

Independent Auditor's Report

To the Senior Master of the Supreme Court of Victoria

Opinion

I have audited the special purpose financial reports (the financial reports) of the Senior Master of the Supreme Court of Victoria with respect to Common Fund No. 1, Common Fund No. 2, Common Fund No. 3, the Common Funds Guarantee and Reserve Account and the Assets Held on Separate Account (collectively the "Funds in Court") which comprises the:

- balance sheets as at 30 June 2026
- comprehensive operating statements for the year then ended
- statements of changes in equity for the year then ended
- cash flow statements for the year then ended
- notes to the financial statements, including material accounting policy information
- joint declaration of the Senior Master and Chief Executive Officer.

In my opinion, the financial reports present fairly, in all material respects, the financial position of the Funds in Court as at 30 June 2026 and their financial performance and cash flows for the year then ended in accordance with the Australian Accounting Standards to the extent described in notes 2, 3 and 4 to the financial statements.

Basis for opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the Senior Master of the Supreme Court of Victoria in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial reports in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of matter - basis of accounting for financial reports	Without modifying my opinion, I draw attention to note 2 to the financial statements, which describes the basis of accounting. The financial reports have been prepared for the purpose of meeting the requirements of the <i>Supreme Court Act 1986</i> and <i>Supreme Court (General Civil Procedures) Rules 2015</i> . As a result, the financial reports may not be suitable for another purpose.
The Senior Master's responsibilities for the financial reports	The Senior Master is responsible for the preparation and fair presentation of the financial reports in accordance with the accounting policies described in notes 2, 3 and 4 to the financial statements, and for such internal control as the Senior Master determines is necessary to enable the preparation and fair presentation of the financial reports that are free from material misstatement, whether due to fraud or error. In preparing the financial reports, the Senior Master is responsible for assessing the Funds in Court's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.
Auditor's responsibilities for the audit of the financial reports	As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial reports based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial reports. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Auditor's
responsibilities
for the audit of
the financial
reports
(continued)**

- obtain an understanding of internal control relevant to the audit 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 Funds in Court's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Senior Master
- conclude on the appropriateness of the Senior Master's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds in Court's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial reports or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Funds in Court to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Senior Master regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



MELBOURNE

2 September 2026

Charlotte Jeffries

as delegate for the Auditor-General of Victoria

Senior Master of the Supreme Court of Victoria
Special Purpose Financial Reports for the Year Ended
30 June 2026



These special purpose financial reports include comprehensive operating statements, balance sheets, statements of changes in equity, cash flow statements and notes to and forming part of the financial statements for:

- Common Fund No. 1;
- Common Fund No. 2;
- Common Fund No. 3;
- Common Funds Guarantee and Reserve Account; and
- Assets Held on Separate Account.

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Joint Declaration of the Senior Master and Chief Executive Officer

We certify that the attached special purpose financial reports for Common Fund No. 1, Common Fund No. 2, Common Fund No. 3, Common Funds Guarantee and Reserve Account and the Assets Held on Separate Account have been prepared in accordance with the accounting policies outlined in Notes 2, 3 and 4 to the financial statements.

We further state that, in our opinion, the information set out in the comprehensive operating statements, balance sheets, statements of changes in equity, cash flow statements and notes to and forming part of the financial statements for Common Fund No. 1, Common Fund No. 2, Common Fund No. 3, Common Funds Guarantee and Reserve Account and the Assets Held on Separate Account present fairly the financial transactions during the year ended 30 June 2026 and the financial position at 30 June 2026. We are not aware of any circumstance which would render any particulars included in the special purpose financial reports to be misleading or inaccurate.

We authorise the attached special purpose financial reports for issue on 1 September 2026.



Associate Justice Fiona Steffensen
Senior Master



Gary Georgios
Chief Executive Officer - Funds in Court

Melbourne
1 September 2026

Melbourne
1 September 2026



Comprehensive operating statements for the year ended 30 June 2026

	Note	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Common Funds Guarantee and Reserve Account		Assets Held on Separate Account	
		2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Continuing operations											
Income from Transactions											
Interest revenue	5	2,976	2,373	42,172	38,275	1,445	715	2,819	2,685	-	-
Dividend revenue		-	-	-	-	25,799	25,423	-	-	-	-
Clients' annuity revenue		-	-	-	-	-	-	-	-	212	419
Administration cost recovery	6	-	-	-	-	-	-	12,799	13,198	-	-
Total income from Transactions		2,976	2,373	42,172	38,275	27,244	26,138	15,618	15,883	212	419
Expenses from Transactions											
Interest paid on closed accounts		3	4	466	324	-	-	-	-	-	-
Clients' annuity revenue transferred to Common Fund No. 2		-	-	-	-	-	-	-	-	212	419
Administration cost contribution	6	2,800	2,368	9,999	10,830	-	-	-	-	-	-
Depreciation expense		-	-	-	-	-	-	999	989	-	-
Administration expenses	8	-	-	-	-	-	-	15,857	15,785	-	-
Total expenses from Transactions		2,803	2,372	10,465	11,154	-	-	16,856	16,774	212	419
Net result from Transactions (net operating balance)		173	1	31,707	27,121	27,244	26,138	(1,238)	(891)	-	-
Other economic flows included in net result											
Capital gains on disposal of investments	7(a)	-	-	-	-	-	-	118	487	-	-
Capital gains on disposal of shares	14	-	-	-	-	9,001	14,103	-	-	-	-
Capital losses on disposal of investments	7(b)	-	-	-	-	-	-	(399)	-	-	-
Capital losses on disposal of shares	14	-	-	-	-	(31,570)	(4,429)	-	-	-	-
Total other economic flows included in net result		-	-	-	-	(22,569)	9,674	(281)	487	-	-
Net result from continuing operations		173	1	31,707	27,121	4,675	35,812	(1,519)	(404)	-	-
Net result		173	1	31,707	27,121	4,675	35,812	(1,519)	(404)	-	-
Other economic flows - other changes in equity											
Gain/(losses) due to changes in fair value of financial assets	20,27	-	-	(19,330)	32,758	-	-	(1,120)	1,387	-	-
Cumulative (gains)/losses transferred to net result on sale of financial assets	20,7(c)	-	-	206	(480)	-	-	75	(7)	-	-
Total other economic flows - other changes in equity		-	-	(19,124)	32,278	-	-	(1,045)	1,380	-	-
Comprehensive result		173	1	12,583	59,399	4,675	35,812	(2,564)	976	-	-

The above comprehensive operating statements should be read in conjunction with the accompanying notes.

Balance sheets as at 30 June 2026

	Note	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Common Funds Guarantee and Reserve Account		Assets Held on Separate Account	
		2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Financial assets											
Cash and deposits		34,927	21,326	56,092	73,898	36,003	18,297	12,943	7,636	-	-
Receivables	9	157	61	11,205	10,100	4,074	3,732	748	966	-	17
Investments - term deposits/bonds	11	36,000	32,000	953,845	953,874	-	-	54,648	60,055	-	-
Investments - shares	14	-	-	-	-	817,703	805,883	-	-	-	-
Clients' annuity	15	-	-	-	-	-	-	-	-	-	49
Total financial assets		71,084	53,387	1,021,142	1,037,872	857,780	827,912	68,339	68,657	-	66
Non-financial assets											
Prepayments		-	-	-	-	-	-	140	172	-	-
Plant, equipment and intangible assets	16	-	-	-	-	-	-	1,444	2,415	-	-
Clients' real properties	15,21	-	-	-	-	-	-	-	-	429,383	431,769
Total non-financial assets		-	-	-	-	-	-	1,584	2,587	429,383	431,769
Total assets		71,084	53,387	1,021,142	1,037,872	857,780	827,912	69,923	71,244	429,383	431,835
Liabilities											
Payables	10	-	-	-	-	-	-	4,628	3,368	-	-
Annuity income payable to clients	10	-	-	-	-	-	-	-	-	-	17
Amounts owing to clients	12	70,746	53,193	1,050,827	1,049,366	857,775	827,910	-	-	429,383	431,818
Provisions	13	-	-	-	-	-	-	64	81	-	-
Total liabilities		70,746	53,193	1,050,827	1,049,366	857,775	827,910	4,692	3,449	429,383	431,835
Net assets/(liability)		338	194	(29,685)	(11,494)	5	2	65,231	67,795	-	-
Equity											
Funds available for future distribution		338	194	12,921	11,988	5	2	-	-	-	-
Contingency reserve	18	-	-	-	-	-	-	19,500	19,192	-	-
General reserve	19	-	-	-	-	-	-	46,327	48,154	-	-
Investments revaluation reserve	20,27	-	-	(42,606)	(23,482)	-	-	(596)	449	-	-
Total equity/(deficit)		338	194	(29,685)	(11,494)	5	2	65,231	67,795	-	-

The above balance sheets should be read in conjunction with the accompanying notes.

Statements of changes in equity for the year ended 30 June 2026

	Funds available for future distribution \$'000	General Reserve \$'000	Contingency Reserve \$'000	Investments Revaluation Reserve \$'000	Total \$'000
Common Fund No. 1					
Balance at 1 July 2024	213	-	-	-	213
Net result for period	1	-	-	-	1
Distribution of interest, dividends to clients	(20)	-	-	-	(20)
Balance as at 30 June 2025	194	-	-	-	194
Net result for period	173	-	-	-	173
Distribution of interest, dividends to clients	(29)	-	-	-	(29)
Balance as at 30 June 2026	338	-	-	-	338
Common Fund No. 2					
Balance at 1 July 2024	10,300	-	-	(55,760)	(45,460)
Net result for period	27,121	-	-	-	27,121
Distribution of interest, dividends to clients	(25,433)	-	-	-	(25,433)
Investments revaluation reserve (Note 20)					
Unrealised gains/(losses)	-	-	-	32,758	32,758
Realised (gains)/losses	-	-	-	(480)	(480)
Balance as at 30 June 2025	11,988	-	-	(23,482)	(11,494)
Net result for period	31,707	-	-	-	31,707
Distribution of interest, dividends to clients	(30,774)	-	-	-	(30,774)
Investments revaluation reserve (Note 20)					
Unrealised gains/(losses)	-	-	-	(19,330)	(19,330)
Realised (gains)/losses	-	-	-	206	206
Balance as at 30 June 2026	12,921	-	-	(42,606)	(29,685)
Common Fund No. 3					
Balance at 1 July 2024	4	-	-	-	4
Net result for period	35,812	-	-	-	35,812
Distribution of interest, dividends to clients	(26,063)	-	-	-	(26,063)
Unallocated dividends, interests (not distributed at month end)	(77)	-	-	-	(77)
Distribution of realised capital gains on shares	(14,103)	-	-	-	(14,103)
Allocation of realised capital losses on shares	4,429	-	-	-	4,429
Balance as at 30 June 2025	2	-	-	-	2
Net result for period	4,675	-	-	-	4,675
Distribution of interest, dividends to clients	(27,083)	-	-	-	(27,083)
Unallocated dividends, interests (not distributed at month end)	(158)	-	-	-	(158)
Distribution of realised capital gains on shares	(9,001)	-	-	-	(9,001)
Allocation of realised capital losses on shares	31,570	-	-	-	31,570
Balance as at 30 June 2026	5	-	-	-	5

	Funds available for future distribution \$'000	General Reserve \$'000	Contingency Reserve \$'000	Investments Revaluation Reserve \$'000	Total \$'000
Common Funds Guarantee and Reserve Account					
Balance at 1 July 2024	-	58,066	9,684	(931)	66,819
Net result for period	(404)	-	-	-	(404)
Transfers (to)/from reserves					
Transfers to Funds available for future distribution	-	(404)	-	-	(404)
Transfers from general reserve	404	-	-	-	404
Transfers from general reserve	-	-	9,508	-	9,508
Transfers to contingency reserve	-	(9,508)	-	-	(9,508)
Investments revaluation reserve (Note 20)					
Unrealised gains/(losses)	-	-	-	1,387	1,387
Realised (gains)/losses	-	-	-	(7)	(7)
Balance as at 30 June 2025	-	48,154	19,192	449	67,795
Net result for period	(1,519)	-	-	-	(1,519)
Transfers (to)/from reserves					
Transfers to Funds available for future distribution	-	(1,519)	-	-	(1,519)
Transfers from general reserve	1,519	-	-	-	1,519
Transfers from general reserve	-	-	308	-	308
Transfers to contingency reserve	-	(308)	-	-	(308)
Investments revaluation reserve (Note 20)					
Unrealised gains/(losses)	-	-	-	(1,120)	(1,120)
Realised (gains)/losses	-	-	-	75	75
Balance as at 30 June 2026	-	46,327	19,500	(596)	65,231

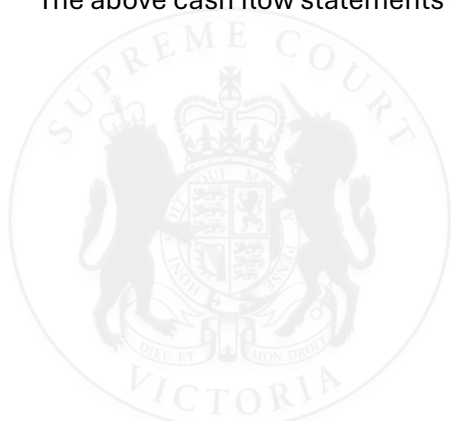
There were no movements in equity during the current period for Assets Held on Separate Account (2025: nil)

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statements for the year ended 30 June 2026

	Note	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Common Funds Guarantee and Reserve Account		Assets Held on Separate Account	
		2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from/(used in) operating activities											
Interest and dividends received		2,880	2,417	41,067	36,968	26,902	25,927	2,810	2,659	-	-
Administration cost (contribution)/recovery		(2,800)	(2,368)	(9,999)	(10,830)	-	-	12,799	13,198	-	-
Interest paid on closed accounts		(3)	(4)	(466)	(324)	-	-	-	-	-	-
Administration expenses paid		-	-	-	-	-	-	(14,355)	(15,140)	-	-
Interest expense paid		-	-	-	-	-	-	-	-	-	-
Transferred capital gains realised/(capital outgoings)		-	-	-	-	-	-	(281)	487	-	-
Net cash flow from/(used in) operating activities	17	77	45	30,602	25,814	26,902	25,927	973	1,204	-	-
Cash flows from/(used in) investing activities											
Investments: purchase		(80,500)	(67,000)	(178,171)	(328,619)	(74,560)	(95,756)	(17,283)	(15,991)	-	-
Investments: sale		76,500	55,000	159,075	272,320	42,687	89,463	21,645	14,093	-	-
Payments for non-financial assets		-	-	-	-	-	-	(28)	(257)	(19,893)	(13,468)
Net cash flow from/(used in) investing activities		(4,000)	(12,000)	(19,096)	(56,299)	(31,873)	(6,293)	4,334	(2,155)	(19,893)	(13,468)
Cash flows from/(used in) financing activities											
Receipts to clients' accounts		51,378	26,173	195,220	253,605	67,535	38,966	-	-	27,571	23,170
Transfers: clients' properties held on separate account		-	-	7,629	9,603	-	-	-	-	(7,629)	(9,603)
Transfers: annuities held on separate account		-	-	49	99	-	-	-	-	(49)	(99)
Payments from clients' accounts		(33,854)	(22,541)	(232,210)	(203,490)	(44,858)	(50,233)	-	-	-	-
Net cash flow from/(used in) financing activities		17,524	3,632	(29,312)	59,817	22,677	(11,267)	-	-	19,893	13,468
Net increase/(decrease) in cash held		13,601	(8,323)	(17,806)	29,332	17,706	8,367	5,307	(951)	-	-
Cash at beginning of the financial year		21,326	29,649	73,898	44,566	18,297	9,930	7,636	8,587	-	-
Cash at the end of the financial year		34,927	21,326	56,092	73,898	36,003	18,297	12,943	7,636	-	-

The above cash flow statements should be read in conjunction with the accompanying notes.



Notes to the financial statements for the year ended 30 June 2026

Funds in Court (FIC) is a self-funded, not-for-profit division of the Court which supports the function of the Senior Master, an associate judge, who holds, invests and manages funds paid into Court for the benefit of persons under a legal disability. FIC operates discretely under the direction of the Senior Master pursuant to the *Supreme Court Act 1986* and the *Supreme Court (General Civil Procedure) Rules 2025*. FIC works to enhance the lives of clients, ensuring safe and effective investment of their funds at low cost, and use of their funds in a manner which responds to their diverse needs and aspirations.

Note 1. Nature and purpose of the Common Funds, Common Funds Guarantee and Reserve Account and Assets Held on Separate Account

A. Common Fund No. 1

The prime objective of Common Fund No. 1 is to maintain liquid investments with a secure return pending the identification of a person or persons entitled to any part of the fund. The Fund consists of:

- money held in dispute matters;
- money held as security for costs; and
- other payments made into court under the provisions of the *Trustee Act 1958* and other Acts of Parliament.

B. Common Fund No. 2

The prime objective of Common Fund No. 2 is to provide the maximum return from investments in cash and fixed interest securities, aiming to maximise income while preserving capital and providing sufficient liquidity to enable payments to clients.

Common Fund No. 2 predominantly contains funds held for 'persons under disability' as defined by Rule 15.01 of the *Supreme Court (General Civil Procedure) Rules 2025* including:

- persons under 18 years of age; and
- persons who are incapable of managing their own funds by reason of injury, disease, illness or physical or mental infirmity.

Most funds are paid into Court under a Court order or award. These funds, which are paid into Common Fund No. 2, include:

- Common law damages for a personal injury;
- Common law damages for the death of a parent or family member;
- provisions from deceased estates; and
- funds awarded by the Victims of Crime Assistance Tribunal or under the Victims of Crime Financial Assistance Scheme.

Funds can also be paid into Court under legislation, usually section 69 of the *Trustee Act 1958* (Vic). These funds, paid into Common Fund No. 2, may include:

- statutory impairment benefits;
- superannuation and insurance death benefits;
- funds from deceased estates;
- surplus funds following mortgagees' sales; and
- funds for persons who cannot be located.

C. Common Fund No. 3

The prime objective of Common Fund No. 3 is to provide eligible clients with capital growth and dividend income over an investment timeframe of at least six years. It is a unit-based fund which invests in approved shares and other financial instruments. The shares managed in Common Fund No. 3 are recorded at market value in accordance with daily unit pricing.

D. Common Funds Guarantee and Reserve Account

The purposes of the Common Funds Guarantee and Reserve Account are the:

- provision for, and payment of, the administrative expenses of FIC.
- provision for, and payment of, other expenses incurred by the Common Funds as considered appropriate by the Senior Master. Capital losses incurred on the realisation of any Common Fund investment may be met from this account.

It may also be used for smoothing of the annual crediting rate of interest paid to clients of the Common Funds, provided that it maintains a value of at least 1% of the funds in the Common Funds (*Supreme Court Act 1986* s113(20)).

E. Assets held on separate account

Pursuant to the discretion given by section 113(10) of the *Supreme Court Act 1986*, the Senior Master may invest part of the funds held for certain clients in a separate account which is outside of Common Fund No. 2 and Common Fund No. 3. Assets currently held on separate account are clients' real properties.

- Annuities* - The Senior Master held inflation indexed Government guaranteed securities on separate account for certain clients. Annuities fully matured in December 2025.
- Clients' real properties* - As part of the administration of funds held in Court for persons under disability, funds may be used to purchase property for a client. Clients' properties are predominantly residential land and dwellings. Refer to Note 21.

Note 2. Summary of material accounting policies – all funds

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transactions or other events are reported.

The accounting policies set out below have been applied in preparing the special purpose financial reports for the year ended 30 June 2026 and the comparative information presented for the year ended 30 June 2025.

A. Statement of compliance

The Senior Master has prepared these as special purpose financial reports because the individual funds are non-reporting entities. These special purpose financial reports are prepared in order to meet the requirements of the *Supreme Court Act 1986* and *Supreme Court (General Civil Procedure) Rules 2025*.

The special purpose financial reports comply with the following Australian Accounting Standards (AASs) to the extent they are not inconsistent with the applicable financial reporting framework:

- AASB 101 - Presentation of Financial Statements
- AASB 107 - Statement of Cash Flows
- AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1048 - Interpretation of Standards
- AASB 1054 - Australian Additional Disclosures

Every effort is made to comply with the recognition and measurement requirements of the AASs.

The accounting policies disclosed below are appropriate to provide true and fair financial statements.

B. Basis of preparation

The special purpose financial reports have been prepared on an accruals basis and are based on historical cost, except for:

- the revaluation of financial instruments that have been recorded on a fair value basis (refer to Note 4(B)); and
- the clients' real properties which have been recorded at 'restricted' valuation (refer to Note 21).

C. Rounding of amounts

The special purpose financial reports have been prepared in Australian dollars and rounded to the nearest thousand (\$000) dollars, unless otherwise stated. Discrepancies in tables between totals and sums of components reflect rounding.

D. Judgements, estimates and assumptions in applying accounting policies

When applying accounting policies, the Senior Master is required to make judgements, estimates and assumptions about carrying values that are not readily apparent from other sources. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Judgements and assumptions made by the Senior Master in the application of the accounting policies, that have significant effects on the special purpose financial reports and estimates, relate to the fair value of real properties, and the useful lives of plant and equipment and valuation of provisions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Actual results may differ from these estimates.

E. Fair value of financial instruments

The Senior Master determines the policies and procedures for recurring and non-recurring fair value measurements in accordance with the requirements of the Supreme Court Act 1986.

For the purpose of fair value disclosures, the Senior Master has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability, and the level of the fair value hierarchy. The fair values and the net fair values of assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly.
- Level 3 – the fair value is determined using generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

F. Impairment

At the end of each reporting period, the Senior Master assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

In assessing impairment of statutory (non-contractual) assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods.

G. Taxation treatment

Income earned from the funds is taxed at the client level at ordinary marginal rates in the hands of the Senior Master, pursuant to s98 of the *Income Tax Assessment Act 1936*. For the funds in Common Fund No. 1, to which no person is 'presently entitled', income is taxed pursuant to s99A of the *Income Tax Assessment Act 1936*.

Note 3. Summary of material accounting policies – Common Funds Guarantee and Reserve Account

A. Goods and services tax

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of an asset or as part of the expense item, as applicable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are presented in the cash flow statement on a gross basis. The GST components of cash flows arising from activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

B. Leases

Lease payments are recognised as an expense when incurred over the lease term.

C. Plant, equipment and intangible assets

Computer and office equipment is measured initially at cost and subsequently re-valued at fair value, less accumulated depreciation and any accumulated impairment. Intangible assets (computer software) and leasehold improvements are measured at cost. Cost includes expenditure that is attributable directly to the acquisition of the items. The cost of leasehold improvements is capitalised as an asset and depreciated over the remaining term of the lease, or remaining useful life, whichever is shorter.

For all assets measured at fair value, the Senior Master has reviewed the fair value principles as well as its current valuation methodologies, specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. For all assets measured at fair value, current use is considered the highest and best use.

The capitalisation threshold for plant and equipment and intangible assets to be recognised as an asset is \$1,000 (2025: \$1,000).

Plant, equipment and intangible assets are categorised at Level 3 of the fair value hierarchy.



D. Depreciation and amortisation

All plant, equipment and intangible assets that have a finite useful life are depreciated or amortised. Depreciation and amortisation are calculated on a straight-line basis to write off the net cost of each item of computer equipment, office equipment, leasehold improvements and intangible assets over their expected useful life. Estimates of remaining useful lives are made on an annual basis. The expected useful lives are as follows:

	2025–26	2024–25
Office equipment	4 years	4 years
Computer equipment	2.5 years	2.5 years
Leasehold improvements	2 - 5 years	2 - 5 years
Intangible assets	2.5 - 5 years	2.5 - 5 years

E. Payables

Payables are recognised when the Senior Master becomes obliged to make future payments resulting from the purchase of goods and services including amounts payable for leave entitlements.

Note 4. Summary of material accounting policies – scope and presentation of financial statements

A. Comprehensive operating statements

Income and expenses in the comprehensive operating statements are separated into either ‘Transactions’ or ‘Other economic flows’. Refer to Note 29 for the definition of these terms.

i. Revenue

For **Common Fund No. 1** and **Common Fund No. 2**, revenue is income earned from investment activities of the funds accounted for on an accruals basis, plus interest from fixed interest securities and any transfers of interest from the Common Funds Guarantee and Reserve Account. Interest distributions to clients are made on 1 June each year.

For **Common Fund No. 3**, revenue is income earned from shares and, to a minor extent, short-term investments. In compliance with the Asset Management Policy, interest income from short-term investment activities is accounted for on an accruals basis. Dividend income from shares is accounted for on an accruals basis. Dividends from shares are recognised on the effective date, as announced (that is, ‘ex-dividend’) in both the daily ‘unit price’ and the balance sheet. Income distributions are made to ‘unit holders’ in accordance with the Asset Management Policy.

For the **Common Funds Guarantee and Reserve Account**, revenue is income earned from investment activities of the fund and is accounted for on an accruals basis. Revenue includes gains on sale or maturity of investments made by Common Funds No. 1 and No. 2 which are required by the *Supreme Court Act 1986* to be transferred to the Common Funds Guarantee and Reserve Account. Revenue may also include contributions from Common Funds No. 1 and No. 2 for administration cost recoveries.

For **Assets Held on Separate Account**, revenue is income earned from annuity investments and accounted for on an accruals basis. The revenue is credited directly on cash receipt to the individual client's account in Common Fund No. 2.

ii. Expenses

Employee costs in relation to Common Funds Guarantee and Reserve Account (Note 8) includes oncosts (superannuation, payroll tax, and Workcover premium). The costs are recognised as they are incurred and are reported in the financial year to which they relate. As at 30 June 2026, all staff engaged at FIC are employed as Victorian Public Service (VPS) employees, supplied via Court Services Victoria (CSV). VPS employees are Court employees under Part 3 of the *Public Administration Act 2004* as provided for by section 106 of the *Supreme Court Act 1986*. Employment costs and associated leave entitlements for VPS employees are paid as they are incurred by the Senior Master to CSV according to an agreement with CSV who is responsible for all leave entitlements attributable to these staff. Unconditional and conditional employment costs (Note 10) include amounts payable for annual and long service leave entitlements to CSV for FIC staff.

iii. Comprehensive results for the period

Common Fund No. 1 and Common Fund No. 2

The comprehensive results reflect the results for the period from the following activities which are recognised in equity:

- the interest distributions made at 1 June to clients' accounts. At 1 June each year, interest distributions are made from Common Funds No. 1 and No. 2 to the accounts of the respective clients initiated by the declaration of respective interest rates by the Senior Master with the approval of the Chief Justice;
- allocations of all unrealised gains and losses;
- revaluation reserves; and
- administration cost contributions transferred to the Common Funds Guarantee and Reserve Account.

At 30 June each year there are unallocated funds that consist of net investment income (that is, interest) earned and either received or receivable during June. This amount is included as accumulated surplus in the equity section of the balance sheet until a distribution is made during the following 12 months. Where interest is paid on closed accounts, the interest is paid on either the last interest rate declared for Common Fund No. 1 or the declared interim rate for Common Fund No. 2.

The funds available for future distribution in the statement of changes in equity represents the unallocated funds at 30 June.

Common Fund No. 3

The comprehensive result for the period reflects the net result attributable to interest from investments, dividends from shares and realised capital gains on shares. Interest, dividends and realised capital gains are distributed to clients during the reporting period.

The funds available for future distribution in the statement of changes in equity represents the unallocated funds at 30 June.

Common Funds Guarantee and Reserve Account

The comprehensive result for the period reflects all investment and operating revenues and expenses and administration cost recoveries transferred from Common Fund No. 1 and Common Fund No. 2.

Assets Held on Separate Account

All revenue received from annuities and clients' real properties is credited directly to clients' Common Fund No. 2 accounts.

B. Balance sheets

The balance sheets present:

- line items in order of liquidity; and
- assets split into financial and non-financial assets.

Assets and liabilities are disclosed as either current or non-current in the notes where relevant.

Cash and deposits

Cash and deposits, including cash equivalents, comprise of cash on hand and cash in bank and those highly liquid investments with the balances maturing within three months of purchase date. They also include 'at call accounts' that are provided for by the Asset Management Policy.

There were no bank overdrafts at 30 June 2026 (2025: nil).

Receivables

Receivables include accrued investment income (interest) which is accounted for on an accruals basis. These receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement receivables are measured at amortised cost using the effective interest method, less any impairment.

Investments

Investments in **Common Fund No. 1** comprise Australian fixed income securities.

Investments in **Common Fund No. 2** and **Common Funds Guarantee and Reserve Account** comprise State Government securities and bonds, and Australian fixed income securities.

Investments in **Common Fund No. 3** comprise shares in companies listed on the Australian Securities Exchange.

No financial investments are held in **Assets Held on Separate Account**. The indexed annuities that were previously held matured in December 2025.

The Senior Master has classified investments in Common Fund No. 1, Common Fund No. 2 and Common Funds Guarantee and Reserve Account as financial assets at fair value through other comprehensive income. Unrealised gains and losses arising from changes in fair value are recognised directly in equity on the balance sheets until the investment is disposed of or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the comprehensive result for the period.

Investments in Common Fund No. 3 are equity investments which are recognised and measured at their fair value. Realised gains and losses resulting from the disposal of an investment are recognised in the comprehensive operating statement. Unrealised gains and losses due to the net movement in the fair value of the investment are recognised as an adjustment to the investment and the liability 'Amounts owing to clients'. Section 113A(8) of the *Supreme Court Act 1986* requires the fair value of 'Amounts owing to clients' to be measured on a daily basis, effectively establishing the fund's unit price. Therefore, unrealised gains and losses of the investments are not recognised in the comprehensive operating statement.

Capital gains and losses are defined as proceeds from sale or realisation of investments, less purchase cost. Gains from Common Fund No. 1 and Common Fund No. 2 are transferred to the Common Funds Guarantee and Reserve Account pursuant to s113(17) of the *Supreme Court Act 1986*. At the discretion of the Senior Master, losses may be paid from the Common Funds Guarantee and Reserve Account pursuant to s113(18)(a) of the Act.

Investments are categorised at Level 1 of the fair value hierarchy.

Amounts owing to clients

The Senior Master records funds that are paid into Court as a liability either in Common Fund No. 1 (when no person has been identified as entitled presently to any part of the funds) or Common Fund No. 2 (when a client is under legal disability but entitled presently to their funds). A liability is de-recognised when it is settled, including when the Senior Master makes a payment to a client.

When clients purchase units of Common Fund No. 3, a corresponding liability is booked to reflect the Senior Master's responsibility for management of clients' funds. Consequently, any movements during the year are adjusted against the value of the shares and the liabilities owed to clients. When clients' funds are invested in real property, a corresponding liability is recognised in Assets Held on Separate Account. The liability is de-recognised upon the disposal or transfer of the investment.

C. Statements of changes in equity

The statements of changes in equity present reconciliations of each equity opening balance at the beginning of the year to the closing balance at the end of the year, showing movements due to amounts recognised in the comprehensive result and amounts recognised in equity related to transactions.

Interest and dividend distributions to clients are recognised in equity apart from Common Fund No. 3. Refer to Note 4(A)(iii).

D. Cash flow statements

The statements of cash flows classify flows by operating, investing and financing activities in accordance with AASB 107 *Statement of Cash Flows*.

Note 5. Interest revenue

	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Common Funds Guarantee and Reserve Account		Assets Held on Separate Account	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Bank account	1,182	999	2,661	3,308	1,445	715	261	233	-	-
Fixed interest securities	1,794	1,374	39,511	34,967	-	-	2,558	2,452	-	-
Total interest revenue	2,976	2,373	42,172	38,275	1,445	715	2,819	2,685	-	-

Note 6. Administration cost recovery/(contribution)

Interest transfer (to)/from pursuant to s113(16) of the *Supreme Court Act 1986*. Interest was paid from Common Funds No. 1 and No. 2 to the Common Funds Guarantee and Reserve Account.

	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Common Funds Guarantee and Reserve Account		Assets Held on Separate Account	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Total administration cost recovery/(contribution)	(2,800)	(2,368)	(9,999)	(10,830)	-	-	12,799	13,198	-	-

Note 7. Capital gains and losses on investments

Note 7a. Capital gains on disposal of investments

All capital profits made on the realisation of a Common Fund No. 1 or Common Fund No. 2 investment are credited to the Common Funds Guarantee and Reserve Account pursuant to s113(17) of the *Supreme Court Act 1986*.

	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Common Funds Guarantee and Reserve Account		Assets Held on Separate Account	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Capital gains realised	-	-	106	480	-	-	12	7	-	-
Capital gains transferred (to)/from	-	-	(106)	(480)	-	-	106	480	-	-
Total capital gains on disposal of investments	-	-	-	-	-	-	118	487	-	-

Note 7b. Capital losses on disposal of investments

Capital losses incurred on realisation of any Common Fund No. 1 or Common Fund No. 2 investment may be met by the Direction of the Senior Master from the Common Funds Guarantee and Reserve Account pursuant to s113(18)(a) of the *Supreme Court Act 1986*.

	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Common Funds Guarantee and Reserve Account		Assets Held on Separate Account	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Capital losses incurred	-	-	(312)	-	-	-	(87)	-	-	-
Capital losses transferred to/(from)	-	-	312	-	-	-	(312)	-	-	-
Total capital losses on disposal of investments	-	-	-	-	-	-	(399)	-	-	-

Note 7c. Cumulative (gains)/losses on investments

	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Common Funds Guarantee and Reserve Account		Assets Held on Separate Account	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Cumulative (gains)/losses transferred to net result on sale of financial assets	-	-	206	(480)	-	-	75	(7)	-	-

Gains/losses in relation to shares held in Common Fund No. 3 are disclosed in Note 14.

Note 8. Administration expenses

The following expenses incurred in administering the Common Funds are paid at the discretion of the Senior Master from the Common Funds Guarantee and Reserve Account pursuant to s113(18)(c) of the *Supreme Court Act 1986*.

	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Common Funds Guarantee and Reserve Account		Assets Held on Separate Account	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Computer and office equipment	-	-	-	-	-	-	756	746	-	-
Consultants' fees	-	-	-	-	-	-	602	701	-	-
Employment costs	-	-	-	-	-	-	12,770	12,713	-	-
External audit fees (Note 25)	-	-	-	-	-	-	135	117	-	-
General office expenditure, including legal and investment costs	-	-	-	-	-	-	1,594	1,508	-	-
Total administration expenses	-	-	-	-	-	-	15,857	15,785	-	-

Note 9. Receivables

	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Common Funds Guarantee and Reserve Account		Assets Held on Separate Account	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Current:										
Bank bill interest	4	2	8	9	5	2	2	1	-	-
Fixed interest securities	153	59	11,197	10,091	-	-	623	614	-	-
Annuities	-	-	-	-	-	-	-	-	-	17
Dividends (ex-dividend)	-	-	-	-	4,069	3,730	-	-	-	-
GST refunds	-	-	-	-	-	-	123	351	-	-
Total receivables	157	61	11,205	10,100	4,074	3,732	748	966	-	17

Note 10. Payables

	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Common Funds Guarantee and Reserve Account		Assets Held on Separate Account	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Current:										
Audit fees (Internal and External)	-	-	-	-	-	-	177	140	-	-
Consultants' fees	-	-	-	-	-	-	107	110	-	-
Unconditional employment costs	-	-	-	-	-	-	3,841	2,678	-	-
Other	-	-	-	-	-	-	130	74	-	-
Clients' annuity interest	-	-	-	-	-	-	-	-	-	17
Total current	-	-	-	-	-	-	4,255	3,002	-	17
Non-current:										
Conditional employment costs	-	-	-	-	-	-	373	366	-	-
Total non-current	-	-	-	-	-	-	373	366	-	-
Total payables	-	-	-	-	-	-	4,628	3,368	-	17

Investments in annuities fully matured in December 2025.

Unconditional and conditional employment costs include amounts payable for leave entitlements (annual leave, LSL and oncosts including superannuation, payroll tax, and Workcover premium) to CSV for FIC staff.

Note 11. Investments on common account

	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Common Funds Guarantee and Reserve Account		Assets Held on Separate Account	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Investments - term deposits/bonds	36,000	32,000	953,845	953,874	-	-	54,648	60,055	-	-
Total investments on common account	36,000	32,000	953,845	953,874	-	-	54,648	60,055	-	-
Comprised of										
Current (matures < 1 year)	36,000	32,000	72,529	124,042	-	-	10,469	19,546	-	-
Non-current (matures > 1 year)	-	-	881,316	829,832	-	-	44,179	40,509	-	-
	36,000	32,000	953,845	953,874	-	-	54,648	60,055	-	-

Note 12. Amounts owing to clients

	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Common Funds Guarantee and Reserve Account		Assets Held on Separate Account	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Current:										
Client accounts	70,746	53,193	41,318	42,041	843	337	-	-	-	-
Non-current:										
Client accounts	-	-	1,009,509	1,007,325	856,932	827,573	-	-	-	-
Clients' real properties	-	-	-	-	-	-	-	-	429,383	431,818
Total amounts owing to clients	70,746	53,193	1,050,827	1,049,366	857,775	827,910	-	-	429,383	431,818

Note 13. Provisions

	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Common Funds Guarantee and Reserve Account		Assets Held on Separate Account	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Current:										
	-	-	-	-	-	-	-	-	-	-
Total current	-	-	-	-	-	-	-	-	-	-
Non-current:										
Provision for lease incentive	-	-	-	-	-	-	64	81	-	-
Total non-current	-	-	-	-	-	-	64	81	-	-
Total provisions	-	-	-	-	-	-	64	81	-	-



Note 14. Investments in shares - Common Fund No. 3

	2026 \$'000	2025 \$'000
Opening balance at 1 July	805,883	774,067
Shares purchased during the year	74,560	95,756
Dividends reinvested during the year	-	-
Shares (including rights issues/return of capital) disposed of during the year	(42,687)	(89,463)
Capital gains from shares disposed of during the year	9,001	14,103
Capital losses from shares disposed of during the year	(31,570)	(4,429)
Capital loss carried forward	22,569	-
Realised gains distributed to clients	-	(9,674)
Realised gains offset against carry forward losses	-	-
Unrealised gains/(losses) in the market value of shares throughout the year	(20,053)	25,523
Closing balance at 30 June	817,703	805,883

Shares are held for the long-term rather than trading purposes. The portfolio is maintained in accordance with the model set by the Senior Master based on the recommendation of the Investment Review Panel.

When clients purchase units of Common Fund No. 3, a corresponding liability is booked to reflect the Senior Master's responsibility for management of clients' funds. Consequently, any movements during the year are adjusted against the value of the shares and the liabilities owed to clients (Note 4(B)).



Note 15. Assets Held on Separate Account

	2026 \$'000	2025 \$'000
Non-current:		
Annuities		
Opening balance 1 July	49	152
Annuities disposed of during the year	-	(4)
Amortisation of annuities in current year	(49)	(99)
Closing balance at 30 June (historical cost)	-	49
Clients' real properties		
Opening balance (at 'restricted' valuation) 1 July	431,769	439,962
Properties purchased during the year	19,893	13,468
Properties disposed during the year	(27,522)	(23,071)
Valuation movements (Note 21)	5,243	1,410
Closing balance at 30 June (at 'restricted' valuation)	429,383	431,769
Total closing balance	429,383	431,818

Investments in annuities fully matured in December 2025.



Note 16. Plant, equipment and intangible assets – Common Funds Guarantee and Reserve Account

Reconciliations of the carrying amounts for each class of plant, equipment and intangible assets:

	30 June 2026 \$'000	30 June 2025 \$'000
Plant and equipment		
Computer equipment	1,666	1,666
Less: accumulated depreciation	(1,593)	(1,474)
Carrying amount of computer equipment	73	192
Office equipment	1,396	1,395
Less: accumulated depreciation	(1,366)	(1,348)
Carrying amount of office equipment	30	47
Leasehold improvements	1,049	1,022
Less: accumulated depreciation	(1,023)	(1,018)
Carrying amount of leasehold improvements	26	4
Total carrying amount of plant and equipment	129	243
Intangible assets		
Computer software - TMS	4,226	4,226
Computer software - Other	200	200
Less: accumulated amortisation	(3,111)	(2,254)
Total carrying amount of intangible assets	1,315	2,172
Total carrying amount of plant, equipment and intangible assets	1,444	2,415

	Computer equipment \$'000	Office equipment \$'000	Leasehold improvements \$'000	Intangible assets \$'000	Total \$'000
Gross carrying amount:					
Balance as at 1 July 2024	1,516	1,348	1,020	4,368	8,252
Additions	150	47	2	58	257
Disposals	-	-	-	-	-
Balance as at 30 June 2025	1,666	1,395	1,022	4,426	8,509
Additions	-	1	27	-	28
Disposals	-	-	-	-	-
Balance as at 30 June 2026	1,666	1,396	1,049	4,426	8,537
Accumulated depreciation and amortisation:					
Balance as at 1 July 2024	(1,365)	(1,317)	(1,016)	(1,407)	(5,105)
Disposals	-	-	-	-	-
Depreciation and amortisation	(109)	(31)	(2)	(847)	(989)
Balance as at 30 June 2025	(1,474)	(1,348)	(1,018)	(2,254)	(6,094)
Disposals	-	-	-	-	-
Depreciation and amortisation	(119)	(18)	(5)	(857)	(999)
Balance as at 30 June 2026	(1,593)	(1,366)	(1,023)	(3,111)	(7,093)
Net book value					
As at 30 June 2025	192	47	4	2,172	2,415
As at 30 June 2026	73	30	26	1,315	1,444

The above assets are classified as Level 3 of the fair value hierarchy and the fair value is determined by the Senior Master with unobservable market level inputs that are significant to the fair value measurement (Notes 2(B) and (E)). These inputs include market comparables and management assumptions.



Note 17. Cash flow information

For the purposes of the cash flow statements, cash includes cash on hand and in banks, net of outstanding overdrafts (nil). Cash at the end of the financial year, as shown in the cash flow statements, is consistent with cash and deposits as in the balance sheets.

Reconciliation of net result for period to cash flows from operating activities:

	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Guarantee and Reserve Account		Assets Held on Separate Account	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Net result for the period	173	1	31,707	27,121	4,675	35,812	(1,519)	(404)	-	-
Plus/(minus) non-cash items:										
Depreciation and amortisation	-	-	-	-	-	-	999	989	-	-
Dividends reinvested during the year	-	-	-	-	-	-	-	-	-	-
Realised capital (gains)/losses on investments in shares (Note 14)	-	-	-	-	22,569	(9,674)	-	-	-	-
(Increase)/decrease in assets										
Prepayments	-	-	-	-	-	-	32	(112)	-	-
Clients' annuity income receivable	-	-	-	-	-	-	-	-	17	-
Receivables	(96)	44	(1,105)	(1,307)	(342)	(211)	218	(177)	-	-
Increase/(decrease) in liabilities										
Clients' annuity income payable	-	-	-	-	-	-	-	-	(17)	-
Payables	-	-	-	-	-	-	1,260	3,089	-	-
Provisions	-	-	-	-	-	-	(17)	(2,181)	-	-
Net cash flow from/(used in) operating activities	77	45	30,602	25,814	26,902	25,927	973	1,204	-	-

Note 18. Contingency reserve

Pursuant to section 113(20) of the *Supreme Court Act 1986*, the Senior Master has a reserving policy, which aims to protect the financial entitlements of the clients by establishing a reserve amount for the Common Funds Guarantee and Reserve Account. According to the policy an amount equal to 1% of the value of Common Funds (the contingency reserve) must be maintained in the Common Funds Guarantee and Reserve Account.

	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Guarantee and Reserve Account		Assets Held on Separate Account	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Opening balance at 1 July	-	-	-	-	-	-	19,192	9,684	-	-
Less: transferred from/(to) general reserve (Note 19)	-	-	-	-	-	-	308	9,508	-	-
Closing Balance at 30 June	-	-	-	-	-	-	19,500	19,192	-	-

Note 19. General reserve

Equity in the assets of the Common Funds Guarantee and Reserve Account is shown as a general reserve against potential capital losses on realisation of Common Fund investments and to supplement interest distribution to Common Funds clients.

	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Common Funds Guarantee and Reserve Account		Assets Held on Separate Account	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Opening balance at 1 July	-	-	-	-	-	-	48,154	58,066	-	-
Add: transferred (to)/from contingency reserve (Note 18)	-	-	-	-	-	-	(308)	(9,508)	-	-
	-	-	-	-	-	-	47,846	48,558	-	-
Add: net result	-	-	-	-	-	-	(1,519)	(404)	-	-
Closing balance at 30 June	-	-	-	-	-	-	46,327	48,154	-	-

Note 20. Investments revaluation reserve

	Common Fund No. 1		Common Fund No. 2		Common Fund No. 3		Common Funds Guarantee and Reserve Account		Assets Held on Separate Account	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Opening balance at 1 July	-	-	(23,482)	(55,760)	-	-	449	(931)	-	-
Unrealised gain/(loss) of financial assets	-	-	(19,330)	32,758	-	-	(1,120)	1,387	-	-
Cumulative (gain)/loss transferred to the net result on sale of financial assets (Note 7(c))	-	-	206	(480)	-	-	75	(7)	-	-
Closing balance at 30 June	-	-	(42,606)	(23,482)	-	-	(596)	449	-	-

Note 21. Clients' real properties

As part of the administration of funds held in Court for persons under disability, a request may be made to the Court for the release of funds to contribute either fully or partially towards the purchase of real estate. Upon being satisfied that the purchase is in the best interests of a client, the Court may order that a property be purchased for them. Clients' properties are predominantly residential land and dwellings.

The registered legal owners of the properties are either the Senior Master or trustees (usually two), who hold the property pursuant to a declaration of trust approved by the Court. While they are the owners in law, they hold the property on trust for the client whose funds have been used to purchase the particular property. The trustees act in accordance with the Senior Master's instructions. The Certificate of Title is retained by FIC for safe keeping. Property purchased from funds held in Court must be insured and kept insured at a value representing full market cost of replacement.

The carrying value of client properties is based on the initial cost of properties or their most recent full or restricted valuation. Restricted valuations are obtained from qualified valuers at least once in every three-year period. A restricted valuation is a valuation of the land and buildings made on location without access to the house itself. They also take into account local government valuations and recent sales data. The Senior Master believes the use of restricted valuations for financial reporting purposes is sufficient for the preparation of these special purpose financial reports, as they provide valuation information suitable to the nature of the asset and avoid unnecessary cost to clients and disturbing clients' enjoyment of their homes. Full valuations for all properties are obtained prior to their purchase or sale.

Properties are categorised at Level 2 of the fair value hierarchy with inputs that are directly or indirectly observable to the fair value measurement. As changes in value reflect the capital appreciation or depreciation of the client properties, all adjustments are recognised directly in 'amounts owing to clients'.

As at 30 June 2026 there were 498 (2025: 511) properties of which the clients' interest was valued at \$429,383,404 (2025: \$431,769,454).

Note 22. Commitments for expenditure

The lease commitments reflect our lease obligations for leasehold premises and motor vehicles. The lease for FIC's premises at Level 5, 469 La Trobe Street has a term of 1 year and 4 months remaining with further options for renewal. Lease incentive is received as equal monthly instalments over the period of the first term. Net rental is increased annually on the anniversary of the lease commencement date. Motor vehicles are leased for a minimum of two-year terms, with further options for renewal. Details of these non-cancellable operating leases (inclusive of GST) are as follows:

	2026 (\$)	2025 (\$)
Lease - No longer than 1 year	935,120	883,865
Lease - Longer than 1 year and not longer than 5 years	333,870	1,273,531
	1,268,990	2,157,396

There are no other contractual commitments at 30 June 2026 (2025: nil).

Note 23. Contingent liabilities and contingent assets

No contingent liabilities or assets have been identified for the 2026 financial year (2025: nil).

Note 24. Related party transactions

No related party transactions have been identified for the 2026 financial year (2025: nil).

The Senior Master is a Judicial Officer of the Supreme Court of Victoria and does not receive fees or any other remuneration from FIC (2025: nil).

Note 25. Remuneration of external auditors

	2026 (\$)	2025 (\$)
Victorian Auditor-General's Office	134,500	116,900
	134,500	116,900

Note 26. Sufficiency of funds (all funds)

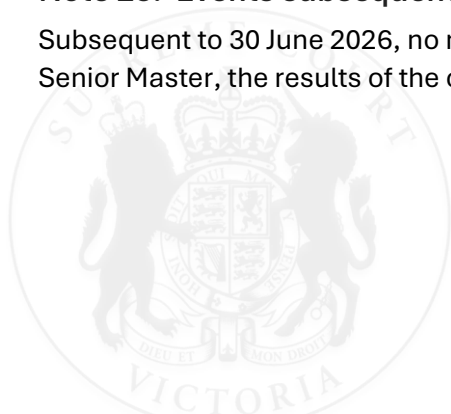
Section 113(23) of the Supreme Court Act 1986 provides that if at any time a Common Fund (except Common Fund No. 3) is insufficient to meet a proper claim on it, the amount of that claim, as far as it cannot be met from the Common Fund, must be paid out of the Consolidated Fund of the State of Victoria. To date, no claim has been made by the Senior Master on the Consolidated Fund of the State of Victoria.

Note 27. Sufficiency of funds (temporary deficit in Common Fund No. 2 equity)

In prior years, rising bond yields on Australian Government Bonds had a negative impact on the capital market value of bonds held in Common Fund No. 2. As at 30 June 2026 there was a total unrealised loss of \$42.61M (2025: loss of \$23.48M), which has been recognised directly in equity on the balance sheet as per the accounting policy (Note 4(B)). In the event that Common Fund No. 2 is insufficient to meet a proper claim on it, the amount of that claim will be paid out of the Consolidated Fund of the State of Victoria (Note 26). The Senior Master's investment strategy is to generally hold bonds until maturity, which ensures the return of face value. At maturity/disposal, any realised gains will be transferred to the Common Funds Guarantee and Reserve Account pursuant to s113(17) of the Supreme Court Act 1986. At the discretion of the Senior Master, losses may be paid from the Common Funds Guarantee and Reserve Account pursuant to s113(18)(a) of the Act. Further, s113(12) of the Act ensures that any capital loss realised in Common Fund No. 2 will not affect the amount that a client is entitled to withdraw from their Common Fund account.

Note 28. Events subsequent to reporting date

Subsequent to 30 June 2026, no matters or circumstances have arisen that have significantly affected, or may affect significantly, the operations of the Senior Master, the results of the operations or the state of affairs in financial years subsequent to this financial year.



Note 29. Glossary of terms

Acts of Parliament

Texts of law passed by the legislative body of a jurisdiction.

Asset Management Policy

Intended to assist in meeting the day-to-day liquidity, investment management, and compliance functions for the Common Funds (and for any assets held on separate account). The Asset Management Policy also provides a framework for achieving the investment objectives of each Common Fund, as well as the overall objective of prudently managing the assets within the framework of the *Supreme Court Act 1986* to maximise the long-term income and capital growth requirements of the clients without exposing them to undue risk of permanent capital loss.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Comprehensive result

Total comprehensive result is the net result from operations for the period and all gains and losses recognised directly in equity.

Financial asset

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability

A financial liability is any liability that is either:

- a contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is either:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial reports

The special purpose financial reports consist of the four primary statements, notes to the financial statements and the joint declaration by the Senior Master and Chief Executive Officer. The four primary statements are comprehensive operating statements, balance sheets, statements of changes in equity, and cash flow statements.

Investment Review Panel

To assist in meeting the FIC investment objective, the Senior Master has established an Investment Review Panel to act in an advisory capacity on all investment decisions, and investment related issues. The Investment Review Panel meets on a quarterly basis, or on an as required basis.

Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other changes in equity'.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'.

Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from Transactions. It includes gains and losses from disposals, revaluations and impairments of non-current physical assets and fair value changes of financial instruments. In simple terms, other economic flows are changes arising from market re-measurements.

Payables

Includes short-term and long-term trade debt and accounts payable and interest payable.

Receivables

Includes short-term and long-term trade credit and accounts receivable, taxes and interest receivable.

Supplies and services

Supplies and services generally represent day-to-day running costs in the normal operations of the entity.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions as required by the *Supreme Court Act 1986*, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (for example assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

