian.

Number of Client Files Opened and Closed

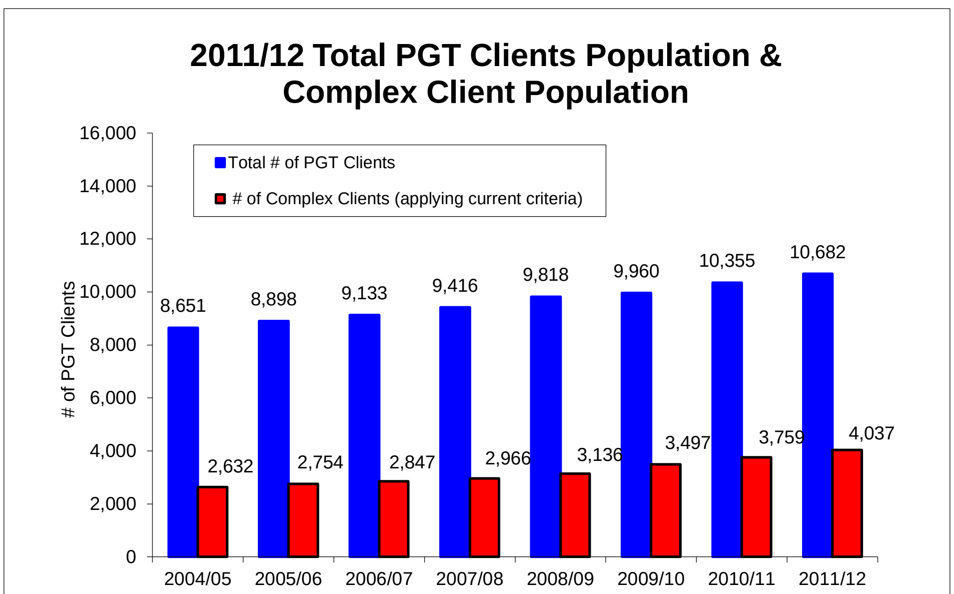


Changes in Clients' Finances



From 2004/05 to 2011/12, the number of property guardianship clients has increased by 23.5%. Over this same time period, the number of clients with account equity greater than $100,000 has increased by a total of 47.3%.

*The Number of Clients with *Complex Files is Increasing*



* Currently a client is managed through a complex caseload if they have either real estate, complex legal issues, externally administered trusts, liquid assets in excess of $50,000.00, extended health care benefits, non-fixed income investments and/or registered retirement accounts.

Summary

The 2011-12 year has been another very busy one for staff of the Office of the Public Guardian and Trustee (OPGT). Workload levels are continuing to climb, and the individual cases are becoming progressively more complex, as is shown in the chart on page 5.

Addressing the difficult issues found in complex cases requires dedicated teamwork. Financial planners, investigators, treatment decision makers and client services staff are often called upon to work together to ensure that all aspects of a client's needs are served. Guided by the client's best interests, staff seek to achieve the best possible outcome under conditions that are often highly time sensitive.

The upswing in case complexity has been accompanied by a heightened emphasis on staff training and the introduction of new technology. These investments ensure that our organization will continue to evolve to meet our clients' changing needs. With these resources, and the commitment and dedication of all staff, the OPGT is positioned to rise to the challenges that will continue to present themselves in the years ahead.

Louise Stratford

Public Guardian and Trustee for Ontario

March 31, 2012

Management's Responsibility for Financial Information

Management is responsible for the financial statements and all other information presented in the financial statements. The financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS), and, where appropriate, include amounts based on Management's best estimates and judgments.

Management is also responsible for developing and maintaining systems of internal control that provide reasonable assurance that financial information is reliable, that all financial transactions are properly authorized, that assets are safeguarded, and that the Public Guardian and Trustee of Ontario adheres to legislation and regulatory requirements. These systems include the communication of policies and the Public Guardian and Trustee of Ontario's code of ethics and business conduct throughout the organization. Management continually monitors the systems of internal controls for compliance.

The financial statements have been examined by the Office of the Auditor General. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with International Financial Reporting Standards (IFRS). The Auditor's Report outlines the scope of the auditor's examination and opinion.

Louise Stratford	*Joy Stevenson*
Louise Stratford	Joy Stevenson, CA
Public Guardian and Trustee	Chief Financial Officer

July 11, 2012

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Independent Auditor's Report

To Public Guardian and Trustee for the Province of Ontario and to the Attorney General

I have audited the accompanying financial statements of The Public Guardian and Trustee for the Province of Ontario, which comprise the statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010, and the statements of comprehensive income, statements of changes in net assets attributable to beneficiaries, statements of changes in equity and statements of cash flows for the years ended March 31, 2012 and March 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Public Guardian and Trustee for the Province of Ontario as at March 31, 2012, March 31, 2011 and April 1, 2010, and its financial performance and its cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with International Financial Reporting Standards.

Gary R. Peall, CA
Deputy Auditor General
Licensed Public Accountant

Toronto, Ontario
July 11, 2012

Statement of Financial Position

As at March 31 *in thousands of dollars*	Note		2012		2011		April 1, 2010
Estates and Trusts							
Assets							
Cash and cash equivalents	4.1	$	**38,366**	$	32,599	$	20,904
Accounts receivable	6		**3,723**		3,766		3,588
Investments at fair value through profit or loss:							
Bonds and other debt securities - client owned	4.1		**41,562**		35,010		47,688
Diversified fund	4.2		**61,170**		60,399		55,413
Canadian income and dividend fund	4.3		**64,486**		62,705		53,527
Equity securities - client owned	4.4		**20,280**		17,814		20,626
Held to maturity investments:							
Fixed income funds	4.5		**1,134,771**		1,098,853		1,077,844
Real estate			**89,162**		81,162		90,698
Other assets	7		**16,116**		15,874		16,277
Total assets			**1,469,636**		1,408,182		1,386,565
Liabilities							
Accounts payable and accrued liabilities	8		**50,242**		46,213		43,146
Net assets attributable to beneficiaries of Estates and Trusts			**1,419,394**		1,361,969		1,343,419
Total liabilities and net assets attributable to beneficiaries of Estates and Trusts		$	**1,469,636**	$	1,408,182	$	1,386,565
Administration Fund							
Assets							
Cash and cash equivalents		$	**211**	$	180	$	665
Accounts receivable	6		**2,477**		2,205		1,994
Investments at fair value through profit or loss:							
Diversified fund	4.2		**54,001**		57,027		57,723
Canadian income and dividend fund	4.3		**19,232**		19,423		17,678
Held to maturity investments:							
Fixed income funds	4.5		**-**		1,593		4,925
Intangible assets:							
Computer Software - Client Management Information System	9		**4,653**		6,980		9,306
Total assets			**80,574**		87,408		92,291
Liabilities							
Fixed income funds	4.5		**126**		-		-
Accounts payable and accrued liabilities	8		**4,599**		4,813		9,899
Total liabilities			**4,725**		4,813		9,899
Equity							
Funds and reserves			**22,153**		24,480		26,806
Unappropriated fund			**53,696**		58,115		55,586
Total equity			**75,849**		82,595		82,392
Total liabilities and equity		$	**80,574**	$	87,408	$	92,291

On behalf of The Public Guardian and Trustee for the Province of Ontario

Louise Stratford	*Joy Stevenson*
Public Guardian and Trustee	Chief Financial Officer

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Statement of comprehensive income - Estates and Trusts

For the year ended March 31 *in thousands of dollars*	**Note**		**2012**		2011
Estates and Trusts					
Revenue					
Pensions		**$**	**78,971**	$	75,836
Social benefits			**76,643**		72,163
Other			**35,359**		30,006
			190,973		178,005
Expenses					
Accommodation			**101,849**		96,625
Allowances			**38,470**		36,253
Fees charged by the Public Guardian and Trustee	10		**23,977**		23,951
Real estate			**10,232**		7,735
Living expenses			**9,723**		9,760
Taxes			**8,970**		8,507
Other expenses			**6,614**		7,974
Medical expenses			**5,878**		5,307
Funeral expenses			**5,570**		5,112
Utilities			**3,916**		3,532
Insurance			**1,457**		1,329
Total expenses			**216,656**		206,085
Net investment income					
Interest income from OPGT fixed income funds	11.2		**37,082**		37,170
Interest and dividend income - other external sources	11.1		**6,659**		6,331
Net realized gain on sale of investments	12.1		**3,765**		2,121
Net foreign exchange gain/(loss)			**326**		(661)
Net unrealized gain/(loss) on investments at fair value through profit or loss	12.2		**(3,522)**		9,189
			44,310		54,150
Increase in net assets attributable to beneficiaries of Estates and Trusts		**$**	**18,627**	$	26,070

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Statement of comprehensive income - Administration Fund

in thousands of dollars	Note		2012		2011
Administration Fund					
Revenue					
Fees charged on estates and trusts		$	**23,977**	$	23,951
Total revenue			**23,977**		23,951
Grants received from the Ministry of the Attorney General			**13,262**		13,256
			37,239		37,207
Expenses					
Salaries, wages and benefits	14		**34,301**		33,574
General administration expenses			**3,961**		4,266
Amortization of intangible assets:					
Computer Software - Client Management Information System	9		**2,327**		2,326
Fees incurred			**1,391**		1,333
Transportation and communication expenses			**1,109**		1,115
Supplies and equipment expenses			**425**		692
Claims			**374**		237
Total expenses			**43,888**		43,543
Net investment income					
Interest and dividend income - other external sources	11.1		**2,615**		2,547
Interest (expense)/income from OPGT fixed income funds	11.2		**(1,176)**		179
Net foreign exchange gain/(loss)			**728**		(373)
Net realized gain on sale of investments	12.1		**2,201**		594
Net unrealized gain/(loss) on investments at fair value through profit or loss	12.2		**(2,762)**		5,337
			1,606		8,284
General investment expenses	13		**1,703**		1,745
Net investment income (loss)			**(97)**		6,539
Total comprehensive income (loss) for the year		**$**	**(6,746)**	$	203

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Statement of changes in net assets attributable to beneficiaries of Estates and Trusts

(in thousands of dollars)

		Client Trusts	Minors	Litigants	Deceased Estates	Cemetery Trusts	Forfeited Corporate Assets	Corporate Trusts	Land Titles		Total
Balance at April 1, 2010	$	506,895	383,019	282,292	145,672	21,319	867	28	3,327	$	1,343,419
Increase in net assets attributable to beneficiaries		5,911	14,993	7,907	(3,950)	446	659	1	103		26,070
Other changes in net assets attributable to beneficiaries											
Contributions/(Distributions) from/ (to)clients or beneficiaries		(16,756)	(6,557)	21,290	(2,965)	984	19	-	(1,265)		(5,250)
Funds escheated to the Crown (note 16)		-	-	-	(2,270)	-	-	-	-		(2,270)
Total increase in net assets attributable to beneficiaries		(10,845)	8,436	29,197	(9,185)	1,430	678	1	(1,162)		18,550
Balance at March 31, 2011	$	496,050	391,455	311,489	136,487	22,749	1,545	29	2,165	$	1,361,969
Increase in net assets attributable to beneficiaries		3,560	8,759	8,472	(2,634)	1	401	-	68		18,627
Other changes in net assets attributable to beneficiaries											
Contributions/(Distributions) from/ (to)clients or beneficiaries		25,517	(9,533)	(259)	5,673	788	17,857	-	(444)		39,599
Funds escheated to the Crown (note 16)		-	-	-	(801)	-	-	-	-		(801)
Total increase in net assets attributable to beneficiaries		29,077	(774)	8,213	2,238	789	18,258	-	(376)		57,425
Balance at March 31, 2012	$	525,127	390,681	319,702	138,725	23,538	19,803	29	1,789	$	1,419,394

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Statement of changes in equity of the Administration Fund

(in thousands of dollars)

	Client Management Information System Reserve	Assurance Fund	Litigation Reserve Fund	Reserve for Doubtful Accounts	Capacity Assessment Fund	Total Funds and Reserves	Unappropriated Fund	Total Equity
Balance at April 1, 2010	$ 9,306	$ 14,300	$ 3,000	$ 100	$ 100	$ 26,806	$ 55,586	$ 82,392
2011								
Total comprehensive income for the year	-	-	-	-	-	-	203	203
Transfers to/(from) reserves								
Transfers made during the year	-	74	89	-	74	237	(237)	-
Reserves released during the year	(2,326)	(74)	(89)	-	(74)	(2,563)	2,563	-
Total increase/(decrease) in equity	(2,326)	0	0	0	0	(2,326)	2,529	203
Balance at March 31, 2011	$ 6,980	$ 14,300	$ 3,000	$ 100	$ 100	$ 24,480	$ 58,115	$ 82,595
2012								
Total comprehensive income for the year	-	-	-	-	-	-	(6,746)	(6,746)
Transfers to/(from) reserves								
Transfers made during the year	-	226	77	-	71	374	(374)	-
Reserves released during the year	(2,327)	(226)	(77)	-	(71)	(2,701)	2,701	-
Total increase/(decrease) in equity	(2,327)	0	0	0	0	(2,327)	(4,419)	(6,746)
Balance at March 31, 2012	$ 4,653	$ 14,300	$ 3,000	$ 100	$ 100	$ 22,153	$ 53,696	$ 75,849

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Statement of Cash flows

For the year ended March 31		**Estates and Trusts**				**Administration Fund**		
in thousands of dollars		**2012**		2011		**2012**		2011
Cash flows from operating activities								
Increase in net assets attributable to beneficiaries/Total comprehensive income for the year	**$**	**18,627**	$	26,070	**$**	**(6,746)**	$	203
Adjustments for:								
Amortization of intangible assets:								
Computer Software - Client Management Information System		**-**		-		**2,327**		2,326
Interest and dividend income - other external sources		**(240)**		684		**1,287**		(673)
Net unrealized (gain)/loss on investments at fair value through profit or loss		**2,698**		(8,837)		**2,034**		(4,964)
Changes in working capital items								
Accounts receivable		**43**		(178)		**(272)**		(211)
Accounts payable and accrued liabilities		**4,029**		3,067		**(215)**		(5,086)
Cash generated from operating activities		**4,072**		2,889		**(487)**		(5,297)
Net cash from operating activities		**25,157**		20,806		**(1,585)**		**(8,405)**
Cash flows from investing activities								
Acquisition of investments		**(1,802,175)**		(1,517,766)		**(4,241)**		(3,085)
Proceeds from sale of investments		**1,753,709**		1,510,251		**5,424**		7,000
Interest income paid to Estates and Trust clients		**(1,720)**		(3,332)		**1,720**		3,332
Interest and dividend income - other external sources		**240**		(684)		**(1,287)**		673
Acquisition of real estate		**(70,066)**		(57,785)				
Proceeds from sale of real estate		**62,066**		67,321		**-**		-
Acquisition of other assets				404		**-**		-
Proceeds from other assets		**(242)**				**-**		-
Net cash from/(used in) investing activities		**(58,188)**		(1,591)		**1,616**		7,920
Cash flows from financing activities								
Client Capital Contributions and Distributions (net)		**38,798**		(7,520)				
Net cash from/(used in) financing activities		**38,798**		(7,520)				
Increase/(decrease) in cash and cash equivalents		**5,767**		11,695		**31**		(485)
Cash and cash equivalent at April 1		**32,599**		20,904		**180**		665
Cash and cash equivalent at March 31	**$**	**38,366**	$	32,599	**$**	**211**	$	180

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Notes to financial statements

1. Reporting entity

The Office of the Public Guardian and Trustee for the Province of Ontario, Canada ("The Public Guardian and Trustee") is part of the Province of Ontario's Ministry of the Attorney General. The Public Guardian and Trustee is appointed under *The Public Guardian and Trustee Act* and performs duties under a number of statutes with the following main responsibilities:

- The management of estates of incapable adults;
- The administration of estates of persons who have died in Ontario intestate and without next-of-kin;
- The gathering of assets reverting to the Crown under the Escheats Act;
- The management of funds, mortgages and securities paid into or lodged with the Accountant of the Superior Court of Justice on behalf of minors and litigants; and
- A general supervisory role over charitable property.

The Public Guardian and Trustee has perpetual succession and an official seal and may sue and be sued in his or her corporate name. The Office of The Public Guardian and Trustee has approximately 400 staff located in six regional offices throughout the Province of Ontario with the main office located in Toronto at 595 Bay Street, Suite 800, Toronto ON, M5G 2M6.

These financial statements comprise the following:

a) Estates and Trusts : These represent accounts over which The Public Guardian and Trustee acts as guardian or trustee under the *Substitute Decisions Act*, the *Public Guardian and Trustee Act*, the *Crown Administration of Estates Act*, the *Estates Act* and various other statutes;

b) Administration Fund : This represents the operating account of The Public Guardian and Trustee. The Administration Fund is used to accumulate fees charged to each estate and trust for services as prescribed by the Fee Schedule created pursuant to *The Public Guardian and Trustee Act* and to pay operating expenses. Revenue is remitted as required to the Ministry of the Attorney General.

Cash balances in the Administration Fund which are not required for operating purposes are invested along with the cash funds of Estates and Trusts. The Administration Fund receives the net interest income of these investment activities, after interest is distributed on the funds of Estates and Trusts in accordance with the interest rates prescribed by *The Public Guardian and Trustee Act.*

The Public Guardian and Trustee in its capacity as Accountant of the Superior Court of Justice also acts as custodian of mortgages in the amount of $715,000 (Mar 31, 2011: $795,000 and Apr 1, 2010: $795,000) and miscellaneous securities and documents having a face value of $4,128,949 (Mar 31, 2011: $3,757,440 and Apr 1, 2010: $3,955,640). These amounts are not reflected in the financial statements as The Public Guardian and Trustee does not act as trustee of these funds but simply as custodian of the instruments on behalf of the client. The Public Guardian and Trustee as custodian also holds letters of credit, lien bonds, guardianship bonds and performance guarantee bonds for litigants.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These are the first financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied.

An explanation of how the transition from previous Canadian GAAP to IFRS has affected the reported financial position, financial performance and cash flows of the Estates and Trusts and the Administration Fund is provided in note 19.

These financial statements were authorized for issue by the Public Guardian and Trustee on July 11, 2012.

Notes to financial statements (continued)

2. Basis of preparation (continued)

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position which are measured at fair value:

- Investments at fair value through profit or loss;

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency for both Estates and Trusts and the Administration Fund. Except as otherwise indicated, all financial information presented in Canadian dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year, as well as critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is are included in note 3(d) and note 5.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at April 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

(a) Foreign currency

Transactions in foreign currencies are translated into Canadian Dollars using exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Canadian Dollars at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in Canadian Dollars at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Canadian Dollars at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss.

Foreign currency gains and losses are reported on a net basis.

Notes to financial statements (continued)

3. Significant accounting policies (continued)

(b) Net investment income and expense

Net investment income and expense comprises interest income on funds invested, dividend income, gains on the disposal of investment securities, changes in the value of financial assets at fair value through profit or loss, and impairment losses recognized on financial assets. Income and expenses are presented on a net basis only when permitted under IFRS, for example, gains and losses from financial instruments at fair value through profit or loss.

(i) Interest income and expense

Interest income is recognized as it accrues in profit or loss, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument. When calculating the effective interest rate, estimates are made of future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Interest received or receivable and interest paid or payable is recognized in profit or loss as interest income and interest expense respectively.

(ii) Dividend income

Dividend income is recognized in profit or loss on the date that the fund's right to receive payment is established, which in the case of quoted securities is the ex-dividend date. Dividend income from equity securities designated as at fair value through profit or loss is recognized in profit or loss as a separate line item.

(iii) Net gain from financial instruments at fair value through profit or loss

Net gain from financial instruments at fair value through profit or loss includes realized and unrealized fair value changes and foreign exchange differences, but excludes interest and dividend income. The net realized gain from financial instruments at fair value through profit or loss is calculated using the average cost method.

(c) Financial assets and liabilities

(i) Financial assets

Loans and receivables are recognized initially on the date that they are identified. All other purchases and sales of financial assets (including assets designated at fair value through profit or loss) are recognized on the settlement date, which is the date that the financial assets are delivered to or on behalf of Estates and Trusts.

Financial assets of Estates and Trust clients are derecognized as a financial asset when the contractual rights to the cash flows from the asset expire, or the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rights of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Estates and Trusts and the Administration Fund is recognized as a separate asset or liability.

Financial assets and liabilities in Estates and Trusts and the Administration Fund are offset and the net amount presented in the statement of financial position when, and only when, Estates and Trusts and the Administration Fund have a legal right to offset the amounts and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Notes to financial statements (continued)

3. Significant accounting policies (continued)

(i) Financial assets (continued)

Financial assets in Estates and Trusts and the Administration Fund include the following: financial assets at fair value through profit or loss, held-to-maturity financial assets and loans and receivables.

The Public Guardian and Trustee does not enter into derivative financial contracts and there are no derivative financial contracts in the Estates and Trusts and the Administration Fund.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Public Guardian and Trustee on behalf of Estates and Trusts and the Administration Fund manages, evaluates and reports internally such investments on a fair value basis and makes purchase and sale decisions based on their fair value in accordance with their documented risk management or investment strategy. Upon initial recognition, transaction costs associated with the asset are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

The Public Guardian and Trustee does not acquire or hold financial instruments for the purpose of trading or short-term profit taking on behalf of the Estates and Trusts and the Administration Fund.

Financial assets at fair value through profit or loss comprise investments in bonds and other debt securities, the OPGT Diversified Fund, the OPGT Canadian Income and Dividend fund and equity securities.

Held-to-maturity financial assets

If the Public Guardian and Trustee on behalf of Estates and Trusts and the Administration Fund has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value, which includes any premium or discount, plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and would prevent these investment securities from being classified as held-to-maturity for the current and the following two financial years.

Held-to-maturity financial assets comprise investments in fixed income funds. Fixed income funds are funds invested in money-market instruments and in bonds under a laddered buy-and-hold strategy.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Loans and receivables comprise trade and other receivables.

Loans and receivables comprise of cash and cash equivalents and accounts receivable.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, current bank balances and short-term deposits with banks. All cash equivalents are highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

Notes to financial statements (continued)

3. Significant accounting policies (continued)

(ii) Financial liabilities

Financial liabilities are recognized initially on the date at which the Public Guardian and Trustee on behalf Estates and Trusts and the Administration Fund become a party to the contractual provisions of the instrument. The Public Guardian and Trustee on behalf Estates and Trusts and the Administration Fund derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial liabilities comprise accounts payable and accrued liabilities. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs.

(iii) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction on the measurement date. Fair value does not take into consideration transaction costs expected to be incurred on transfer or disposal of a financial instrument.

The Public Guardian and Trustee on behalf of Estates and Trusts and the Administration Fund measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Equity and fixed income securities publicly traded are measured at the bid price. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the counterparty where appropriate.

All changes in fair value, other than interest and dividend income, are recognized in profit or loss as part of net gain from financial instruments at fair value through profit or loss.

(iv) Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired include significant financial difficulty of the borrower, default or delinquency by a borrower, restructuring of an amount due on terms that the Public Guardian and Trustee on behalf of Estates and Trusts and the Administration Fund would not consider otherwise, indications that a borrower or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Notes to financial statements (continued)

3. Significant accounting policies (continued)

(iv) Impairment (continued)

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(d) Real estate and other assets

IFRS currently does not include accounting standards that specifically address the real estate and other assets that are held by Estates and Trusts. However, IFRS requires that, in the absence of an IFRS that can be specifically applied to a situation, management should use judgment in developing and applying an accounting policy to provide relevant and reliable financial information. In these circumstances, IFRS guidance for similar issues is applied, as well as measurement concepts included within the IFRS Framework.

Real estate included within the Statement of financial position primarily represents residential properties currently owned by clients of The Public Guardian and Trustee. Other assets comprise jewellery, art, collectibles, nominal assets, vehicles and similar items. This property does not meet the IFRS definition of property, plant and equipment, investment property or other asset classes as currently defined in IFRS. The IFRS Framework however identifies acceptable measurement bases for all assets and liabilities; these measurement bases include cost and fair value.

The policy is to measure these assets at historic cost or the fair value determined when the asset is initially recognized.

(e) Intangible assets:

Computer software – Client Management Information System

(i) Recognition and measurement

Intangible assets that are acquired by the Administration Fund and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other costs including the costs of day-to-day servicing of intangible assets is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the life of the asset less its residual value (which is generally assumed to be zero).

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the current and comparative period is 5 years.

(f) Operating leases

All the leases entered into by the Public Guardian and Trustee on behalf of the Estates and Trusts and the Administration Fund are classified as operating leases and are not recognized in the statement of Financial Position. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for in the period in which they are incurred.

Notes to financial statements (continued)

3. Significant accounting policies (continued)

(g) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term employee benefit plans if the Administration Fund has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Post-employment benefits

Staff of the Public Guardian and Trustee are employees of the Ontario Public Service which provides pension benefits to its employees through participation in the Public Service Pension Fund and the Ontario Public Service Employees' Union Pension Fund. The Ministry of Government Services (MGS) funds the employer's contribution to the Pension Funds. In addition, the cost of post-retirement, non-pension employee benefits are paid by MGS. As such, the Public Guardian and Trustee makes no contributions on these post-employment benefit plans. There is no contractual agreement or stated policy for charging the net benefit cost for the plans as a whole (measured in accordance with IAS 19, *Employee Benefits*) to individual reporting entities of the Government of Ontario.

(h) Revenue and expenses

Revenue from pensions, social benefits and settlements and items of a related nature is recognized on a cash basis when received or receivable. Compensation, transaction and service fee revenue is recognized as the related services are performed.

Investment management fees, sales commission, placement and transaction fees that do not qualify for inclusion as part of the initial measurement of an asset are expensed as the services are received.

(i) Government grants

The Public Guardian and Trustee is part of the government reporting entity. Grant revenue is in the form of partial funding of the Public Guardian and Trustee operating expenses as the expenses are incurred. Grants that compensate the Administration Fund for expenses incurred, including partial funding for the operations of The Public Guardian and Trustee by way of amounts recovered from the Ministry of the Attorney General, are recognized in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognized.

(j) Income taxes

The Public Guardian and Trustee is exempted from federal and provincial income taxes under the Income Tax Act (Canada).

(k) Funds and reserves

Client Management Information System Reserve

This reserve represents funds that were appropriated for the specific purpose of developing and implementing a new client management information system. The client management information system was developed from 2002 to 2009. During each reporting period, an amount equal to the amortization charge incurred on the client management information system is transferred from this reserve to the Unappropriated Fund.

Assurance Fund

The *Public Guardian and Trustee Act* and the regulations under the Act provide that an Assurance Fund shall be established to meet losses for which The Public Guardian and Trustee might become liable. During the year, the Assurance Fund released and was reimbursed $226,000 (2011: $73,727) by the Unappropriated Fund.

Litigation Reserve Fund

This reserve is used to cover expenses and costs of legal proceedings paid by The Public Guardian and Trustee on behalf of its litigation guardian clients. During the year, legal costs incurred on behalf of clients of $77,345 (2011: $89,182) were released from this reserve and were reimbursed by the Unappropriated Fund.

Notes to financial statements (continued)

3. Significant accounting policies (continued)

(k) Funds and reserves (continued)

Reserve for Doubtful Accounts

The intent of this reserve is to provide for all clients' accounts whereby The Public Guardian and Trustee has advanced funds on a client's behalf and has a statutory lien pursuant to section 8.1 of the *Public Guardian and Trustee Act* but may not be able to recover the amount from the client.

Capacity Assessment Fund

This reserve was set up to cover fees of capacity assessors when a client is unable to pay costs of an assessment or re-assessment. During the year, the Capacity Assessment Fund released and was reimbursed $71,044 (2011: $73,683) by the Unappropriated Fund.

Unappropriated Fund

Pursuant to Section 9(5) of the *Public Guardian and Trustee Act*, the Lieutenant Governor in Council may from time to time direct the payment into the Consolidated Revenue Fund of the Province of any balance at the credit of the Administration Fund. No such transfers were made during the year.

(l) Provisions

A provision is recognized if, as a result of a past event, the Public Guardian and Trustee has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(m) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended March 31, 2012, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the measurement of the amounts recognized in these financial statements. However, IFRS 9 will change the classification of financial assets and IFRS 13 will introduce new requirements for fair value measurement.

IFRS 9, Financial Instruments

IFRS 9 deals with recognition, derecognition, classification and measurement of financial assets and financial liabilities. Its requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: at amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose object is to hold assets in order to collect contractual cash flows, and the asset's contractual cash terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables.

For an investment in an equity instrument that is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. However, dividends on such investments are recognized in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognized in profit or loss.

The requirements of IFRS 9 relating to derecognition are unchanged from IAS 39.

The standard is not expected to have a significant impact on the measurement basis of the financial assets since the measurement basis (as either fair value or amortized cost) for the majority of the financial assets is not expected to change. The standard is effective for annual periods beginning on or after January 1, 2015. Earlier application is permitted. Management does not plan to adopt this standard early for Estates and Trusts and the Administration Fund.

Notes to financial statements (continued)

3. Significant accounting policies (continued)

(m) New standards and interpretations not yet adopted (continued)

IFRS 13, Fair Value Measurement

IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income.

IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

IFRS 13 is effective prospectively for annual periods beginning on or after January 1, 2013. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application. The extent of the impact of adoption of IFRS 13 has not yet been determined.

4. Investments in financial assets

4.1 Estates and Trust – client owned

In thousands of dollars	2012	2011	April 1, 2010
Cash and cash equivalents			
Cash	32,302	28,888	18,135
Short-term investments	6,064	3,711	2,769
	38,366	32,599	20,904
Client owned - Bonds and other debt securities			
Bonds - Federal Government	2,010	1,588	2,145
Bonds - Provincial Governments	1,995	1,424	2,706
Bonds – Corporate	1,964	1,881	2,353
Financial institutions	35,593	30,117	40,484
	41,562	35,010	47,688
Total fixed income investments	79,928	67,609	68,592

These balances do not include indirect client investment in Public Guardian and Trustee Funds by virtue of their unit holdings in the various OPGT funds.

The short term investments notes and bonds yield annual interest of between 0.2 - 11% (2011: 0.2 - 7.9%) and, at the reporting date, have remaining maturity periods ranging between 0 - 9 years (2011: 0 - 20 years).

Interest rates on mid term investments are as follows:

Bonds - Federal Government			
1 – 3 years	1.5–2.0%	1.5–6.0%	1.5–6.0%
3 years +	1.5–8.0%	1.5–6.0%	1.5–8.0%
Bonds - Provincial Governments			
1 – 3 years	4.8–5.0%	4.8–5.0%	5.0–6.3%
3 years +	3.3–9.9%	3.1–5.3%	4.3–6.4%
Bonds – Corporate			
1 – 3 years	0.2–5.2%	0.2–5.1%	0.2–5.1%
3 years +	0.5–3.3%	0.5–7.9%	0.5–7.9%
Financial institutions			
1 – 3 years	1.0–11%	0.5–4.9%	1.2–6.2%
3 years +	1.0–8.5%	1.0–4.0%	0.1–8.4%

Notes to financial statements (continued)

4. Investments in financial assets (continued)

4.1 Estates and Trust – client owned (continued)

Interest income is distributed to client accounts based on an interest rate as approved by The Public Guardian and Trustee's Investment Advisory Committee. During the year, the approved rate for Canadian funds from April 1, 2011 to November 30, 2011 was 3.50%, from December 1, 2011 to February 29, 2012 – 3.25% and for March 2012 – 3.00% (2011: 3.65%), and for the United States Dollar funds - 0.30% (2011: 0.30%).

4.2 Diversified fund

In thousands of dollars	2012	2011	April 1, 2010
Cash	1,128	1,785	430
Short-term notes	2,610	2,116	249
Bonds	40,180	42,333	43,401
Canadian equity securities	45,675	51,597	43,522
Foreign equity securities	28,264	28,313	25,268
Net accrual and payable	(2,686)	(8,718)	266
	115,171	117,426	113,136

The short term notes and bonds yield annual interest of between 0.76 – 9.04% (2011: 1.00 – 8.87 %) and, at the reporting date, have remaining maturity periods ranging between 0 - 96 years (2011: 0 – 96 years).

The financial assets held in the Diversified fund are owned as follows:

In thousands of dollars	2012	2011	April 1, 2010
Estates and Trusts	61,170	60,399	55,413
Administration Fund	54,001	57,027	57,723
	115,171	117,426	113,136

The Public Guardian and Trustee has a Diversified fund that includes high quality equity and fixed income securities. This fund is a unitized trust and was established in order to provide an alternative for those clients whose unique investment objectives require a broader, longer range investment strategy. The fund is subject to the investment guidelines of the *Trustee Act* and the guidelines and limitations as set by The Public Guardian and Trustee with emphasis on the need to preserve and enhance capital over the longer term.

The investment returns on this fund accrue directly to the unit holders. The Administration Fund also holds units in the Diversified fund.

4.3 Canadian income and dividend fund

In thousands of dollars	2012	2011	April 1, 2010
Cash	12	5	103
Short-term notes	1,638	4,257	595
Bonds	35,900	32,287	32,738
Canadian equity securities	46,330	46,081	37,555
Other assets	(162)	(502)	214
	83,718	82,128	71,205

The short term notes and bonds yield annual interest of between 0.76 – 7.53% (2011: 1.44 –7.65 %) and, at the reporting date, have remaining maturity periods ranging between 0 – 95 years (2011: 0 – 96 years).

Notes to financial statements (continued)

4. Investments in financial assets (continued)

4.3 Canadian income and dividend fund (continued)

The financial assets held in the Canadian Income and Dividend Fund are owned as follows:

In thousands of dollars	2012	2011	April 1, 2010
Estates and Trusts	64,486	62,705	53,527
Administration Fund	19,232	19,423	17,678
	83,718	82,128	71,205

The Public Guardian and Trustee has a Canadian income and dividend fund that consists of a balanced portfolio of high quality income-producing Canadian securities. The fund includes dividend-paying common and preferred equities and fixed income securities designated to generate a consistent stream of income and long-term capital appreciation. The fund is subject to the investment guidelines of the *Trustee Act* and the guidelines and limitations as set by The Public Guardian and Trustee.

The income earned in this fund may be distributed in cash to unit holders monthly or reinvested in this fund. The Administration Fund also holds units in the Canadian income and dividend fund.

4.4 Equity securities – client owned

In thousands of dollars	2012	2011	April 1, 2010
Canadian listed securities	19,236	17,264	19,460
United States listed securities	523	177	298
Other listed securities	386	312	763
Unlisted securities	135	61	105
	20,280	17,814	20,626

These balances do not include indirect client investment in Public Guardian and Trustee Funds by virtue of unit holdings in the various OPGT funds.

4.5 PGT Fixed Income Fund

In thousands of dollars	2012	2011	April 1, 2010
Bonds - Federal Government	59,951	63,454	54,215
Bonds - Provincial and Municipal Governments	406,079	406,634	358,684
Bonds – Corporate	648,069	606,443	650,916
Cash and Accrued Interest	20,546	23,915	18,954
	1,134,645	1,100,446	1,082,769

The bonds yield (at cost) annual interest of between 1.83 – 5.13% (2011: 1.27 – 5.16 %) and, at the reporting date, have remaining maturity periods ranging between 0.1 – 4.8 years (2011: 0.11 – 4.52 years).

The financial assets held in the PGT Fixed Income Funds are owned as follows:

In thousands of dollars	2012	2011	April 1, 2010
Estates and Trusts	1,134,771	1,098,853	1,077,844
Administration Fund	(126)	1,593	4,925
	1,134,645	1,100,446	1,082,769

Notes to financial statements (continued)

5. Financial risk management

The Public Guardian and Trustee has exposure to the following risks arising from financial instruments:

- **Credit risk**
- **Liquidity risk**
- **Market risk**

This note presents information about The Public Guardian and Trustee's exposure to each of the above risks, and The Public Guardian and Trustee's objectives, policies and processes for measuring and managing risk, and The Public Guardian and Trustee's management of capital.

5. Financial risk management (continued)

5.1 Credit risk

Management of credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Public Guardian and Trustee, resulting in a financial loss to Estates and Trusts and the Administration Fund. It arises principally from debt securities held

The Public Guardian and Trustee mitigates this risk by engaging experienced investment managers and structuring their investment policies and goals to minimize the risk to clients' capital. In particular, investments in lower investment grade fixed income instruments (typically a rating of BBB) are minimized. As well, investment managers are required to report immediately adverse changes in the credit ratings of financial instruments.

Client accounts receivable are reviewed on an individual basis; any necessary adjustments to amounts recorded are made at that time.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date for the financial assets of both Estates and Trusts and the Administration Fund was:

In thousands of dollars	2012	2011	April 1, 2010
Cash and cash equivalents	38,576	32,779	21,569
Accounts receivable	6,200	5,971	5,582
Investments at fair value through profit or loss:			
Bonds and other debt securities– client owned	41,562	35,010	47,688
Diversified fund	115,171	117,426	113,136
Canadian income and dividend fund	83,718	82,128	71,205
Held to maturity investments:			
Fixed income funds	1,134,645	1,100,446	1,082,769
	1,419,872	1,373,760	1,341,949

Notes to financial statements (continued)

5. Financial risk management (continued)

5.1 Credit risk (continued)

Credit quality

As at the reporting date, Estates and Trusts and the Administration Fund had unit investments in the Public Guardian and Trustee's unit funds that have underlying debt securities with the following credit quality:

Debt Securities	2012	2011	2010
AAA/Aaa	12.11%	12.95%	14.65%
AA/Aa	85.10%	83.90%	82.53%
BBB/Baa	2.79%	3.15%	2.82%

Concentration of credit risk

As at the reporting date, the debt securities of Estates and Trusts and the Administration Fund had unit investments the Public Guardian and Trustee's unit funds that have underlying debt securities that were concentrated in the following industries:

Debt Securities	2012	2011	2010
Government and public sector	42.00%	45.00%	40.00%
Banks and financial services	51.00%	45.00%	49.00%
Other corporate	7.00%	10.00%	11.00%

Past due and impaired assets

No financial assets carried at amortized cost were past due or impaired at either March 31, 2012, March 31, 2011 or April 1, 2010.

Notes to financial statements (continued)

5. Financial risk management (continued)

5.2 Liquidity risk

Liquidity risk is the risk that investment managers engaged by the Public Guardian and Trustee will not be able to easily liquidate a security.

The objective of the Public Guardian and Trustee is to ensure that adequate financial resources are available to meet ongoing operations and to discharge the obligations of Estates and Trusts and the Administration Fund. The Public Guardian and Trustee mitigates liquidity risk by maintaining significant holdings in short-term liquid, money market instruments.

Maturity analysis for financial instruments

As at the reporting date, the financial assets and liabilities of Estates and Trusts and the Administration Fund had the following remaining contractual maturity profile:

2012

In thousands of dollars	Carrying Amount	Less than 3 months	3 to 12 months	>1 year
Financial assets				
Cash and cash equivalents	38,576	38,576	-	-
Accounts receivable	6,200	5,214	-	986
Investments at fair value through profit or loss:				
Bonds and other debt securities– client owned	41,562	6,609	10,204	24,749
Diversified fund	61,170	20,507	4,135	36,528
Canadian income and dividend fund	64,486	27,149	4,470	32,867
Equity securities – client owned	20,280	20,280	-	-
Held to maturity investments:				
Fixed income funds	1,134,645	164,963	95,772	873,910
	1,366,919	283,298	114,581	969,040
Financial liabilities				
Accounts payable and accrued liabilities	54,840	6,994	-	47,846
Net assets attributable to beneficiaries of Estates and Trusts	1,419,394	1,419,394	-	-
	1,474,234	1,426,388	-	47,846

2011

In thousands of dollars	Carrying Amount	Less than 3 months	3 to 12 months	>1 year
Financial assets				
Cash and cash equivalents	32,779	32,779	-	-
Accounts receivable	5,971	5,413	-	558
Investments at fair value through profit or loss:				
Bonds and other debt securities-client owned	35,010	6,571	6,827	21,612
Diversified fund	60,399	17,730	5,414	37,255
Canadian income and dividend fund	62,705	30,336	7,504	24,865
Equity securities – client owned	17,814	17,814	-	-
Held to maturity investments:				
Fixed income funds	1,100,446	155,502	131,979	812,965
	1,315,124	266,145	151,724	897,255
Financial liabilities				
Accounts payable and accrued liabilities	51,026	6,868	-	44,158
Net assets attributable to beneficiaries of Estates and Trusts	1,361,969	1,361,969	-	-
	1,412,995	1,368,837	-	44,158

Notes to financial statements (continued)

5. Financial risk management (continued)

5.2 Liquidity risk (continued)

April 1, 2010

In thousands of dollars	Carrying Amount	Less than 3 months	3 to 12 months	>1 year
Financial assets				
Cash and cash equivalents	21,569	21,569	-	-
Accounts receivable	5,582	5,042	-	540
Investments at fair value through profit or loss:				
Bonds and other debt securities-client owned	47,688	7,349	2,019	38,320
Diversified fund	55,413	12,177	7,959	35,277
Canadian income and dividend fund	53,527	20,276	3,059	30,192
Equity securities – client owned	20,626	20,626	-	-
Held to maturity investments:				
Fixed income funds	1,082,769	162,723	109,609	810,437
	1,287,174	249,762	122,646	914,766
Financial liabilities				
Accounts payable and accrued liabilities	53,045	11,538	-	41,507
Net assets attributable to beneficiaries of Estates and Trusts	1,343,419	1,343,419	-	-
	1,396,464	1,354,957	-	41,507

5.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect investment income or the value of the holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Market risk comprises of currency risk, interest rate risk and other price risks (including equity price risk).

5.3.1 Currency risk

Currency risk is the risk that the fair value of investments assets and earnings on those assets will fluctuate as a result of changes in foreign exchange rates. Investments in the Diversified fund are exposed to this risk which is part of the return potential in the fund.. Hedging foreign currency exposure is considered by management as part of an annual review of investment policies. However, during the year, The Public Guardian and Trustee has not entered into any derivative transactions such as forward foreign exchange contracts to mitigate this risk.

At the reporting date, the carrying value of net financial assets and liabilities held in individual foreign currencies expressed in Canadian Dollars is as follows:

In thousands of dollars	2012	2011	April 1, 2010
Estates and Trusts			
United States Dollars	24,997	28,184	24,081
Euros	1,898	89	382
Other foreign currencies:	1,686	372	821
	28,581	28,645	25,284

Notes to financial statements (continued)

5. Financial risk management (continued)

5.3 Market risk (continued)

5.3.1 Currency risk (continued)

The table below sets out the impact of a reasonably possible weakening of the Canadian Dollar against the other currencies by 5% (2011: 2%) at March 31. The analysis assumes that all other variables, in particular interest rates, remain constant.

In thousands of dollars	2012	2011
United States Dollars	1,250	564
Euros	95	2
Other foreign currencies	84	7
	1,429	573

A strengthening of the Canadian Dollar against the other currencies would have resulted in a proportionate but opposite effect to the amounts shown above.

5.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. By adopting a hold to maturity policy on its Fixed income fund, The Public Guardian and Trustee has significantly mitigated this risk, particularly for short-term, temporary movements in market interest rates.

A summary of the interest rate gap position, analyzed by the earlier of contractual re-pricing or maturity date, is as follows:

2012

In thousands of dollars	Carrying Amount	Less than 3 months	3 to 12 months	>1 year
Financial assets				
Cash and cash equivalents	38,576	38,576	-	-
Accounts receivable	6,200	5,214	-	986
Investments at fair value through profit or loss:				
Bonds and other debt securities –client owned	41,562	6,609	10,204	24,749
Diversified fund	61,170	20,507	4,135	36,528
Canadian income and dividend fund	64,486	27,149	4,470	32,867
Equity securities – client owned	20,280	20,280	-	-
Held to maturity investments:				
Fixed income funds	1,134,645	164,963	95,772	873,910
	1,366,919	283,298	114,581	969,040
Financial liabilities				
Accounts payable and accrued liabilities	54,840	6,994	-	47,846
Net assets attributable to Beneficiaries of Estates and Trusts	1,419,394	1,419,394	-	-
	1,474,234	1,426,388	-	47,846

Notes to financial statements (continued)

5. Financial risk management (continued)

5.3 Market risk (continued)

5.3.2 Interest rate risk (continued)

2011

In thousands of dollars	Carrying Amount	Less than 3 months	3 to 12 months	>1 year
Financial assets				
Cash and cash equivalents	32,779	32,779	-	-
Accounts receivable	5,971	5,413	-	558
Investments at fair value through profit or loss:				
Bonds and other debt securities-client owned	35,010	6,571	6,827	21,612
Diversified fund	60,399	17,730	5,414	37,255
Canadian income and dividend fund	62,705	30,336	7,504	24,865
Equity securities –client owned	17,814	17,814	-	-
Held to maturity investments:				
Fixed income funds	1,100,446	155,502	131,979	812,965
	1,315,124	266,145	151,724	897,255
Financial liabilities				
Accounts payable and accrued liabilities	51,026	6,868	-	44,158
Net assets attributable to beneficiaries of Estates and Trusts	1,361,969	1,361,969	-	-
	1,412,995	1,368,837	-	44,158

April 1, 2010

In thousands of dollars	Carrying Amount	Less than 3 months	3 to 12 months	>1 year
Financial assets				
Cash and cash equivalents	21,569	21,569	-	-
Accounts receivable	5,582	5,042	-	540
Investments at fair value through profit or loss:				
Bonds and other debt securities-client owned	47,688	7,349	2,019	38,320
Diversified fund	55,413	12,177	7,959	35,277
Canadian income and dividend fund	53,527	20,276	3,059	30,192
Equity securities – client owned	20,626	20,626	-	-
Held to maturity investments:				
Fixed income funds	1,082,769	162,723	109,609	810,437
	1,287,174	249,762	122,426	914,766
Financial liabilities				
Accounts payable and accrued liabilities	53,045	11,538	-	41,507
Net assets attributable to beneficiaries of Estates and Trusts	1,343,419	1,343,419	-	-
	1,396,464	1,354,957	-	41,507

Currently, a fluctuation in interest rates of 50-75 basis points is reasonably possible, considering the economic environment in which investment activities are conducted. The table below sets out the impact of a reasonably possible increase of 50-75 basis points in interest rates as at March 31. The impact of such an increase has been estimated by calculating the fair value changes of the fixed interest debt securities. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

In thousands of dollars	2012	2011
Impact on client (Estates and Trust) and Administration fund assets	(1,060)	1,628

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Notes to financial statements (continued)

5. Financial risk management (continued)

5.3 Market risk (continued)

5.3.3 Equity price risk

Equity price risk is the risk that the fair value of equity securities will fluctuate as a result of changes in the market price of equity instruments whether caused by factors specific to an individual investment or factors affecting all instruments traded in the market which, for international equities, includes changes in currency rates.

The Public Guardian and Trustee has mitigated this risk by engaging experienced investment managers and structuring their investment policies and goals, including limits on the holding of individual securities, limits on the investments in non-government debt, and defining asset component ranges to minimize the risk to clients' capital. As well, investments in financial instruments that are subject to changes in market prices, including equity securities, are undertaken only when the client can invest for a medium to longer term.

Investments are made in funds, namely the Diversified fund and the Canadian income and dividend fund that have the following policies for concentration of asset portfolios:

- Equity investments listed on Canadian stock exchanges - up to 50% of fund assets
- Equity investments listed on US stock exchanges - up to 15% of fund assets
- Equity investments listed on other stock exchanges - up to 15% of fund assets
- Unlisted equity investments - none

Investment managers further monitor concentration of risk based on counterparties and industry sectors. At the reporting date, equity investments are concentrated in the following industries:

	2012	2011	April 1, 2010
Banks/ financial services	33%	27%	36%
Information technology	12%	12%	11%
Retail	10%	10%	10%
Industrial and manufacturing	27%	28%	25%
Other	18%	23%	18%
	100%	100%	100%

Investment managers engaged by the Public Guardian and Trustee estimate future reasonably possible equity price fluctuations for equity securities on an individual investment basis. The table below sets out the impact of a reasonably possible decrease of 10% in the price of individual equity securities as at March 31. This analysis assumes that all other variables, in particular interest and foreign currency rates, remain constant.

In thousands of dollars	2012	2011
Impact on value of equity securities	(14,026)	(14,327)

A strengthening in the individual equity market prices of 10% as at March 31 would have resulted in a proportionate but opposite effect to the amounts shown above.

Notes to financial statements (continued)

5. Financial risk management (continued)

5.4 Fair value disclosures

The accounting policy for fair value measurements is detailed in accounting policy 3c(iii).

5.4.1 Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

2012

In thousands of dollars	Estates and Trusts Carrying amount	Estates and Trusts Fair value	Admin Fund Carrying amount	Admin Fund Fair value
Financial assets				
Cash and cash equivalents	38,366	38,366	211	211
Accounts receivable	3,723	3,723	2,477	2,477
Investments at fair value through profit or loss:				
Bonds and other debt securities – client owned	41,562	41,562	-	-
Diversified fund	61,170	61,170	54,001	54,001
Canadian income and dividend fund	64,486	64,486	19,232	19,232
Equity securities – client owned	20,280	20,280	-	-
Held to maturity investments:				
Fixed income funds	1,134,771	1,147,453	-	-
	1,364,358	1,377,040	75,921	75,921
Financial liabilities				
Fixed Income Funds	-	-	126	126
Accounts payable and accrued liabilities	50,242	50,242	4,599	4,599
Net assets attributable to beneficiaries of Estates and Trusts	1,419,394	1,432,076	-	-
	1,469,636	1,482,318	4,725	4,725

2011

In thousands of dollars	Estates and Trusts Carrying amount	Estates and Trusts Fair value	Admin Fund Carrying amount	Admin Fund Fair value
Financial assets				
Cash and cash equivalents	32,599	32,599	180	180
Accounts receivable	3,766	3,766	2,205	2,205
Investments at fair value through profit or loss:				
Bonds and other debt securities – client owned	35,010	35,010	-	-
Diversified fund	60,399	60,399	57,027	57,027
Canadian income and dividend fund	62,705	62,705	19,423	19,423
Equity securities – client owned	17,814	17,814	-	-
Held to maturity investments:				
Fixed income funds	1,098,853	1,103,496	1,593	1,593
	1,311,146	1,315,789	80,428	80,428
Financial liabilities				
Accounts payable and accrued liabilities	46,213	46,213	4,813	4,813
Net assets attributable to beneficiaries of Estates and Trusts	1,361,969	1,366,612	-	-
	1,408,182	1,412,825	4,813	4,813

Notes to financial statements (continued)

5. Financial risk management (continued)

5.4 Fair value disclosures (continued)

5.4.1 Fair values versus carrying amounts (continued)

April 1, 2010

In thousands of dollars	Estates and Trusts	Estates and Trusts	Admin Fund	Admin Fund
Financial assets	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	20,904	20,904	665	665
Accounts receivable	3,588	3,588	1,994	1,994
Investments at fair value through profit or loss:				
Bonds and other debt securities – client owned	47,688	47,688	-	-
Diversified fund	55,413	55,413	57,723	57,723
Canadian income and dividend fund	53,527	53,527	17,678	17,678
Equity securities- client owned	20,626	20,626	-	-
Held to maturity investments:				
Fixed income funds	1,077,844	1,089,635	4,925	4,925
	1,279,590	1,291,381	82,985	82,985
Financial liabilities				
Accounts payable and accrued liabilities	43,146	43,146	9,899	9,899
Net assets attributable to beneficiaries of Estates and Trusts	1,343,419	1,355,210	-	-
	1,386,565	1,398,356	9,899	9,899

5.4.2 Fair value hierarchy

The Public Guardian and Trustee measures fair value using quoted market price (unadjusted) in an active market for an identical instrument.

5.5 Capital management

The Public Guardian and Trustee's operating capital is shown as the Administration Fund, which consists of various specific purpose funds and an unappropriated fund (detailed in the statement of changes in equity of the Administration Fund). The Public Guardian and Trustee is not subject to externally imposed capital requirements.

The Public Guardian and Trustee's objectives when managing its Administration Fund are to safeguard its ability to continue operations and provide adequate resources to service clients and safeguard clients' interests. The Public Guardian and Trustee expects its current capital (fund) resources, together with future cash flows from operations, are sufficient to support The Public Guardian and Trustee's ability to operate on an ongoing basis. The objectives have not changed during the year.

The Public Guardian and Trustee has invested part of its Administration Fund in the Diversified and Canadian Income and Dividend Funds. Investment income earned is, in part, used to replenish the various specific purpose funds for expenses incurred.

Notes to financial statements (continued)

6. Accounts receivable

In thousands of dollars	Estates and Trusts 2012	Estates and Trusts 2011	Admin Fund 2012	Admin Fund 2011
Accrued revenue	-	-	2,471	2,166
Balances due from the Federal and Provincial Government, its Agencies and Crown Corporations	-	-	6	22
Balances due from the Administration Fund	2,738	3,207	-	-
Other receivables	985	559	-	17
	3,723	3,766	2,477	2,205

7. Other assets

In thousands of dollars	Estates and Trusts 2012	Estates and Trusts 2011	Admin Fund 2012	Admin Fund 2011
Art	4	15	-	-
Jewellery	812	748	-	-
Collectibles	283	169	-	-
Vehicles	616	477	-	-
Other	14,401	14,465	-	-
	16,116	15,874	-	-

8. Accounts payable and accrued liabilities

In thousands of dollars	Estates and Trusts 2012	Estates and Trusts 2011	Admin Fund 2012	Admin Fund 2011
Accrued expenses	2,396	2,055	1,861	1,606
Balances due to the Federal and Provincial Government, its Agencies and Crown Corporations	10,339	8,609	-	-
Balances due to Estates and Trusts	-	-	2,738	3,207
Other payables	37,507	35,549	-	-
	50,242	46,213	4,599	4,813

Notes to financial statements (continued)

9. Intangible assets

	Admin Fund 2012	Admin Fund 2011
In thousands of dollars		
Computer software - client management Information system		
Cost – beginning and end of the year	**11,633**	**11,633**
Accumulated amortization – beginning of the year	**4,653**	**2,327**
Amortization for the year	**2,327**	**2,326**
Accumulated amortization – end of the year	**6,980**	**4,653**
Carrying amount – beginning of the year	**6,980**	**9,306**
Amortization for the year	**2,327**	**2,326**
Carrying amount – end of the year	**4,653**	**6,980**

10. Fees charged by the Administration Fund to Estates and Trusts

	Admin Fund 2012	Admin Fund 2011
In thousands of dollars		
Client trusts	**16,081**	**15,516**
Minors	**2,753**	**2,794**
Deceased estates	**2,766**	**3,594**
Litigants	**1,852**	**1,609**
Court-appointed litigation guardian legal services	**167**	**92**
Cemetery trusts	**185**	**183**
Charity trusts	**138**	**141**
Forfeited corporate assets/corporate trusts	**35**	**22**
	23,977	**23,951**

Notes to financial statements (continued)

11. Interest income

11.1 Interest income - other external sources

In thousands of dollars	Estates and Trusts 2012	Estates and Trusts 2011	Admin Fund 2012	Admin Fund 2011
Earned on investments at fair value through profit or loss				
Bonds and other debt securities-client owned	2,054	1,693	-	-
Diversified fund	1,889	1,689	1,835	1,832
Canadian income and dividend fund	2,506	2,189	780	715
Earned on loans and receivables				
Accounts receivable	210	760	-	-
	6,659	6,331	2,615	2,547

11.2 Interest (expense) income from OPGT fixed income funds

In thousands of dollars	Estates and Trusts 2012	Estates and Trusts 2011	Admin Fund 2012	Admin Fund 2011
Earned on unimpaired held-to-maturity investments				
Fixed income funds	37,082	37,170	(1,176)	179

12. Gain/loss on investments

12.1 Net realized gain/(loss) on sale of investments

In thousands of dollars	Estates and Trusts 2012	Estates and Trusts 2011	Admin Fund 2012	Admin Fund 2011
Realized on sale of investments at fair value through profit or loss				
Bonds and other debt securities-client owned	116	69	-	-
Diversified fund	1,765	855	1,765	575
Canadian income and dividend fund	1,177	59	436	19
Equity securities-client owned	707	1,138	-	-
	3,765	2,121	2,201	594

Notes to financial statements (continued)

12. Gain/loss on investments (continued)

12.2 Net unrealized gain/(loss) on investments

In thousands of dollars	Estates and Trusts 2012	Estates and Trusts 2011	Admin Fund 2012	Admin Fund 2011
Unrealized gains/(loss) on investments at fair value through profit or loss				
Bonds and other debt securities-client owned	(231)	330	-	-
Diversified fund	(2,069)	4,017	(2,355)	4,325
Canadian income and dividend fund	(1,167)	3,142	(407)	1,012
Equity securities-client owned	(55)	1,700	-	-
	(3,522)	9,189	(2,762)	5,337

13. General investment expenses

In thousands of dollars	Estates and Trusts 2012	Estates and Trusts 2011	Admin Fund 2012	Admin Fund 2011
Investment management fees	-	-	843	818
Brokerage fees	-	-	117	74
Custodian fees	-	-	278	370
Administration fees	-	-	172	194
Bank charges	-	-	293	289
	-	-	1,703	1,745

14. Personnel expenses

In thousands of dollars	Estates and Trusts 2012	Estates and Trusts 2011	Admin Fund 2012	Admin Fund 2011
Salaries and wages	-	-	30,443	29,630
Compulsory employer contributions	-	-	1,880	1,831
Other benefits	-	-	1,607	1,993
Termination benefits	-	-	371	120
	-	-	34,301	33,574

15. Related party transactions

The Government of the Province of Ontario, its Agencies and its Crown Corporations are related parties to the Public Guardian and Trustee. Under IFRS, a reporting entity is exempt from the disclosure requirements of IAS 24, *Related Party Disclosures* in relation to related party transactions and outstanding balances, including commitments, with a government that has control, joint control or significant influence over the reporting entity and another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity. The Public Guardian and Trustee has utilized this exemption in preparing these financial statements.

Notes to financial statements (continued)

15. Related party transactions (continued)

Transactions with the Government of the Province of Ontario, its Agencies and its crown Corporations are carried out in the normal course of business and include transactions and outstanding balances relating to the following activities, all of which have been recognized in these financial statements:

a) Investments in certain financial instruments that are issued by these related parties;
b) Expenditure on certain services provided by these related parties; and
c) The Province of Ontario provides partial funding for the operations of The Public Guardian and Trustee. During the year the Province allotted $39,796,407 in funding and recovered $26,534,426, for a net provision by the Province of $13,261,980 (2011: $13,256,336).

In addition, in the normal course of business, the following transactions are entered into with these related parties at no charge to the Public Guardian and Trustee and therefore are not reflected in the financial statements:

a) Staff of the Public Guardian and Trustee are employees of the Ontario Public Service which provides pension benefits to its employees through participation in the Public Service Pension Fund and the Ontario Public Service Employees' Union Pension Fund. The Ministry of Government Services (MGS) funds the employer's contribution to the Pension Funds;
b) The cost of post-retirement, non-pension employee benefits are paid by MGS;
c) The Public Guardian and Trustee occupies leased premises paid for by the Ministry of the Attorney General (MAG);
d) MGS provides payroll and payment processing for the Public Guardian and Trustee; and
e) There are related party balances between Estates and Trusts and the Administration Fund.

Key management personnel compensation

Staff, including key management personnel are employees of the Ministry of the Attorney General, Ontario Public Service (OPS). All management compensation is in accordance with Management Board of Cabinet Compensation Directives and compensation follows approved OPS compensation practices. This includes public disclosure for all individuals earning more than $100,000 in a calendar year.

The benefit plans do not include any specific post –employment, termination or other long term benefits but as noted in Note 3(g) (ii) the cost of these benefits are funded by the Ministry of Government Services.

In addition to the salaries and mandatory employer contributions to federal government programs, senior managers also participate in various group life, health and dental plans for which the employer shares the premiums.

Key management personnel compensation comprised the following:

In thousands of dollars	Admin Fund 2012	Admin Fund 2011
Salaries and Wages	1,078	1,045
Employee benefits	20	17

16. Funds Escheated to the Crown

Deceased Estates include estates administered under the *Crown Administration of Estates Act* and the *Estates Act*. The Public Guardian and Trustee is authorized by the *Escheats Act* to take possession of property reverting to the Crown under the *Succession Law Reform Act*. After a period of ten years, any property so received by the Public Guardian and Trustee which remains unclaimed is required to be transferred to the Consolidated Revenue Fund (CRF) of the Province of Ontario. Such property transfers to the CRF are included in the statement of changes in net assets attributable to beneficiaries of Estates and Trusts. During the year, escheats from Deceased Estates totalling $800,659 (2011: $2,269,532) were transferred to the CRF.

Notes to financial statements (continued)

16. Funds Escheated to the Crown (continued)

Under the *Business Corporations Act* and the *Escheats Act*, the Public Guardian and Trustee may take possession of assets of dissolved corporations which have become forfeited to the Crown. Such property transfers to the CRF are included in the statement of changes in net assets attributable to beneficiaries of Estates and Trusts.

17. Contingencies and commitments

The Public Guardian and Trustee is involved in various legal actions arising in the normal course of business operations, the outcome and ultimate disposition of which are not determinable at this time. Liabilities for any settlements will be recognized if and when the criteria for recognizing provisions is met (see accounting policy note 3 (l)).

18. Subsequent events

There have not been any events subsequent to March 31, 2012 that would impact the information presented in these financial statements.

19. Explanation of transition to IFRS

As stated in note 2(a), these are the first financial statements of Estates and Trusts and the Administration Fund prepared in accordance with IFRS.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended March 31, 2012, the comparative information presented in these financial statements for the year ended March 31, 2011 and in the preparation of an opening IFRS statement of financial position at April 1, 2010 (the date of transition). The opening IFRS statement of financial position has been restated by applying IFRS retrospectively. The retrospective application of IFRS has not resulted in adjustments. No recognition or measurement differences have impacted the opening IFRS and comparative statements of financial position, the statements of changes in net assets or changes in equity and the comparative statements of comprehensive income and statements of cash flows. However, additional financial statement disclosures have been made in accordance with the requirements of IFRS. Presentation adjustments have been made in the statements of comprehensive income in order to comply with the new presentation format under IFRS. However, these presentation adjustments did not have a net impact on the reported increase in net assets attributable to beneficiaries of Estates and Trusts or the total equity for the Administration Fund.

The only other change is that Cash and cash equivalents were classified under Canadian GAAP as held for trading. Under IFRS, cash and cash equivalents are classified as loans and receivables. This change in classification did not result in any measurement adjustments.