29 August 2013

Equity Trustees Audited Full Year Results
Increase in Profit and Fully Franked Final Dividend

Equity Trustees Limited (ASX: EQT) today confirmed its full year financial results and final dividend, which are unchanged from the unaudited results announced on 1 August 2013.

Operating profit before tax is ahead of the prior year by 18%. Net profit after tax is up 3% after taking account of the costs to date of the offer for TRU. The results are summarised as follows:

	12 months to 30 June 2013 $m	**12 months to 30 June 2012 $m**	**% Change**
Operating revenue	46.8	43.0	9
Operating expenses	(33.9)	(32.0)	(6)
Operating profit before tax	**12.9**	**11.0**	**18**
Income tax expense	(3.6)	(3.1)	
Operating profit after tax	**9.3**	**7.9**	**18**
Non-operating items (net of tax)	0.5	0.5	
TRU Acquisition costs (nil tax benefit)	(1.1)	-	
Net profit after tax	**8.7**	**8.4**	**3**
Earnings Per Share (cents)	**96.65**	**96.74**	**-**
Dividend per share (full year, fully franked)	92c	85c	8
Operating Margin	27.7%	25.6%	

EQT's Chairman, Mr Tony Killen, said, "In light of these results we are pleased to confirm an increase in the final dividend, to 50 cps, up 5c on last year's final. Taken with the increased interim dividend this means that shareholders will receive a total dividend for the year of 92 cps, compared to 85 cps last year, an increase of 8.2%. The final dividend will be fully franked and as usual we will be offering our dividend reinvestment plan (DRP) - an attractive avenue for shareholders to continue to invest in the company. In accordance with our plan to increase capital in anticipation of a new regulatory requirement, we are also finalising arrangements for the DRP to be underwritten at a discount of 3.5%."

"Based on the last traded share price, the full year fully franked dividend yield is approximately 6%, which we believe compares well with other companies in our sector."

Mr Killen added, "A good increase in the operating margin is reflected in the strong gain in operating profit before tax, although our bottom line number has been affected by the substantial expenses associated with our bid to take over The Trust Company (ASX:TRU). Both our Private Wealth Services (PWS) and Corporate Services (CFFS) units have performed well and overall there was strong growth in total funds under management and administration, as well as organic growth in client numbers."

The Trust Company

Regarding the company's takeover offer for TRU Mr Killen said, "As announced recently, we are currently engaging with TRU to exchange information that will help each company assess relevant aspects of the other's position and operations. We appreciate that the timetable for the takeover process has extended, as the ACCC is now expected to state its position on Perpetual's (ASX:PPT) competing offer, in mid-September. This will in turn delay the process for sending PPT's Scheme documents to TRU shareholders."

"Meanwhile we encourage TRU shareholders to remain engaged and to consider what we strongly believe is our more attractive proposal. We are convinced that by accepting our offer instead TRU shareholders will benefit much more significantly in the long run compared to PPT's offer. We remind TRU shareholders that accepting our offer now still enables them to vote in any Scheme which might ultimately come forward"

Business progress

EQT's Managing Director, Mr Robin Burns, said, "One of the most pleasing aspects of our operating result in the year was the 9% revenue growth. Although we had to absorb significant expense to be ready on time to implement the extensive list of changes arising from FoFA and Stronger Super, and some costs associated with implementing our major projects, we managed to restrict operating expense growth to 6%, and as a result our operating margin grew to 27.7%. I also want to highlight that we achieved over $1b in net inflows to the EQT co-branded managed funds in the year, a 110% lift on the prior period."

Mr Burns added, "In June we announced that AON Hewitt had selected EQT to provide an estate planning referral service for its advisers. We are in discussion with a number of other advisory networks to provide a similar service. We have also recently won significant new business in the RSE space, an area which shows promising growth prospects."

"We initiated a significant IT and administration operational enhancement project just over 12 months ago, called Project Foundation, and I am happy to confirm that this project is on track and on budget. Another major project to generate significant business growth in private wealth services is now in place and we are seeing early positive outcomes. Developments such as the AON Hewitt relationship are a good pointer to our confidence in this project's ability to create revenue and earnings growth, and build a healthy base for EQT for the years ahead."

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Mr Burns said, “With strong growth in operating profits, improved margins, a good yield, attractive RoE, positive cash flow, debt-free balance sheet and strong development potential we can be optimistic about the company’s future. Regardless of the outcome of the TRU takeover the company can look forward with enthusiasm. Given the company’s record, initiatives under way and the opportunities ahead in our industry sector I am confident that Equity Trustees will continue to perform well on behalf of all our stakeholders.”

For further information, please contact:

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Equity Trustees Limited (EQT)

Full Year Results to 30 June 2013

Overview – FY2013

- Operating profit increased by 18%, Net profit after tax up 3%.
- Revenue growth of 9% - all organic, improvement in operating margin – to 27.7%, up 2.1%.
- Both major business activities grew revenue, major gain was in CFFS.
- Total dividend increased by 8% to 92¢ per share, fully franked.
- Business restructuring implemented to enhance operational efficiency and sharpen focus on private wealth management.
- Project Foundation initiated to improve administration processes and IT platforms for efficiency gains and enhance capacity for growth – meeting goals.
- Major business development and growth project under way in PWS. Distribution arrangement signed.
- Launched takeover bid for The Trust Company.
- Net inflows to co-branded funds exceeded $1b – up >100%.
- Improvement in overall staff satisfaction score.
- Preparation for regulatory reforms.
- Debt-free balance sheet – strong cash position.

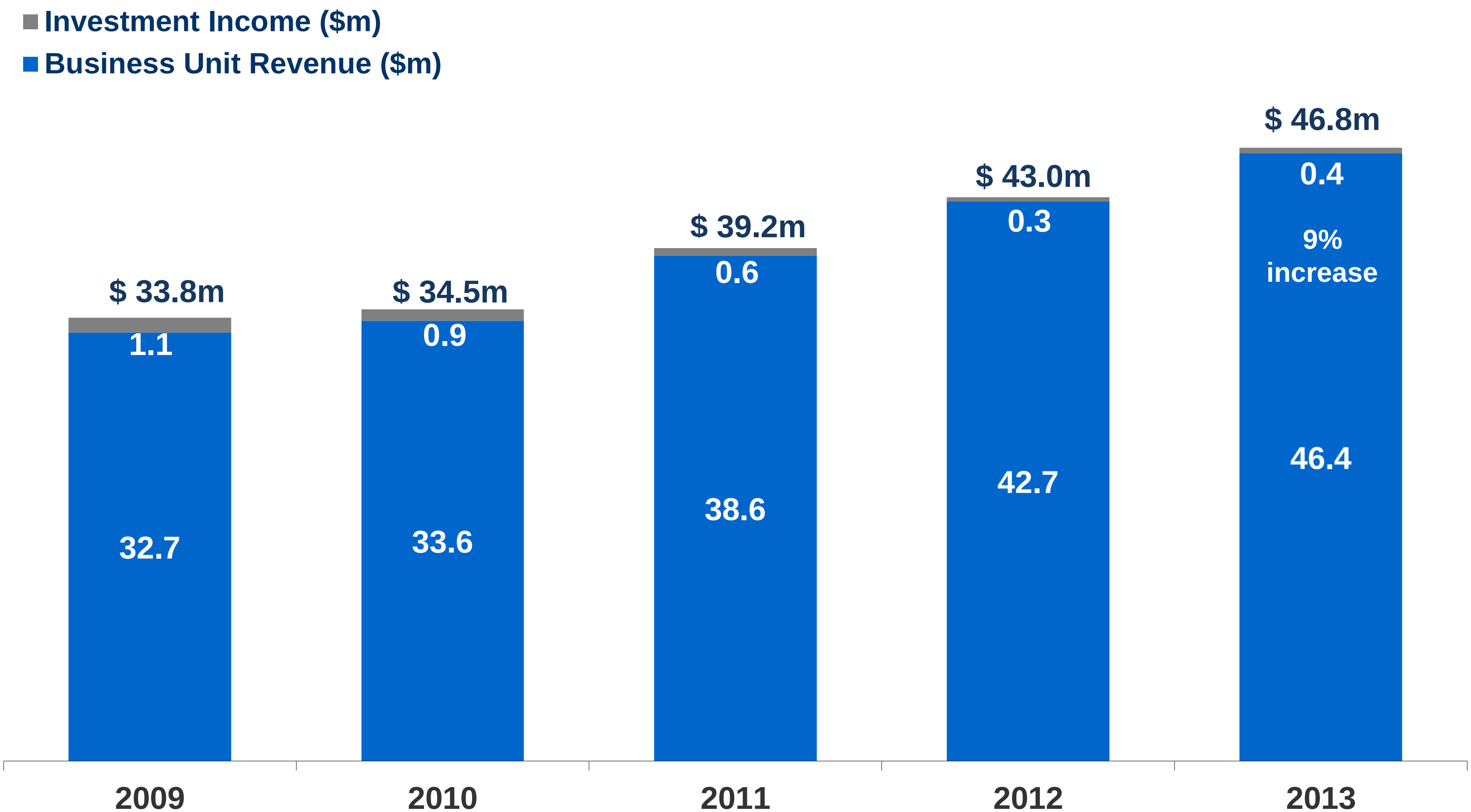
Overview – group results

	2013 $m	2012 $m	Change
Operating revenue	46.8	43.0	9 %
Operating expenses	(33.9)	(32.0)	(6 %)
Operating profit before tax	**12.9**	**11.0**	**18 %**
Income tax expense	(3.6)	(3.1)	
Operating profit after tax	**9.3**	**7.9**	**18 %**
Non-operating items *(net of tax)*	0.5	0.5	
TRU Acquisition cost *(nil tax benefit)*	(1.1)	-	
Net profit after tax	**8.7**	**8.4**	**3 %**

Earnings per share *(cents)*	**96.65¢**	**96.74¢**
Dividend per share *(full-year, fully franked)*	**92¢**	**85¢**
Operating margin *(pre-tax, excluding non-operating items)*	**27.7%**	**25.6%**

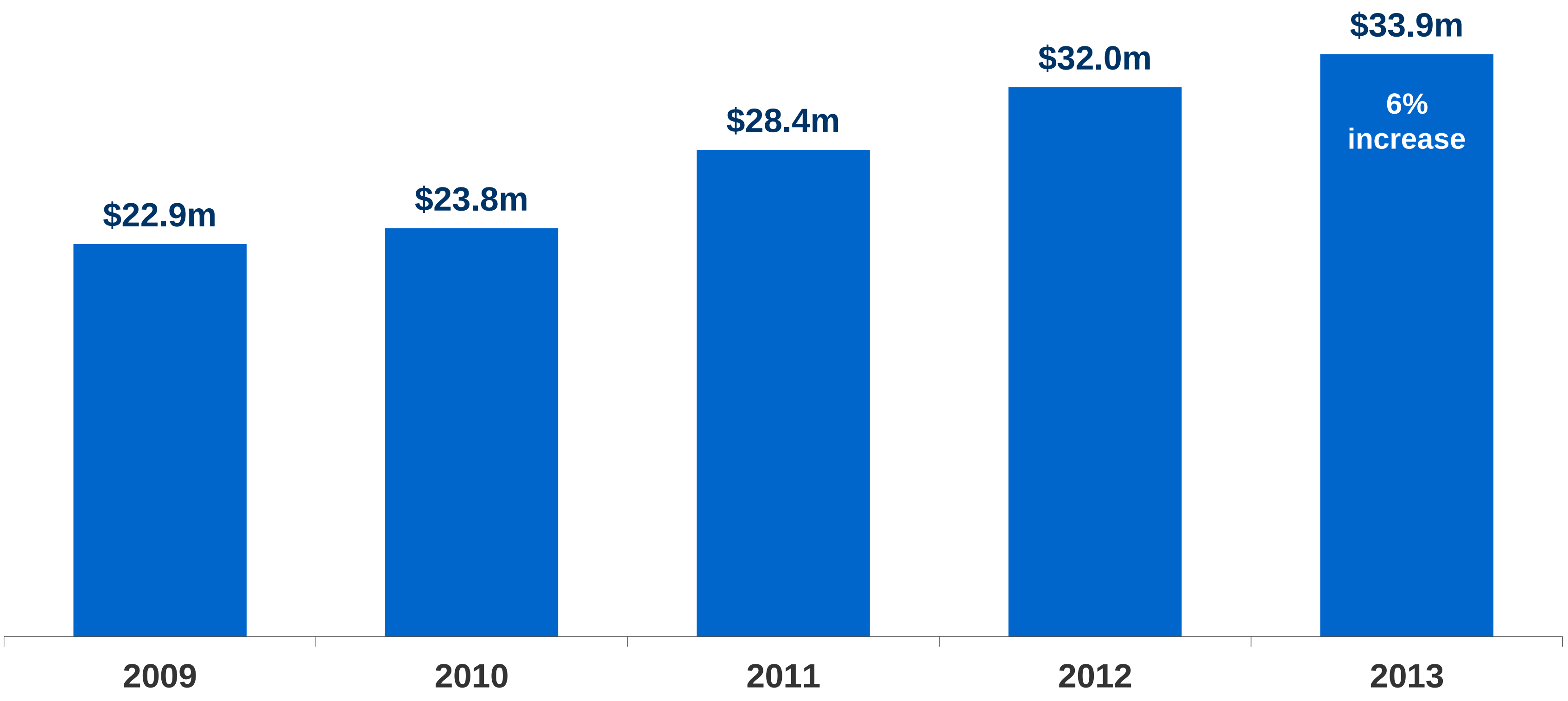
Revenue

Revenue increased 9%
(excludes profit on sale of investments)

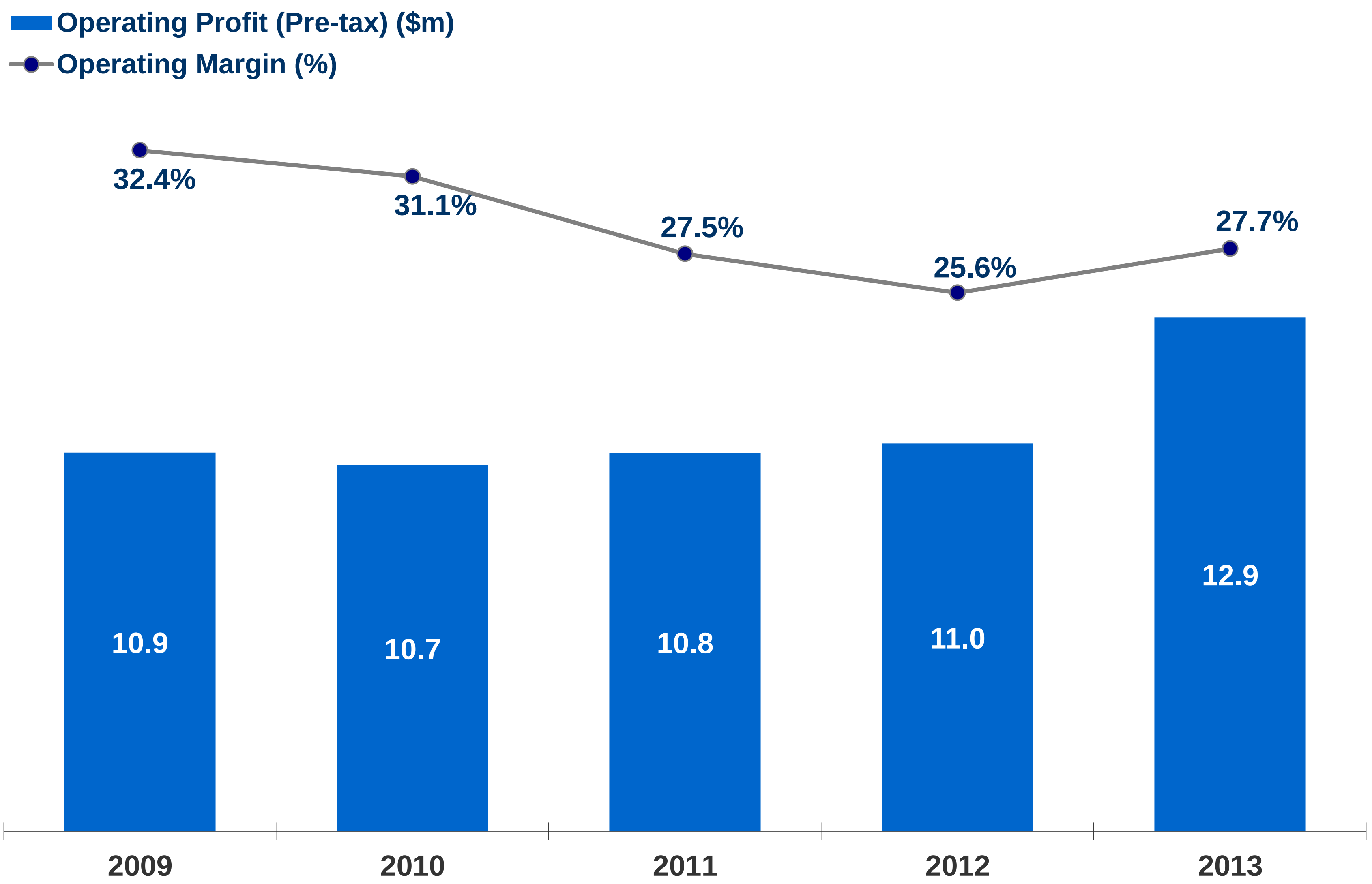


Expenses

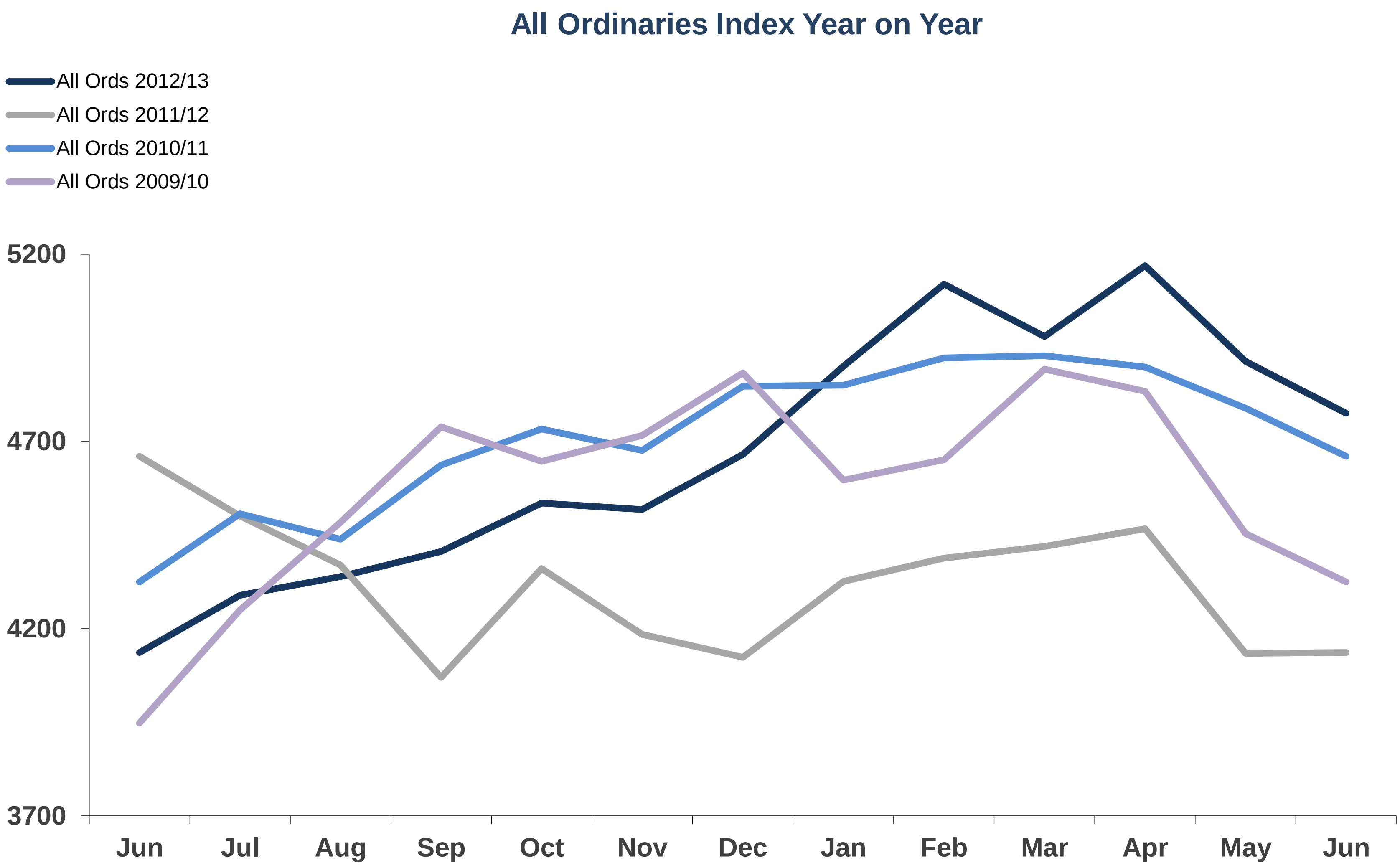
Operating costs ($m)



Operating margin

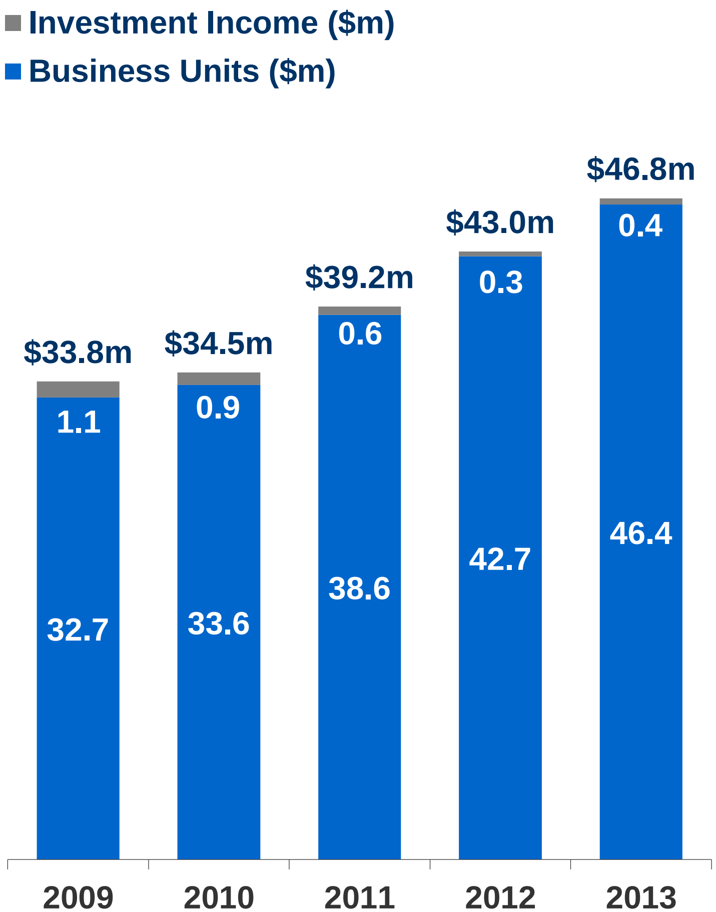


All Ordinaries Year on Year Comparison

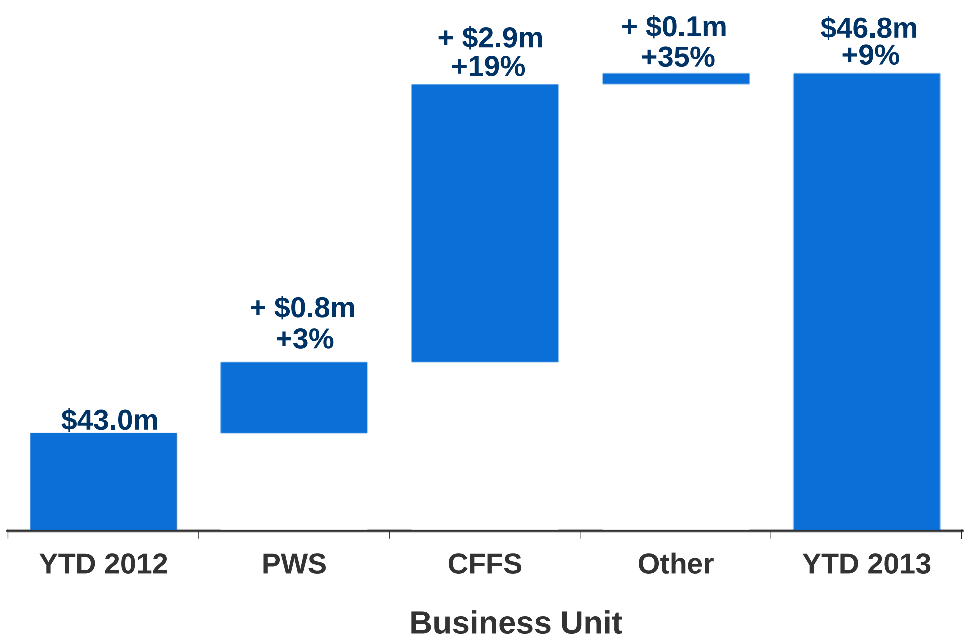


Operating revenue – change

Operating revenue up 9% to $46.8m
(Excludes profit on sale of investments)

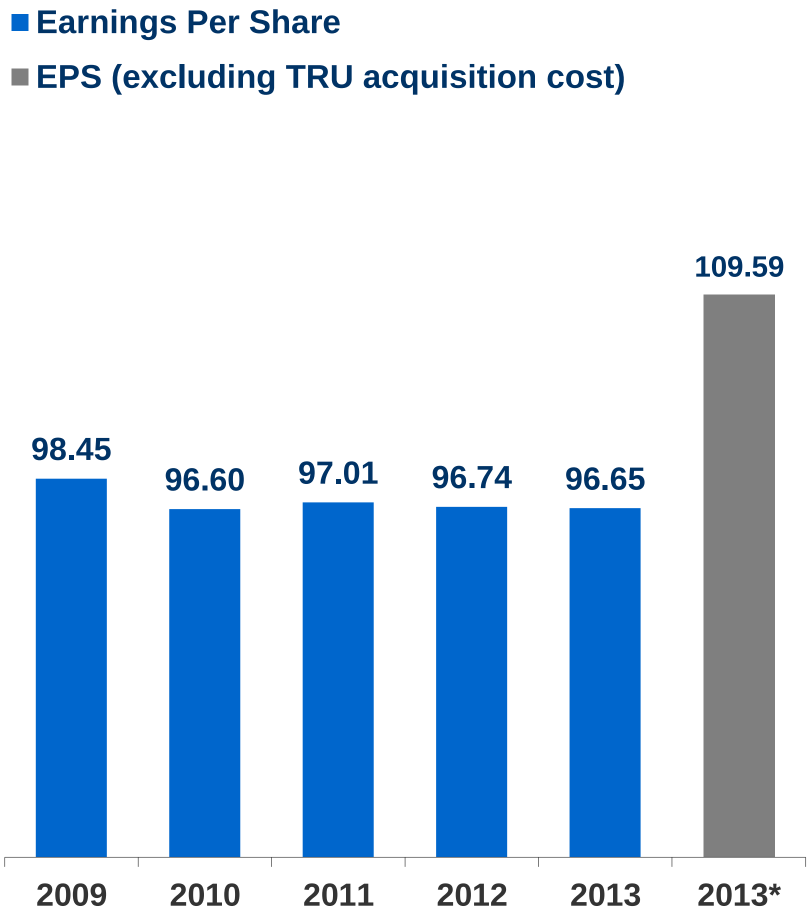


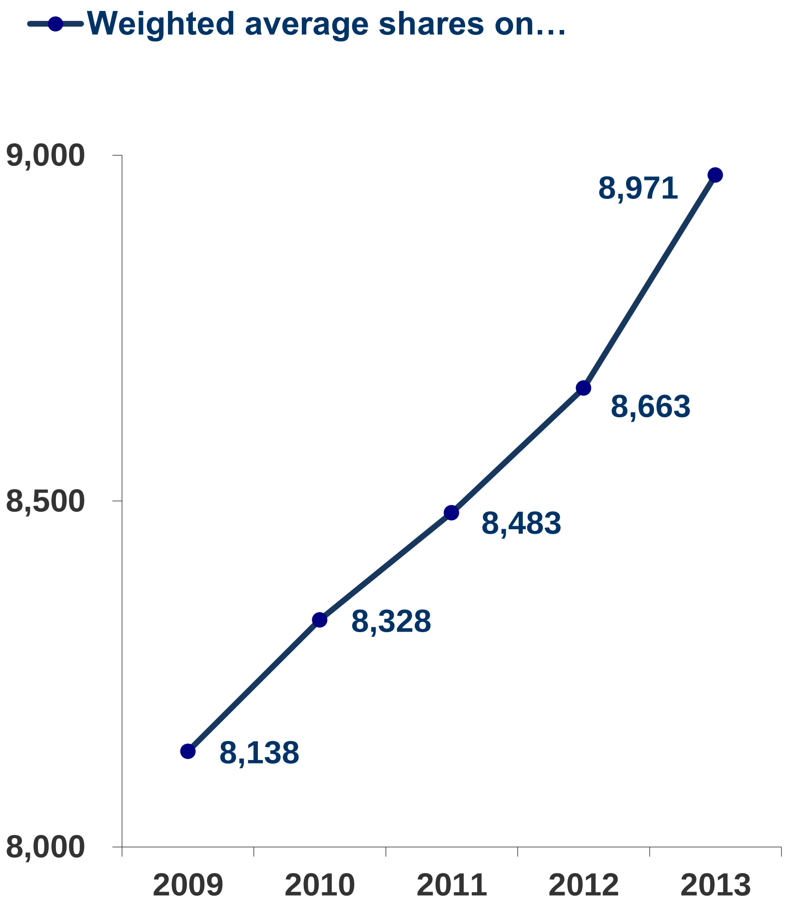
Operating revenue movement compared to prior year



Reported earnings per share

Reported earnings per share at 96.65¢ per share



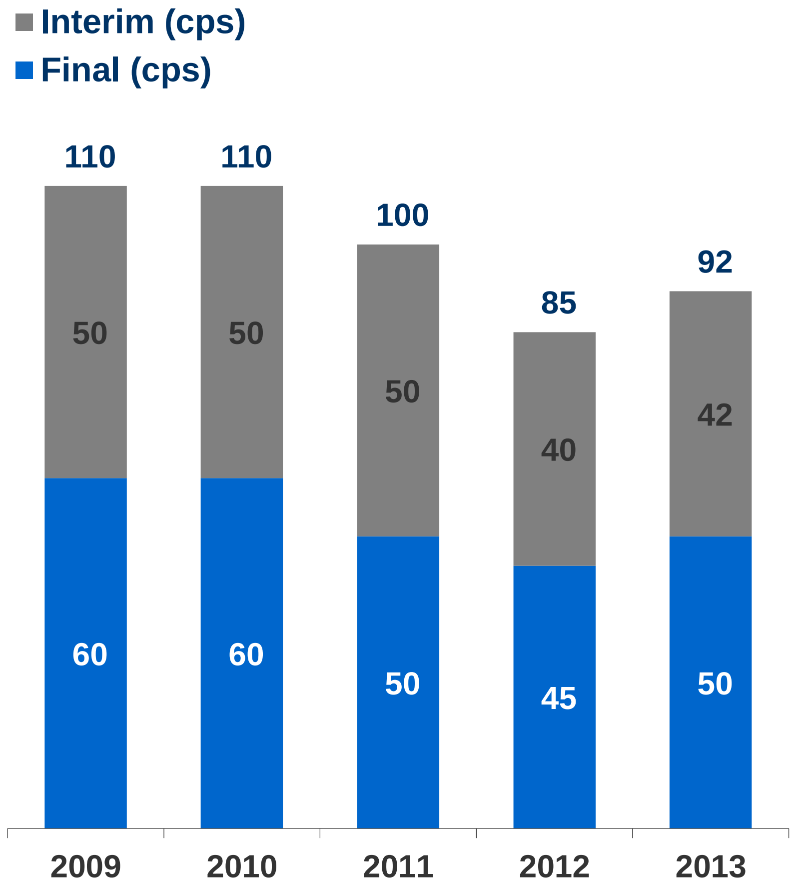


* 2013 EPS, excluding TRU acquisition costs

Returns to shareholders

Full-year, fully-franked dividend

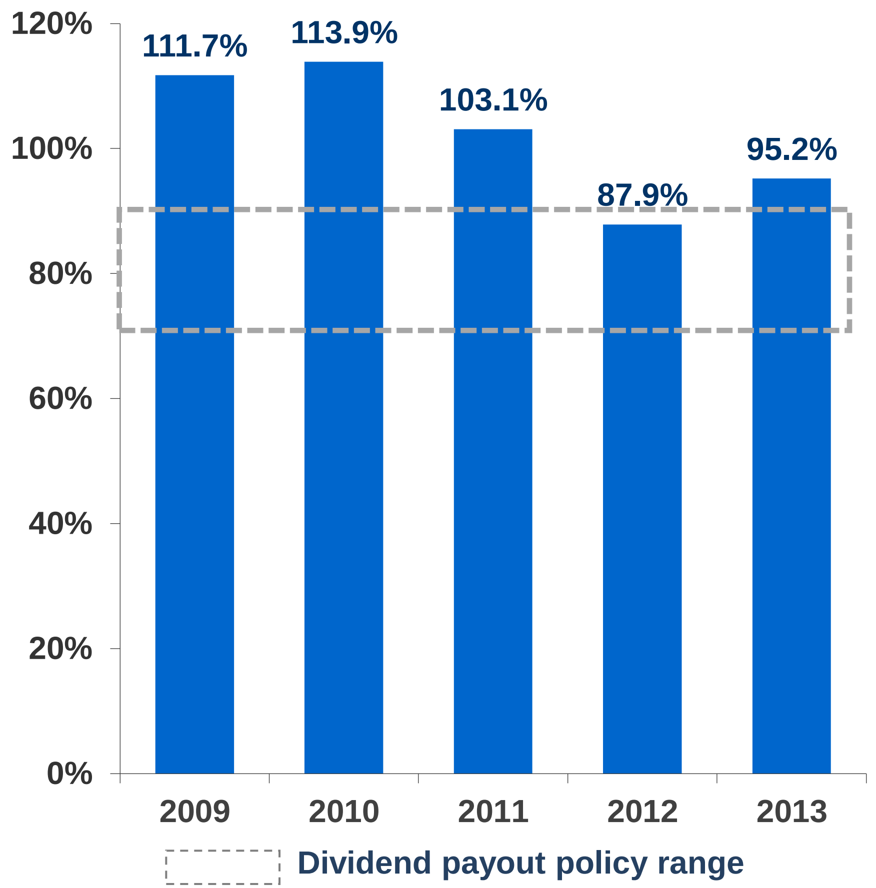
Reflecting a current yield of approximately 6% before franking credits



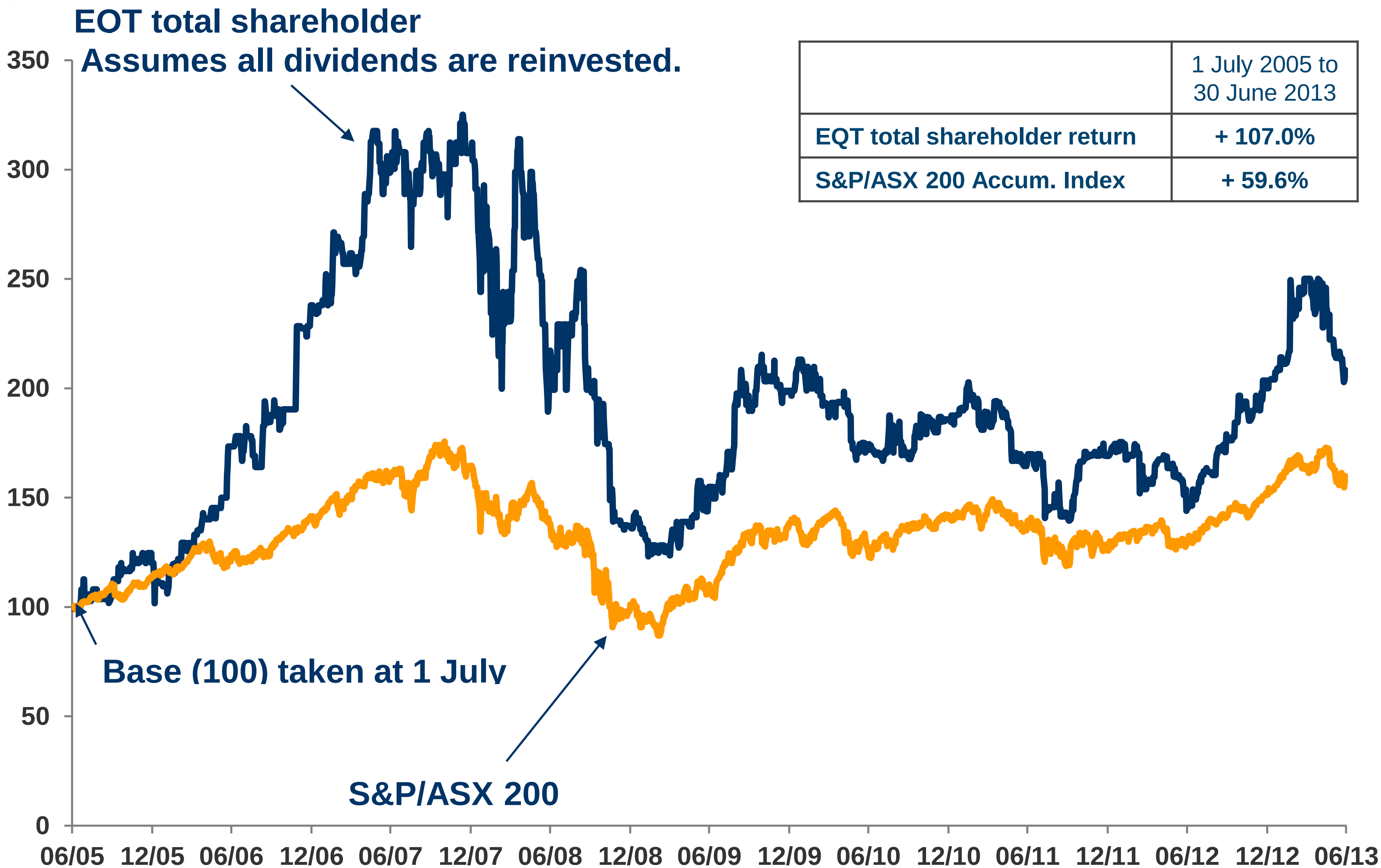
Full-year dividend as percentage of NPAT

2013: Excludes TRU Acquisition Costs.

Target Ratio: 70-90% of NPAT



Sustained shareholder return



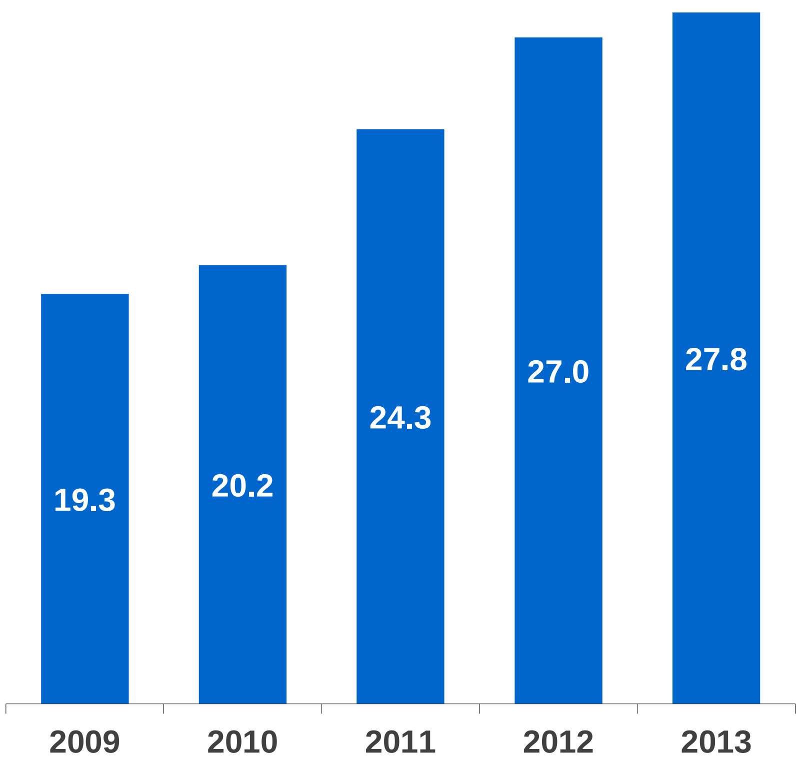
	1 July 2005 to 30 June 2013
EQT total shareholder return	**+ 107.0%**
S&P/ASX 200 Accum. Index	**+ 59.6%**

Business units – operations & performance

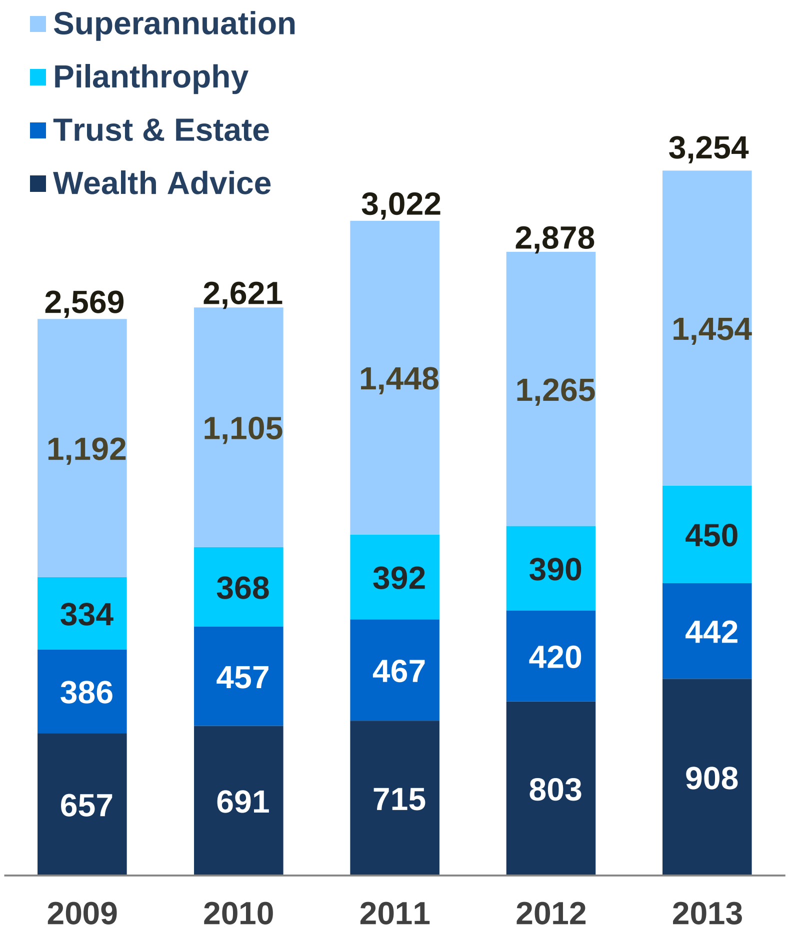
Business unit	Key services	Target market / channel	Revenue 2013 vs 2012	FUM/FUA 2013 vs 2012
Private Wealth Services (PWS)	• Personal Estates & Trusts • Philanthropy • Wealth management • Asset management • Aged care advisory services • Employer and personal superannuation	• Private clients • Business to business referrals • Small-medium size corporates • Members • External distribution via planning networks	$27.8m + 2.7%	$3,254m + 13.1%
Corporate Fiduciary & Fund Services (CFFS)	• Distribution • Product management for EQT co-branded funds (managed by external specialists) • Responsible entity	• Platforms/IDPS • Financial planners • Investment managers	$18.6m + 18.6%	$29,033m + 37.6%

Business unit overview – PWS

Operating revenue up 2.7% to $27.8m



FUM/FUA at 30 June 2013 up 13.1% to $3,254m

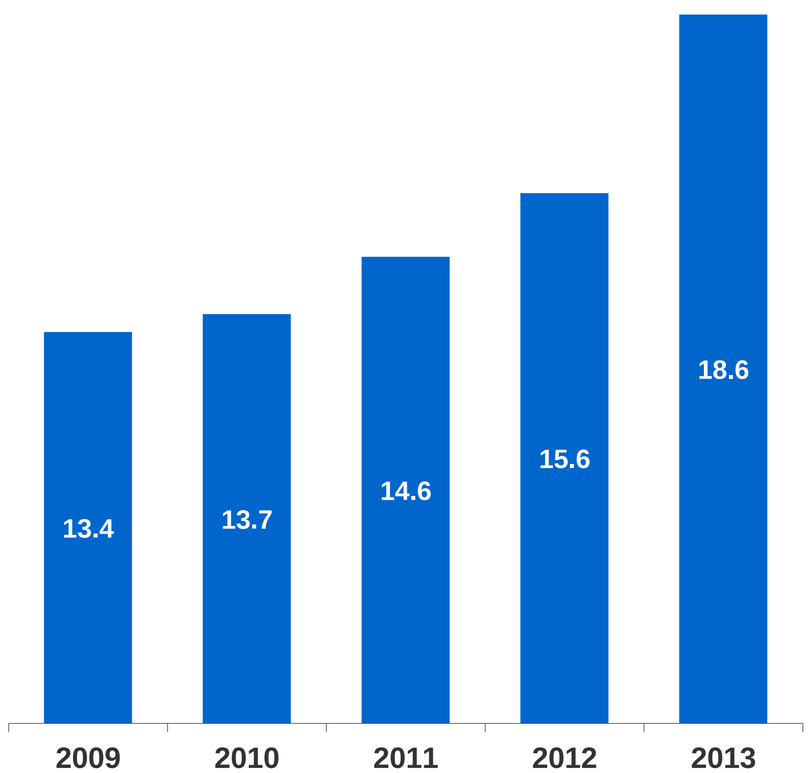


Business unit overview – PWS

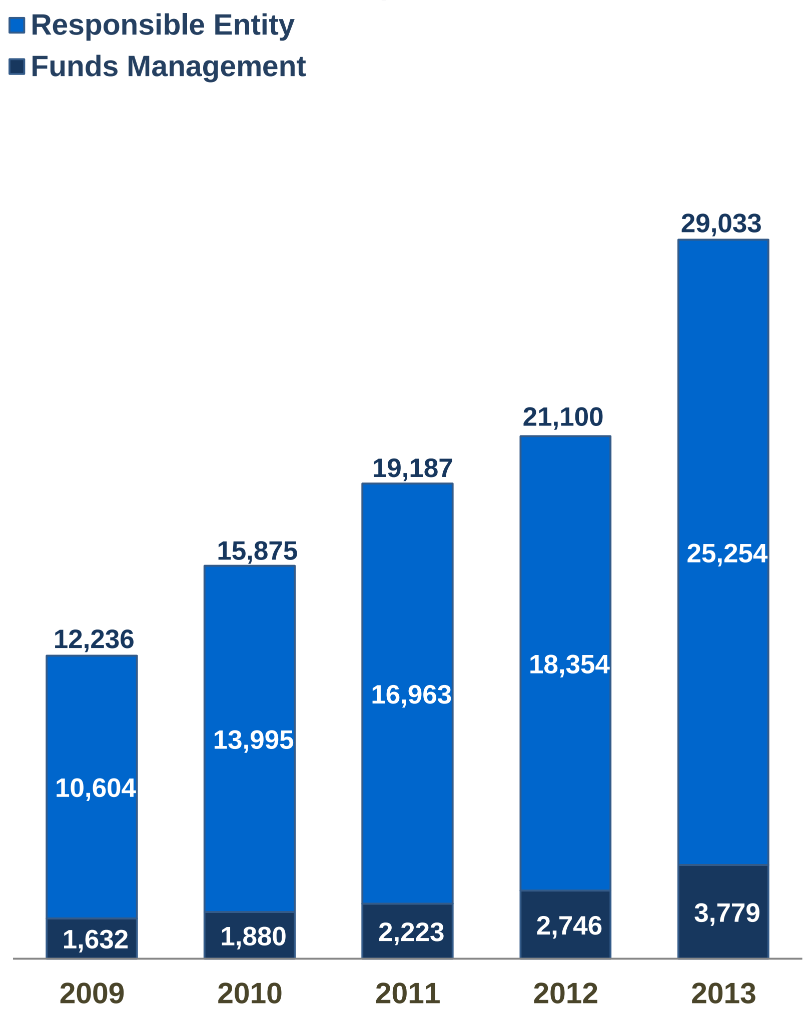
2013 highlights	• PWS revenue up 3%, all organic, despite some lines experiencing reductions, partly due to external factors. • Major development and growth project launched – multi-period, to improve distribution, cross-sell, revenue per client. • New asset management team recruited – enhance brand, goal to grow FUM. • Major effort required to prepare for FoFA and Stronger Super. • External estate planning and will writing referral relationship initiated – EQT being written into a significant proportion - will bank growth.
2014 outlook	• Leverage enhanced capability in asset management. • Improve operational efficiency through streamlined licensing structure and processes. • Continued drive to cement long-term revenue streams though improved estate planning services and marketing to referral sources. • Introduction of a Mysuper product to facilitate focus on retention and advice. • Co-location of private wealth services in Kew with aged care services to improve client experience and enhance cross-sell.

Business unit overview – CFFS

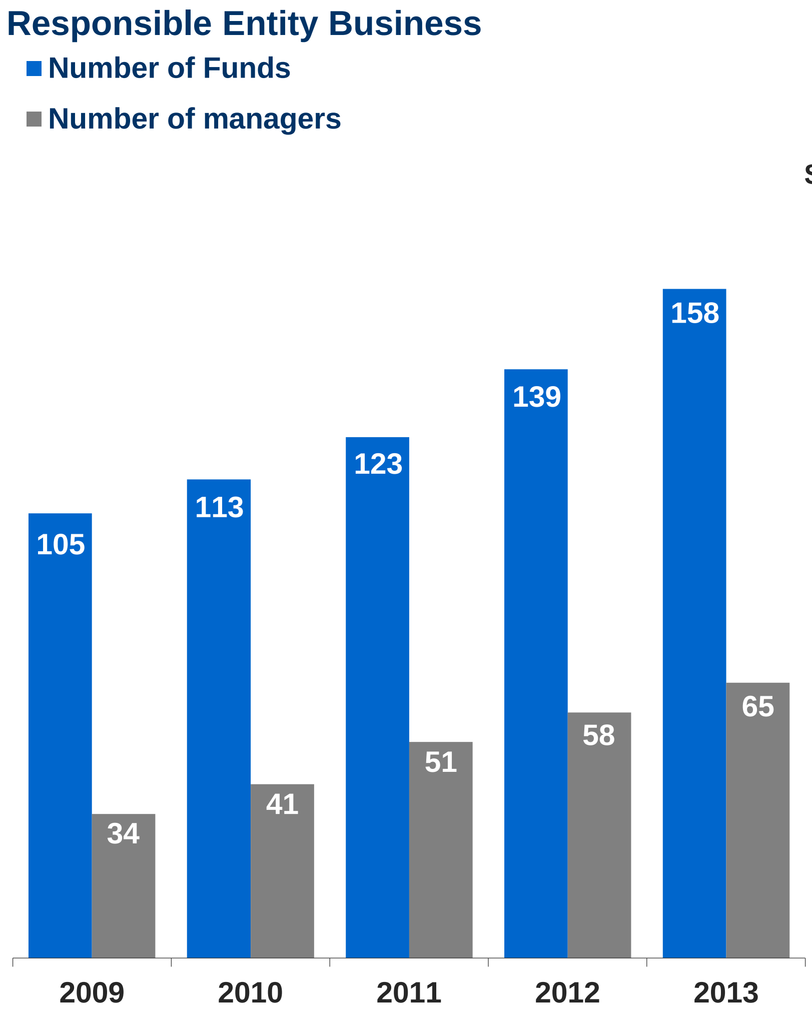
Operating revenue up 18.6% to $18.6m

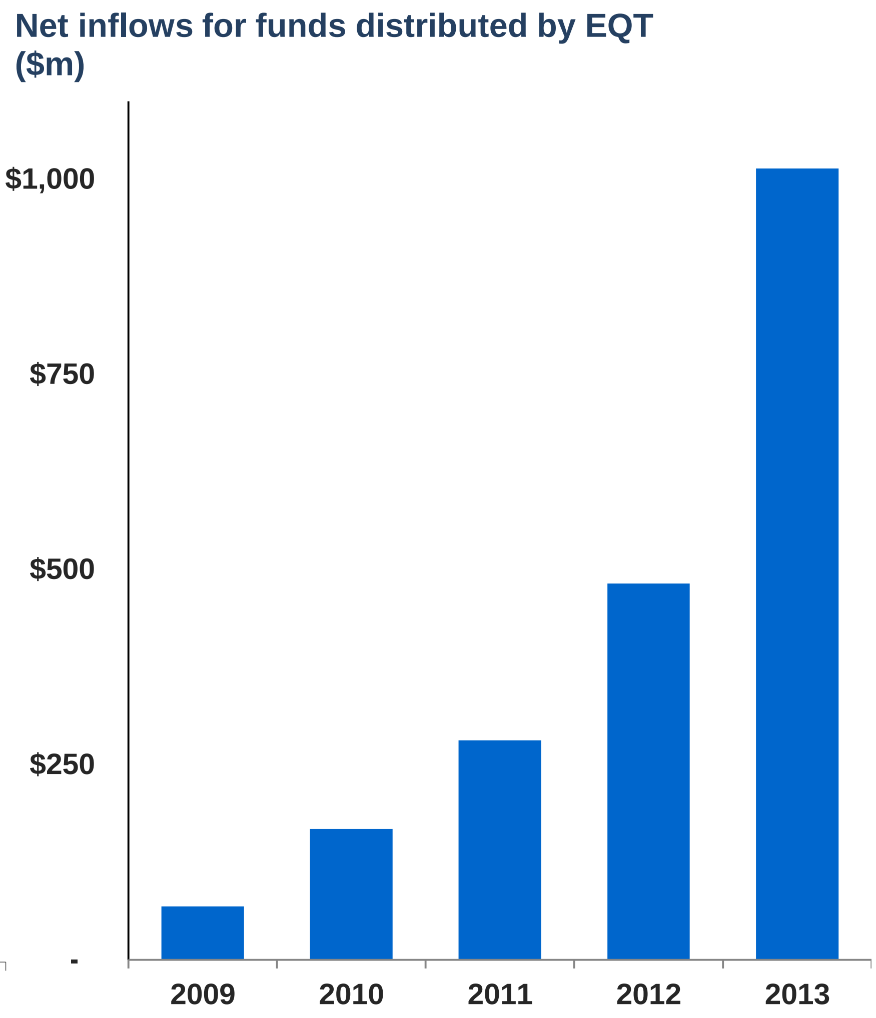


FUM/FUA at 30 June 2013 up 37.6% to $29,033m



Business unit overview – CFFS





Business unit overview – CFFS

2013 highlights	**In Corporate Fiduciary Services:** • Added a net 19 funds, servicing a net increase of 7 managers. (Closed 14 unviable funds, ended 8 manager relationships.) • Expanded Sydney team – closer manager relationships and new business development activities. • Broader range of fund styles/classes. **In Funds Distribution:** • Co-branded funds generated strong net inflows – up 110% from the previous year, >$1b. • Inflows still heavily skewed towards defensive assets. • PIMCO named as Money Management/Lonsec fixed interest manager of the year. • Dundas Global Investors signed for retail distribution deal – emerging market space.
2014 outlook	• New RE opportunities still coming through – global marketing effort will be maintained. • Well positioned to benefit if flows return to growth asset classes. • Defensive asset funds still likely to perform strongly in flows in current conditions. • Continue to work on key account relationships in distribution.

Business update and summary

The environment

- FoFA and Stronger Super (MySuper & SuperStream) impacts still being absorbed. Increased business complexity and costs. Consolidation drive eased.
- CAMAC review of philanthropy roles – report issued, complex and challenging recommendations, any practical impact in immediate future appears unlikely.
- Despite some market gains investor confidence remains low, defensive asset classes dominating flows.
- Acquisition opportunities still arising.
- EQT's business model and brand naturally aligned to the higher wealth clients with more complex needs.
- Need for advice and the total wealth to be advised on (and transitioned) will both grow. Increasing professionalism of planners good for consumers, trend towards open architecture models.
- Australia is still seen as an attractive market by many global businesses who service the wealth management/funds management industry.

Directions

- Significant growth opportunity in private wealth management services. Increasing revenue per client, distribution, and growth in will bank are key goals.
- Progression of Project Foundation – increases efficiency, improves controls, gives room for growth at lower marginal cost.
- Implementation of new advice model and Stronger Super changes. Intention to increase trustee-for-partner services.
- Continuing growth in RE roles expected. Adding of Dundas to distribution line-up fills a gap and positions for return of flows to growth classes.
- Pursue TRU takeover with vigour. Assess other opportunities.
- Increasing capital to meet new ASIC requirements at July 2014. Based on current projections to 30 June 2014, and assuming that the 2013 final and 2014 interim dividends are fully underwritten, additional capital in the range of $7 to $9mil will be required. Initiatives to ensure we meet this requirement within the required timeframe are being pursued and we will keep the market informed. We are confident of maintaining a satisfactory return on capital.
- Enhanced asset management capability – goals are retention and increase in external FUM.
- Good market for recruitment.
- Impact of industry regulatory changes should provide a positive long-term environment for trustee companies.

Disclaimer

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Where forward looking statements have been used in this presentation the information provided is based upon current expectations of future events and is subject to risk, uncertainty and assumptions that could cause actual outcomes to differ from those forecast.

Appendix 4E – Full Year Report

Name of entity

Equity Trustees Limited

ABN or equivalent company reference

46 004 031 298

Full Year Ended

30 June 2013

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30 June 2013 A$'000		30 June 2012 A$'000	
Revenue from ordinary activities	47,482	Up 9%	From	43,647
Profit from ordinary activities after tax attributable to members	8,671	Up 3%	From	8,381
Net profit for the period attributable to members	8,671	Up 3%	From	8,381

Dividends	Amount per Security	Franked amount per Security
Final Dividend The directors have declared a fully franked final dividend of 50 cents per share. The directors have also declared that the dividend reinvestment plan (DRP) will operate for this dividend. The share price to be used for the DRP will be calculated based on the volume weighted average price of EQT traded shares on the first 5 days of EQT share trading after Record Date. A discount of 3.5% will be applied. Any shortfall in take up of the DRP will be underwritten at the DRP share price.	50 cents	100%

Record Date for determining entitlements to the dividend.	18 September 2013
Payment date for dividend	16 October 2013

The 2013 Annual General meeting is to be held at 11.00am, Friday 25 October 2013 at Level 2 RACV Club, 501 Bourke Street, Melbourne.

This full year report should be read in conjunction with the 2013 Annual Financial Report.

ASX ADDITIONAL INFORMATION

Additional information, current as at 30 June 2013, and not shown elsewhere in this report, follows:

	30 June 2013	30 June 2012
Net tangible asset backing / per share		
Net tangible asset backing per share, based on shares on issue of 9,049,621 (2012: 8,907,676).	1.89	1.72

Control gained or lost over entities during the period

The following entities were acquired.

Year ended 30 June 2013

- Simple Wrap Pty Ltd

On 12 April 2013, the Group acquired the remaining 25% of the shares in Simple Wrap Pty Ltd.

Contribution to consolidated profit from ordinary activities since the date on which control was acquired is not material to the understanding of the financial report.

Year ended 30 June 2012

- EQT Aged Care Services Pty Limited

This entity was incorporated on 20 July 2011 and it acquired the Lifetime Planning and Tender Living Care businesses on 1 August 2011.

Contribution to consolidated profit from ordinary activities since the date on which control was acquired is not material to the understanding of the financial report.

Audit

The Financial Statements for the year ended 30 June 2013 have been audited and an unqualified opinion provided.

Commentary

For a comprehensive overview of the 2013 results please refer to the Directors' Report and separate ASX release covering the Announcement of Results and Shareholder Presentation.

Summary comments are as follows:

The profit after tax of $8.7m (2012:$8.4m) represents an increase of 3.5%. The undiluted earnings per share of 96.65 cents (2012: 96.74) represents a decrease of 0.09%.

Excluding a cost of $1.16m (nil tax benefit) relating to the Company's off-market takeover offer to acquire the shares in The Trust Company Limited, and other non-operating items, the after tax profit shows an increase of approximately 18%.

The final dividend of 50 cents per share brings the total dividend for the 2013 year to 92 cents (2012: 85 cents) fully franked.

Shareholders funds have increased by 5.23%, from $59.5m to $62.6m.

This full year report should be read in conjunction with the 2013 Annual Financial Report.

Equity Trustees Limited

and Controlled Entities

ABN 46 004 031 298

Annual Financial Report for the financial year ended 30 June 2013

Directory

Board of Directors:
JA (Tony) Killen OAM, BA, FAICD, FAIM (Chairman, Non-executive)
Robin BO Burns, DipAcc, FAICD (Managing Director)
David F Groves, BCom, MCom, CA, FAICD (Deputy Chairman, Non-executive)
Alice JM Williams, BCom, FCPA, FAICD, ASFA AIF, CFA (Non-executive)
The Hon Jeffrey G Kennett AC, HonDBus (Ballarat) (Non-executive)
Anne M O'Donnell, BA (Bkg & Fin), MBA, FAICD, SF Fin (Non-executive)
Kevin J Eley, CA, F FIN (Non-executive)

Company Secretary / Chief Financial Officer:
Terry Ryan, BBus, FCA, F Fin

Joint Company Secretary:
Philip B Maddox, LLB, BA, GDipAppFin (Finsia)

Auditor:
Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne, Victoria 3000

Share Registry:
Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067

Registered Office:
Level 2, 575 Bourke Street
Melbourne, Victoria 3000
Telephone: (03) 8623 5000
Facsimile: (03) 8623 5200
Email: equity@eqt.com.au

Annual General Meeting:
11.00am, Friday 25 October 2013
Level 2, RACV Club
501 Bourke Street, Melbourne

Equity Trustees Limited

ABN 46 004 031 298

Directors' Report for the financial year ended 30 June 2013

The directors of Equity Trustees Limited (EQT, Equity Trustees or the Company) submit herewith the annual financial report for the financial year ended 30 June 2013. In order to comply with the provisions of the *Corporations Act 2001*, the directors report is as follows:

The names of directors of the Company during or since the end of the financial year are:

JA (Tony) Killen OAM, Chairman
Robin BO Burns, Managing Director
David F Groves, Deputy Chairman
Alice JM Williams
The Hon Jeffrey G Kennett AC
Anne M O'Donnell
Kevin J Eley

Details of directorships and experience are summarised in the Board of Directors' Profiles, following this report.

COMPANY SECRETARIES

Mr Terry Ryan, Chartered Accountant, held the office of joint Company Secretary during and since the end of the financial year. Mr Ryan joined Equity Trustees Limited in 2003 and previously held senior finance, administration and secretarial roles in the financial services industry and is a fellow of the Institute of Chartered Accountants and the Financial Services Institute of Australasia.

Mr Philip B Maddox, Lawyer, held the office of joint Company Secretary during and since the end of the financial year. Mr Maddox joined Equity Trustees Limited in 2001 and previously held senior managerial and operational roles in the trustee industry. He is a member of the Law Institute of Victoria and currently holds a Legal Corporate Practising certificate.

PRINCIPAL ACTIVITIES

The principal activities of the Equity Trustees Limited Group (the Group) during the course of the financial year involved the provision of a range of financial services to clients of the Private Wealth Services (PWS) and Corporate Fiduciary & Financial Services (CFFS) business units. Further details pertaining to the activities of the business units are summarised below.

REVIEW OF OPERATIONS

For the year ended 30 June 2013, the Group earned a net profit after tax of $8,671,401 compared to the prior year amount of $8,381,113, a 3.5% increase. Although this increase is pleasing, it was materially impacted by $1.16mil (nil tax benefit) of transaction costs relating to the Company's off-market takeover offer to acquire the shares in The Trust Company Limited (ASX: TRU). Refer to further details under subsequent events.

The pretax operating profit, excluding the TRU acquisition costs and other non-operating items, shows an increase of approximately 18%. This increase reflects an improvement in the operating margin, which has lifted from 25.6% to 27.7%. The margin improvement arises from a 9% increase in revenue compared to a 6% increase in expenses.

Earnings per share has remained flat at 96.65 cents per share (cps), compared to 96.74 cps in the prior year. Although there was a 3.5% increase in net profit after tax, the increase in weighted average shares on issue during the year has had a marginal dilution impact. To illustrate the improvement in operating performance, if the impact of the takeover offer transaction costs is excluded then underlying earnings per share would have been 109.59 cps, a 13.3% increase over the prior year.

In assessing the quantum of the 2013 final dividend the Board had regard to the impact of the non-operating takeover offer costs and approved a fully franked final dividend of 50 cps, giving a total fully franked dividend for the 2013 year of 92 cps. This equates to a payout ratio of 95%, however, it should be noted that it is 84% of underlying profit. The dividend of 92 cps represents a current yield of approximately 6%.

In terms of business unit performance, both PWS and CFFS made solid contributions to Group profit and generated satisfactory margins.

PWS is implementing a major initiative to grow revenue and earnings and additional development resources have been provided in this business unit. Revenue was up 2.7% from $27.0m to $27.8m during the 2013 year. In future years we expect to see improved revenue growth as a result of the current initiatives. During the year we relocated and expanded the premises of our Aged Care advisory business in Kew, which will provide a better client experience and facilitate cross-sales of other PWS services. We have entered into a referral partnership with a major wealth management network which will lead to growth in EQT's estate planning and will writing services. Funds under management, advice or administration in PWS increased by 13.1% from $2.9bil to $3.3bil.

CFFS achieved very good growth in each of the responsible entity and funds distribution activities, with a net increase of 19 in the number of funds for which we provide responsible entity services, from 139 to 158. The number of investment managers for which we provide responsible entity services increased from 58 to 65 over the period. This increased base has resulted in strong revenue growth of 18.6%, from $15.6mil to $18.6mil. In addition to the growth in Funds under Management/Administration arising from new responsible entity relationships there is a continuing net inflow into existing funds. For the co-branded funds, where EQT is also responsible for distribution and marketing, the net inflows were approximately $1bil, up 110% on the previous year's net inflows. Overall, CFFS Funds under Management/Administration increased by 37.6%, from $21.1bil to $29.0bil.

In regards to the support business units the Group previously announced a major efficiency project to streamline the transaction processing, administration, systems and procedures on a Group-wide basis. This project is approximately 50% complete with the majority of project streams on schedule. We expect to complete this project by the end of the 2014 financial year. The project will create significant expense efficiencies and provide room for business growth at lower marginal cost.

During the 2013 year we commenced a re-structure and enhancement of the in-house asset management team, with a key objective to ensure that a single investment approach be applied across all of the business units. To facilitate this model we created a new Board Investment Committee and revised the underlying management structures.

As a financial services organisation we place great importance on risk management, compliance and governance issues. During the year significant work was undertaken in relation to the Group's risk management activities. A risk management framework and plan were also submitted for the new MySuper applications for various superannuation funds where the Group acts as trustee. Significant work has been undertaken during the year in readiness for regulatory changes, including the Future of Financial Advice (FoFA) and Stronger Super initiatives from the federal government. External consulting and implementation costs were incurred for these initiatives, in addition to the costs incurred internally, but were absorbed into the overall 6% increase in operating expenses.

The general investment climate showed some improvement during the year and therefore provided some assistance to revenue and improved confidence that growth asset classes will see a resurgence of interest and inflows. The Group now earns a higher percentage of revenue from fees-for-service than in previous periods and we anticipate that this trend will continue. As a result of this factor the correlation between market values and revenue is gradually declining. Overall, however, growth in the total investment and superannuation sectors in Australia provides a positive impetus for our activities.

The Statement of Financial Position discloses that net assets have increased by 5.2% from $59.5mil to $62.6mil, of which goodwill and intangible assets amount to $43.6mil, up from $42.5mil. Although the percentage of shareholders equity comprised by intangible assets may appear high this is a normal situation for a financial services business. The most recent impairment review test, using future discounted cashflows, reconfirmed that there is good headroom above the carrying values of goodwill and intangibles.

The after tax return on equity for the year ($8.7mil as a percentage of $61.0mil average) was 14.2%, compared to 14.6% for the prior year. The balance sheet is debt free.

In addition to the need to maintain a satisfactory capital position for business purposes, companies in the Group are obliged to meet a number of regulatory capital standards. An increased capital standard to support responsible entity activities will apply to the holding company on 1 July 2014. The Group has been anticipating this obligation and consistent with this approach the 2013 final Dividend Reinvestment Plan (DRP) will be fully underwritten. In 2012 the interim dividend reinvestment plan was underwritten. The

2013 final dividend will be payable on 16 October 2013 and the underwritten value of the final dividend not subject to the DRP will be issued in new shares at the same price as determined by the DRP rules. This will be determined after the Record Date of 18 September 2013.

The overall capital position remains an area of ongoing Board oversight and it will be considered in relation to the potential acquisition of The Trust Company Limited. Refer to an outline of the takeover offer under subsequent events, below.

The Group's future focus will be to deliver on organic growth opportunities in each of the business units and the completion of the operational efficiency project. Whilst there remain good opportunities to grow the CFFS business, leveraged to the overall growth of the investment markets and superannuation in Australia, we see a significant opportunity to develop and improve our share in the private wealth management industry. The need and demand for advice on personal financial matters, at different life stages, is expected to continue to grow and the re-shaping of the advice services sector over future periods should provide an environment that benefits an organisation such as Equity Trustees. In addition, a disciplined approach to acquisition opportunities will be maintained consistent with the overall strategic objectives noted above.

The two business units, their functions and 2013 revenue performance is summarised as follows:

Business unit	***Key functions***	***2013 performance***
Private Wealth Services	The provision of personal financial and superannuation services including: • Personal Estates & Trusts – estate planning, trustee, executor, taxation, and philanthropic services; • Wealth Management – personalised portfolio management and support services; • Asset Management – overseeing the investment process for internal and external clients and managing internal funds; • Aged Care Services – financial planning advice, placement advice and training services specialising in the aged care sector; • Portfolio Services – employer services, personal superannuation and managed accounts in the superannuation sector	Operating revenue up 2.7% to $27.8m (2012: $27.0m) Funds/Assets under management up 13.1% to $3.3b (2012: $2.9b)
Corporate Fiduciary & Financial Services	Responsible Entity trustee services for managed funds on behalf of local and international managers and sponsors. Management and coordination of distribution and marketing for Equity Trustees co-branded retail and wholesale funds.	Operating revenue up 18.6% to $18.6m (2012: $15.6m) Funds under management/ administration up 37.6% to $29.0b (2012: $21.1m)

CHANGES IN THE STATE OF AFFAIRS

During the financial year, there was no significant change in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

SUBSEQUENT EVENTS

The following provides a summary of the key points relating to a takeover offer by the Company:

- On 21 February 2013, Equity Trustees Limited (ASX: EQT) announced its intention to make an off-market takeover offer for all of the shares in The Trust Company Limited (ASX: TRU). The offer was 33 EQT shares for every 100 TRU shares.
- A Bidder's Statement was issued on 27 March 2013 and contained an offer closure date of 6 May 2013.
- On 23 April 2013, EQT's offer period was extended to 5 June 2013.

- On 7 May 2013, TRU announced that it had entered into a Scheme Implementation Agreement with Perpetual Limited (ASX: PPT) to implement a scheme of arrangement to acquire 100% of TRU's shares. The consideration was 0.1495 PPT shares, or a cash equivalent (subject to a cap on the total cash available), for each TRU share. In addition, there would be a payment of a 22 cent special dividend per TRU share, paid by TRU.
- On 14 May 2013 EQT announced a revised proposal, which was formalised on 21 June 2013. EQT's revised proposal increased the consideration under the offer from 33 to 37 EQT shares for each TRU share. In addition, EQT announced that it would match the PPT offer in relation to the 22 cent special dividend per TRU share, paid by TRU.
- On 27 May 2013, EQT's offer period was extended to 31 July 2013.
- On 22 July 2013, EQT's offer period was extended to 30 September 2013.
- On 1 August 2013, the Australian Competition & Consumer Commission (ACCC) published a Statement of Issues outlining preliminary competition concerns in relation to PPT's proposal to acquire 100% of TRU's shares. In the Statement of Issues the ACCC stated that it anticipated that a final decision in relation to its review of the proposed PPT/TRU merger will be made on 19 September 2013.

Apart from the above, there has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

FUTURE DEVELOPMENTS

Apart from matters disclosed elsewhere in this report, disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

DIVIDENDS

In respect of the financial year ended 30 June 2012:

i. An interim dividend of 40 cps, franked to 100% at 30% corporate income tax rate, was paid to holders of fully paid ordinary shares on 17 April 2012.

ii. A final dividend of 45 cps, franked to 100% at 30% corporate income tax rate, was paid to holders of fully paid ordinary shares on 16 October 2012.

In respect of the financial year ended 30 June 2013:

iii. An interim dividend of 42 cps, franked to 100% at 30% corporate income tax rate, was paid to holders of fully paid ordinary shares on 17 April 2013.

iv. Subsequent to 30 June 2013, the directors declared a final dividend of 50 cps, franked to 100% at 30% corporate income tax rate, payable to holders of fully paid ordinary shares on 16 October 2013.

INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the directors, company secretaries and officers of the Group against a liability incurred as a director, secretary or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify a director, a company secretary, an officer or auditor of the Company or any related body corporate against a liability incurred as such a director, company secretary, officer or auditor.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 32 Board meetings, 14 Committee of the Board meetings, 5 Remuneration, Human Resources & Nominations Committee (Remuneration Committee) meetings and 14 Audit & Compliance Committee (A&CC) meetings were held.

Directors in attendance	*Board meetings*		*Committee of the Board meetings*[1]		*Remuneration Committee meetings*		*A&CC meetings*	
	Eligible to attend[2]	**Attended**	**Eligible to attend**[2]	**Attended**	**Eligible to attend**[2]	**Attended**	**Eligible to attend**[2]	**Attended**
JA (Tony) Killen	32	32	6	6	5	5	-	-
RBO Burns	32	32	12	12	-	-	-	-
DF Groves	32	32	14	14	-	-	14	14
AJM Williams	32	30	7	7	5	5	-	-
JG Kennett	32	32	3	3	5	5	-	-
AM O'Donnell	32	28	9	9	-	-	14	13
KJ Eley	32	32	10	10	-	-	14	14

1 Committee of the Board meetings are constituted by at least any two directors acting pursuant to the authority of the full Board.
2 Meetings held that the director was eligible to attend whilst holding office.

DIRECTORS' SHAREHOLDING

The following table sets out each director's relevant interest in shares as at 30 June 2013. All shares are fully paid ordinary shares.

Director	*Number of shares*
DF Groves	640,961
KJ Eley	34,832
JG Kennett	19,279
JA (Tony) Killen	15,982
AM O'Donnell	1,050
RBO Burns	1,000
AJM Williams	436

REMUNERATION REPORT

The Board's policy on executive remuneration is designed to attract and retain high calibre staff and to reward executives for achieving financial and other business goals, which in turn, increases shareholder wealth.

Executive remuneration is structured in a manner that:
- aligns it with short and long-term business targets of the Group,
- aligns the interests of executives and shareholders by providing rewards to executives for creating shareholder value, and
- is market competitive in order to attract and retain high calibre executives.

Remuneration of all executives is reviewed on an annual basis by the Remuneration Committee and determined with regard to current market rates, Group performance and individual executive performance. The committee is guided by market and industry data through subscriptions to remuneration survey data (HayGroup/Aon Hewitt) to which the Company is also an annual data contributor.

Executive remuneration packages contain the following key elements:

i. Salary – This fixed remuneration component is set annually based on the level of responsibility and market competitiveness for individual executives;

ii. Non-monetary – includes eligible salary sacrificed items and fringe benefits tax. This includes any sacrificed amounts into EQT shares, as noted under vi, below;

iii. Post-employment – includes Superannuation Guarantee Charge (SGC), and other superannuation payments;

iv. Short-term Performance Incentives – This annual at-risk component is based on the achievement of key performance criteria. Achievement of company and business unit prerequisite measures is required for any incentive amount to be awarded. Maximum cash awards are capped at up to 60% of Total Employment Cost (TEC) for each executive;

v. Other long-term employee benefits – includes the movement in accrual for long service leave; and

vi. Share-based payments – Long-term Incentive Plan (LTiP), Employee Share Acquisition Plan (ESAP) and EQT Salary Sacrifice Share Plan:
   - The LTiP awards (Awards) may be granted each year to selected executives under the Executive Performance Share Plan 1999. Maximum annual share-based awards are capped at up to 60% of TEC for each executive.
   - The ESAP may be granted each year and if granted, provides for eligible employees to receive up to $1,000 of EQT shares p.a. These shares are held in escrow for three years, or until cessation of employment, if earlier than three years. Eligible employees are those with over three months' service and who have satisfactorily completed their probation as at 30 June 2013.
   - The EQT Salary Sacrifice Share Plan allows directors and employees to sacrifice up to $5,000 of salary p.a. into EQT shares. The sacrificed amount is included in non-monetary items, as per ii above.

In summary, the EQT executive remuneration structure comprises fixed salary and short and long-term variable components. Executive package components are reviewed and structured annually to focus individuals on, and to reward achievement of, specific measures and targets with both short and medium-term horizons.

Details of incentive plans

Short-term performance incentives:

These are calculated by reference to agreed key performance indicators for the year ended 30 June 2013. These include Group profitability, revenue growth, expense control, and other performance criteria specific to the respective executive's responsibilities. These performance criteria were chosen so as to provide a suitable incentive for executive performance for the benefit of shareholders and other stakeholders. The measurement of criteria is assessed by adopting a balanced scorecard approach, with each criterion given a threshold representing the minimum incentive and a stretch threshold representing an excellent achievement, for which the maximum incentive is paid. In all cases, the Remuneration Committee confirms the appropriateness of the criteria, appropriate thresholds and, at the conclusion of the measurement period, confirms the level of achievement.

Across all staff, the maximum short-term incentive opportunity is in the range of 5% to 60% of TEC.

For the year ended 30 June 2013 the key performance criteria being Group revenue and profitability and business unit revenue were partially achieved. Accordingly, across all staff, approximately 59% of the maximum short-term incentive opportunity was accrued or paid.

Long-term performance incentives:

These are offered to executives via the grant of Awards which confer the right to acquire shares at no cost subject to meeting prescribed performance hurdles. The details of these incentives are outlined below under the heading, Executive Performance Share Plan. The accounting cost of long-term performance incentives is spread over the measurement (vesting) period, with a cost of $272,224 accrued for the year to 30 June 2013 (2012: $147,515).

The maximum share based long-term performance incentive is in the range of 25% to 60% of TEC.

The Board believes that the operational and financial performance of the Group over the last five years has been solid, relative to economic conditions, and it is of the view that the remuneration policy has enabled the Group to attract and retain high quality management, and that financial rewards to executives are considered appropriate having regard to the Group's relative performance.

The table below provides summary information outlining the Group earnings and movements in shareholder wealth for the five years to 30 June 2013:

Table 1

	30 June 2013 $'000	***30 June 2012 $'000***	***30 June 2011 $'000***	***30 June 2010 $'000***	***30 June 2009 $'000***
Revenue	47,482	43,647	39,865	35,277	34,501
Net profit before tax	12,517	11,691	11,484	11,477	11,250
Net profit after tax	8,671	8,381	8,229	8,045	8,012

	30 June 2013	***30 June 2012***	***30 June 2011***	***30 June 2010***	***30 June 2009***
Share price at start of year	$11.06	$13.90	$15.20	$14.50	$21.80
Share price at end of year	$14.90	$11.06	$13.90	$15.20	$14.50
Interim dividend[1]	42 cps	40 cps	50 cps	50 cps	50 cps
Final dividend[1,2]	50 cps	45 cps	50 cps	60 cps	60 cps
Total dividend	92 cps	85 cps	100 cps	110 cps	110 cps
Basic earnings per share	96.65 cps	96.74 cps	97.01 cps	96.60 cps	98.45 cps
Diluted earnings per share	95.50 cps	95.99 cps	96.34 cps	96.02 cps	97.93 cps

1 All dividends are franked to 100% at 30% corporate income tax rate.
2 Declared after balance date and not reflected in the financial statements as at 30 June.

Directors' Remuneration

The following table discloses the directors of Equity Trustees Limited during the year, together with remuneration entitlements.

Directors' fees were increased effective 1 July 2011 after three years of no increases and to reflect renewal of the Board and market rate movements. No increases were made during 2012/13 however Anne O'Donnell was appointed Chairperson of a wholly owned subsidiary company, Equity Trustees Superannuation Limited, and received additional fees in that capacity.

Directors' fees are reviewed annually by the Remuneration Committee having regard to analysis of the market and industry based data and trends. Fees are set to attract and retain high calibre directors and to reflect the workload and contribution required, the significant number of meetings scheduled each year and their role and responsibilities on the various committees of the Board. Non-executive directors remuneration consists of a fixed annual fee with no element of performance-related pay.

Table 2

Directors	*Short-term benefits*			*Post-employment benefits*		*Long-term employee benefits*	*Share-based payments*[4]	*Total*
Non-executive Directors	**Fee/ salary $**	**Bonus $**	**Non-monetary[1] $**	**Superannuation[2] $**	**DRA[3] $**	$	$	$
JA (Tony) Killen, Chairman								
2013	**165,000**	**-**	**-**	**14,850**	**2,819**	**-**	**-**	**182,669**
2012	165,000	-	-	14,850	4,645	-	-	184,495
DF Groves, Deputy Chairman								
2013	**99,620**	**-**	**5,000**	**20,730**	**5,523**	**-**	**-**	**130,873**
2012	105,000	-	5,000	15,350	15,124	-	-	140,474
AJM Williams								
2013	**82,500**	**-**	**5,000**	**7,875**	**-**	**-**	**-**	**95,375**
2012	96,875	-	-	8,719	-	-	-	105,594
JG Kennett								
2013	**80,000**	**-**	**5,000**	**7,650**	**-**	**-**	**-**	**92,650**
2012	80,164	-	5,000	7,665	-	-	-	92,829
AM O'Donnell								
2013	**124,587**	**-**	**5,000**	**11,663**	**-**	**-**	**-**	**141,250**
2012	90,000	-	5,000	8,550	-	-	-	103,550
KJ Eley[5]								
2013	**90,000**	**-**	**5,000**	**8,550**	**-**	**-**	**-**	**103,550**
2012	30,630	-	5,000	26,500	-	-	-	62,130
JR McConnell[6]								
2012	6,042	-	-	28,475	-	-	-	34,517
Executive Director								
RBO Burns, Managing Director								
2013	**425,689**	**181,440**	**7,841**	**16,470**	**-**	**3,905**	**153,319**	**788,664**
2012	420,238	91,800	13,987	15,775	-	4,563	80,618	626,981

1. Non-monetary items include eligible salary sacrificed items and any fringe benefits tax. This includes any sacrificed amounts into EQT shares in accordance with the EQT Salary Sacrifice Share Plan.
2. Superannuation includes the SGC and, in some cases, additional superannuation payments that have been sacrificed from directors' fees and entitlements.
3. Directors' Retiring Allowance (DRA) represents the movement in the accrual for directors' retiring allowance and is calculated in accordance with the accounting policy as outlined in note 3.8 to the financial statements. At the 2005 AGM, shareholders approved an increase in the directors' fees cap on the condition that the DRA scheme was grandfathered for existing directors and closed to future directors. The DRA for then participating directors was frozen as at 31 December 2005, however the frozen amounts are inflation adjusted annually for the movement in CPI. Upon retirement, directors participating in the DRA scheme are paid their DRA balance, as noted below.
4. This is the expensed accounting cost of the actual and potential outcomes of the Awards made in 2010/11, 2011/12 and 2012/13. Refer also to footnote 3 on page 11.
5. Mr K J Eley was appointed a director on 25 November 2011.
6. Mr J R McConnell retired as a director on 28 October 2011 and was paid a DRA of $93,068 from the frozen DRA balance plus a CPI adjustment, where the annual CPI adjustment has been included in each annual Remuneration Report since the fund was frozen in 2005.

There were no termination payments made to directors during the year ended 30 June 2013 (2012: Retirement payment to Mr JR McConnell of $93,068).

Executive Remuneration

Remuneration entitlements of the key management personnel of the Group during the year are made up of a cash component, as well as an accounting-based accrual for such items as long-term employee benefits and share based payments, as per the following table:

Table 3

Executives	*Short-term employee benefits*		*Post employment benefits*	*Total Employment Cost (TEC)*	*Short-term bonus / incentive*	*Long-term*	*Share based payments*[3]	*Total*
	Salary	**Non-monetary**[1]	**Super-annuation**[2]			**employee benefits**		
	$	**$**	**$**	**$**	**$**	**$**	**$**	$
HH Kalman, Head of Corporate Fiduciary & Financial Services								
2013	**277,243**	**6,287**	**16,470**	**300,000**	**115,524**	**2,536**	**48,026**	**466,086**
2012	276,130	8,095	15,775	300,000	36,945	10,734	7,599	355,278
T Ryan, CFO & Company Secretary								
2013	**266,819**	**8,311**	**24,870**	**300,000**	**95,970**	**5,166**	**48,026**	**449,162**
2012	242,074	8,551	49,375	300,000	38,865	16,609	7,599	363,073
GR Rimmer Head of Private Wealth Services[4]								
2013	**259,644**	**5,000**	**28,171**	**292,815**	**86,220**	**1,145**	**31,954**	**412,134**
2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
RE Bessemer, General Manager, Operations & Technology								
2013	**206,422**	**-**	**16,470**	**222,892**	**59,832**	**2,966**	**33,486**	**319,176**
2012	182,340	-	15,113	197,453	24,137	1,170	9,520	232,280
PB Maddox, Head of Legal, Risk Management & Compliance								
2013	**217,431**	-	**19,569**	**237,000**	**40,725**	**1594**	**37,814**	**317,133**
2012	217,431	-	19,569	237,000	21,339	11,425	4,852	274,616
PJ Galagher, Head of Wealth Management[5]								
2013	**174,776**	**8,266**	**7,825**	**190,867**	**-**	**(1,587)**	**(15,685)**	**173,595**
2012	171,893	14,170	13,937	200,000	22,398	1,228	15,685	239,311
LD Wraith, Head of Personal Estates & Trusts[6]								
2013	**165,184**	**-**	**14,491**	**179,675**	**-**	**(14,738)**	**(40,275)**	**124,662**
2012	245,737	-	22,090	267,827	32,176	8,839	6,175	315,017
SR Manuell, Head of Asset Management[7]								
2013	**109,316**	**-**	**9,607**	**118,923**	**18,578**	**2,760**	**(45,637)**	**94,624**
2012	239,225	-	15,775	255,000	74,810	13,164	5,511	348,485
AD Young, Managing Director, Equity Trustees Superannuation[8] Limited								
2013	**40,077**	**719**	**1,754**	**42,550**	**0**	**(3,555)**	**-**	**38,995**
2012	200,312	8,622	46,066	255,000	32,844	13,031	-	300,875

1 Non-monetary items include eligible salary sacrificed items and any fringe benefits tax. This includes any sacrificed amounts into EQT shares in accordance with the EQT Salary Sacrifice Share Plan.

2 Superannuation includes the SGC and, in some cases, additional superannuation payments that have been sacrificed from salary.

[3] Share-based payments relate to the value of Awards. The value attributable to Awards is based on the accounting cost, using the fair value at grant date. For the EPS criterion an assessment is made of the likely achievement of performance hurdles over the three year measurement period and the accounting cost is adjusted accordingly. The EPS criterion for the 2010/11 Series which ended on 30 June 2013 was achieved at 25% of the maximum. Where an executive ceases employment during the year, there is a write-back of prior year EPS accounting costs which can result in a negative figure in the current year. For the Total Shareholder Return (TSR) criterion the accounting standard requires the accounting cost to be spread over the measurement period regardless of the extent of achievement of the criterion. The TSR for the 2010/11 Series which ended on 30 June 2013 was not achieved, however in accordance with the TSR arrangements, a fourth year re-test will be conducted during the year ending 30 June 2014. Regardless of the outcome of TSR Awards, 100% of the accounting cost is charged against executive remuneration packages, even though the executive may receive a lesser award when measures are finalised.

[4] Mr GR Rimmer became a key management person effective 2 July 2012. Therefore, comparative figures are not applicable.

[5] Mr PJ Galagher ceased to be a key management person effective 1 February 2013.

[6] Mr LD Wraith ceased to be a key management person effective 31 December 2012.

[7] Mr SR Manuell ceased to be a key management person effective 9 January 2013.

[8] Mr AD Young ceased to be a key management person effective 31 July 2012.

n/a Not Applicable.

Link between profit outcomes and executive remuneration

In line with the short-term incentive criteria, short-term incentives and sales related bonuses, were earned by members of the executive team. Based on 2012/13 criteria, when compared to actual 2012/13 performance, approximately 59% (2012: 31%) of the maximum short-term incentive opportunity has been awarded to eligible employees. Individual awards to executives were in the range of 43% to 67% of maximum possible short-term incentives.

In relation to the long-term incentive measurement criteria, as described below, eligible participants were awarded 25% of their individual award for the EPS measure for the 2010/11 Series which ended 30 June 2013. No awards were made for the 2010/11 Series TSR measure as the required threshold was not achieved, however a fourth year re-test of the TSR measure will be conducted during the year ending 30 June 2014.

Employment agreements

The employment agreements for the Managing Director and key management personnel are ongoing, permanent full-time agreements which do not have a stipulated fixed term. The designated notice period for the Managing Director is six months. For Mr GR Rimmer it is three months, otherwise, notice periods are based on minimum statutory standards.

Executive Performance Share Plan

LTiP awards (Awards) are offered to executives under the Equity Trustees Limited Executive Performance Share Plan 1999 (the Plan). The first issue of Awards commenced with the 2005/06 Series and has continued in each subsequent year.

The structure of the Plan approved by the EQT Remuneration Committee forms part of the remuneration structure of eligible executives, in particular, the long-term incentive component of remuneration.

The following is an overview of the key features of the Plan as determined by the Remuneration Committee and approved by the Board:

- the Remuneration Committee will consider and approve participants under the Plan;
- the value of the Award is determined by the Remuneration Committee;
- the number of share entitlements issued to each participant for a particular Series is calculated by dividing the value of the Award by the weighted average share price of EQT shares traded during the three month period to 30 June of each year;
- the performance criteria are based on:
  - Total Shareholder Return (TSR) for the Managing Director only; and
  - EPS for all participants;
- the criteria are selected as they are aligned to long-term growth in shareholder value;
- TSR is defined as the increase in share price over the three year measurement period, plus dividends reinvested over the three year period. This is compared to a Comparator Group based on the ASX200 Index and a vesting scale applied;.
  - the vesting scale for live TSR Awards for series 2011/12 and 2012/13 is:
    - a TSR ranking of 50th percentile achieves 50% of the available Award; or
    - a TSR ranking of 75th percentile or above, achieves 100% of the available Award;
- EPS is based on normalised operating profit before tax, which excludes approved non-operating items, such as profits/losses on the sale of investments. The EPS is compared to the base year and a vesting scale applied to calculate earned entitlements;
- the vesting scale for live EPS Awards is:
  - growth in pretax operating EPS of 5% p.a. over the three year measurement period achieves 25%

of the available Award; or
    - growth in pretax operating EPS of 15% p.a. over three year measurement period achieves 100% of the available Award;
- the term of each Award series is a three year period, with additional performance assessments during the fourth year, if applicable. In relation to Awards aligned to the TSR criterion, if the full Award is not achieved after the initial three year period, a fourth year measurement period is undertaken. There is no fourth year EPS performance assessment, regardless of the outcome after the initial three year period;
- each share entitlement converts to one ordinary share of EQT on exercise;
- no amounts are paid or payable by participants on receipt of the share entitlements;
- the share entitlements carry neither rights to dividends nor voting rights;
- the number of share entitlements on issue is adjusted for any capital reconstructions during the measurement period;
- holders of share entitlements do not have a right, by virtue of the entitlements held, to participate in any new share issue of the Company;
- the participant must be employed within the Group for the duration of the measurement period to exercise any share entitlements;
- shares are subject to forfeiture conditions during the three year measurement period;
- shares can be assigned disposal restrictions of between zero and four years which will apply to shares issued following the three year measurement period;
- dividends are received by participants once awards are vested into shares;
- the use of hedging or derivative techniques is not permitted until shares are released from the forfeiture condition. If hedging or derivative techniques are used during the period when there is still a forfeiture condition in place, then the shares are forfeited; and
- the EQT Securities Dealing Policy also makes reference to the ban on hedging or derivative techniques and applies to all EQT employees.

In accordance with the Plan, variations to the above features may apply, where approved by the Board. The grant date for the 2012/13 Series was 26 July 2012 for executives and 26 October 2012 for the Managing Director. There were no alterations to terms or conditions of the 2012/13 Series compared to the prior year.

In relation to the 2010/11 Series, the minimum EPS criterion was achieved at the conclusion of the three year measurement period ended 30 June 2013. This has resulted in 8,330 EQT shares being awarded and the forfeiture of 24,989 EPS Awards. No shares were awarded under the TSR criterion which is subject to a fourth year re-test at the end of the year ending 30 June 2014.

The following unvested share-based payment arrangements under the LTiP were in existence during the period:

Award Series	***Number at 30 June 2013***	***Grant date***	***Expiry date***	***Exercise price***	***Fair value at Grant date***	***Total maximum future accounting value of Grant****
				$	**$**	**$**
2012/13 Series	73,216	**	30/06/2015	Nil	10.22	498,620
2011/12 Series	63,770	***	30/06/2014	Nil	9.64	145,354
2010/11 Series	8,044	****	30/06/2014	Nil	12.27	Nil

* The minimum future accounting value of each Grant is nil.
** The Grant date for executives was 26 July 2012 and for the Managing Director, 26 October 2012.
*** The Grant date for executives was 12 August 2011 and for the Managing Director, 28 October 2011.
**** These are TSR Awards applicable to the Managing Director only. The Grant date was 29 October 2010.

The share entitlements were valued by PricewaterhouseCoopers using an adjusted form of the Black-Scholes Option Pricing Model that incorporates a Monte Carlo simulation analysis. The model has been modified (for Award Series prior to the 2011/12 Series) to incorporate an estimate of the probability of achieving the TSR hurdle and the number of share entitlements vesting.

	2012/13 Series		***2011/12 Series***		***2010/11 Series***	
Inputs into the model	***Managing Director***	***Other participants***	***Managing Director***	***Other participants***	***Managing Director***	***Other participants***
Grant date share price	$14.50	$11.80	$13.15	$11.54	$15.85	$14.74
Exercise price	Nil	Nil	Nil	Nil	Nil	Nil
Expected volatility	27%	27%	30%	30%	35%	35%
Share entitlement life*	3 years	3 years	3 years	3 years	3 years	3 years
Dividend yield	6.5%	6.5%	6.5%	6.5%	6.0%	6.0%
Risk-free interest rate	2.63%	2.25%	3.94%	3.75%	4.87%	4.56%

*In accordance with the Plan, the measurement of performance criteria is at the end of the three year period ending 30 June, however if the

TSR performance criterion (Managing Director only) is not fully achieved a further assessment at the end of the fourth year will apply.

The following reconciles the outstanding share entitlements granted under the Plan at the beginning and end of the financial year:

	2013 Number of share entitlements	2012 Number of share entitlements
Balance of Awards not vested at beginning of the financial year	118,392	101,480
New Awards granted during the financial year	88,036	63,770
Awards exercised into shares during the financial year	-	-
Awards vested during the financial year	(8,330)	-
Awards forfeited during the year	(71,618)	(46,858)
Balance of Awards not vested at end of the financial year[1]	126,480	118,392
Vested and Exercisable Awards – Balance at end of the financial year[1]	42,121	44,888

[1] The share entitlements outstanding at the end of the financial year had an exercise price of nil. The share entitlements outstanding at the end of the financial year, excluding the share entitlements exercisable at the end of financial year, had a weighted average remaining contractual life of 576 days (2012: 561 days). For the TSR component of the Managing Director's award, a further TSR test may be available at the end of the fourth year if the performance criteria is not achieved at the end of the three year measurement period.

The following is a summary of movements in Awards in respect of key management personnel:

2013	Balance of Awards at 1 July 2012 No.	Awards granted as compensation No.	Awards exercised into shares No.	Awards forfeited[1] No.	Balance of Awards at 30 June 2013 No.	Awards vested & exercisable (excluding those already exercised) No.	Balance of Awards not vested at 30 June 2013[2] No.	Vested during 2013 year No.
RBO Burns	32,596	21,986	-	(6,033)	48,549	(2,011)	46,538	2,011
T Ryan	26,237	9,771	-	(5,394)	30,614	(13,506)	17,108	1,798
HH Kalman	26,237	9,771	-	(5,394)	30,614	(13,506)	17,108	1,798
PB Maddox	21,975	7,719	-	(4,353)	25,341	(11,826)	13,515	1,451
RE Bessemer	2,969	7,328	-	-	10,297	-	10,297	-
GR Rimmer	-	9,771	-	-	9,771	-	9,771	-
SR Manuell	23,516	8,306	(11,097)	(20,725)	-	-	-	-
LD Wraith	10,988	-	-	(10,988)	-	-	-	-
PJ Galagher	4,891	6,514	-	(11,405)	-	-	-	-

[1] The value of awards forfeited for key management personnel during the year ended 30 June 2013 was $270,162 for the 2010/11 Series.

[2] The balance of awards not vested at 30 June 2013 does not necessarily represent awards that will be vested in the future. The balance will remain until the respective measurement periods have been completed and a final assessment is made.

2012	Balance of Awards at 1 July 2011 No.	Awards granted as compensation No.	Awards exercised into shares No.	Awards forfeited[1] No.	Balance of Awards at 30 June 2012 No.	Awards vested & exercisable (excluding those already exercised) No.	Balance of Awards not vested at 30 June 2012[2] No.	Vested during 2012 year No.
RBO Burns	16,088	16,508	-	-	32,596	-	32,596	-
T Ryan	27,804	7,337	-	(8,904)	26,237	(11,708)	14,529	-
HH Kalman	27,804	7,337	-	(8,904)	26,237	(11,708)	14,529	-
SR Manuell	25,380	6,236	-	(8,100)	23,516	(11,097)	12,419	-
PB Maddox	23,860	5,796	-	(7,681)	21,975	(10,375)	11,600	-
LD Wraith	11,236	5,625	-	(5,873)	10,988	-	10,988	-
PJ Galagher	-	4,891	-	-	4,891	-	4,891	-
RE Bessemer	-	2,969	-	-	2,969	-	2,969	-

[1] The value of awards forfeited for key management personnel during the year ended 30 June 2012 was $57,889 for the 2008/09 Series and $431,617 for the 2009/10 Series.

[3] The balance of awards not vested at 30 June 2012 does not necessarily represent awards that will be vested in the future. The balance will remain until the respective measurement periods have been completed and a final assessment is made.

NON-AUDIT SERVICES

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 11 to the financial statements.

AUDITORS' INDEPENDENCE DECLARATION

The auditors' independence declaration is included on page 17 of the financial report.

LICENSED TRUSTEE

Equity Trustees Limited is licensed under the Corporations Act to provide traditional trustee company services. This includes performing estate management functions, preparing a will, preparing a trust instrument, preparing a power of attorney or preparing an agency agreement, applying for probate of a will, applying for grant of letter of administration or electing to administer a deceased estate, and establishing and operating common funds. Assets and liabilities of trusts, estates and agencies for which the Company acts as trustee, executor or agent, are not included in the Company's financial statement.

On behalf of the directors

Mr Robin BO Burns
Managing Director
Dated 29 August 2013

BOARD OF DIRECTORS' PROFILES

The qualifications and experience of the Board of Directors of Equity Trustees Limited, before, during and since the year ended 30 June 2013 is as follows:

JA (Tony) Killen OAM - Chairman
BA, FAICD, FAIM
Chairman – Appointed 30 August 2007
Non-Executive Director – Appointed September 2002
Member of Equity Trustees' Remuneration, Human Resources & Nominations Committee since September 2004.
Tony is Chairman of listed company Templeton Global Growth Fund Ltd and Chairman of CCI Asset Management Ltd. He is also a non-executive director of Victoria Golf Club Limited and Catholic Church Insurance Ltd.
Tony is a former Group Managing Director and Chief Executive Officer of AXA Asia Pacific Holdings Ltd, having had a 36 year career with the National Mutual/AXA Group. He was also Chairman of Australia's largest not-for-profit health services provider, Sisters of Charity Health Service Ltd. Tony was also a non-executive director of listed company IRESS Market Technology Ltd and Chairman of Sisters of Charity Community Care Ltd.
In 2010, Mr Killen was awarded the Medal of the Order of Australia.

Robin BO Burns - Managing Director
DipAcc, FAICD
Executive Director since 1 March 2010
Member of the newly created Board Investment Committee from 1 July 2013.
Robin was appointed Managing Director of Equity Trustees on 1 March 2010. Before joining Equity Trustees he was, from 2002, Chief Executive Officer of Equipsuper Pty Ltd, the trustee company for the Equipsuper multi-employer superannuation fund. Robin is a non-executive director of the Financial Services Council.
Robin previously worked for AXA Asia Pacific, where he held the positions of General Manager, Corporate Affairs and Chief Executive, Risk Insurance and for the stockbroking firm Prudential-Bache Securities (Australia), where he was Managing Director, having joined the firm as Chief Financial Officer.
Robin has 27 years of experience in the financial services industry. He gained his initial professional qualification as a chartered accountant in the UK in 1981.

David F Groves – Deputy Chairman
BCom, MCom, CA, FAICD
Deputy Chairman since December 2007
Non-Executive Director since November 2000
Chairman of Equity Trustees' Audit & Compliance Committee since January 2003.
David is a director of Pipers Brook Vineyard Pty Ltd, BCD Resources NL and Kambala, a leading girls' school in Sydney. He is also an executive director of a number of private companies.
David is a former director of Tassal Group Limited, GrainCorp Limited, Mason Stewart Publishing, and Camelot Resources NL, and a former executive with Macquarie Bank Limited and its antecedent, Hill Samuel Australia.

Alice J M Williams - Director
BCom, FCPA, FAICD, ASFA AIF, CFA
Non-Executive Director – Appointed September 2007
Member of Equity Trustees' Remuneration, Human Resources & Nominations Committee since July 2011. Appointed Chairman in August 2011.
Member of the newly created Board Investment Committee from 1 July 2013.
Member of Equity Trustees' Audit & Compliance Committee between September 2007 and February 2012.
Alice has over 25 years' senior management and Board level experience in the corporate and Government sectors specialising in investment management, corporate advisory and equity fundraising.

Other non-executive directorships include; Djerriwarrh Investments Ltd, Defence Health, Guild Group Holdings Limited, Strategic Analytics (Australia) Pty Ltd, Victorian Funds Management Corporation and Port of Melbourne Corporation. Alice is also a council member at the Cancer Council of Victoria.
Alice was formerly a director of Avion Technology Pty Ltd, State Trustees, NM Rothschild and Sons (Australia) Limited, Director of Strategy and Planning for Ansett Australia Holdings Limited and a Vice President at JP Morgan Australia.

The Hon Jeffrey G Kennett AC - Director
HonDBus (Ballarat)
Non-Executive Director – Appointed September 2008
Member of Equity Trustees' Remuneration, Human Resources & Nominations Committee since September 2008.
Jeff was an Officer in the Royal Australian Regiment, serving at home and overseas. He was a Member of the Victorian Parliament for 23 years, and was Premier of Victoria from 1992 to 1999.
Jeff is currently Chairman of Open Windows Australia Proprietary Limited, CT Management Group Pty Ltd, Amtek Corporation Pty Ltd and beyondblue, the national depression initiative. He is also Chairman of the Board of Management of PFD Food Services Pty Ltd and a Director of Jumbuck Entertainment Limited.
He is currently patron of a number of community organisations and was formerly President of the Hawthorn Football Club.
In 2005, Mr Kennett was awarded the Companion of the Order of Australia.

Anne M O'Donnell – Director
BA (Bkg & Fin), MBA, FAICD, SF Fin
Non-Executive Director – Appointed September 2010
Member of Equity Trustees' Audit & Compliance Committee since December 2010.
Member of the newly created Board Investment Committee from 1 July 2013.
Chair of Equity Trustees Superannuation Limited since July 2012, a wholly owned subsidiary of the Group
Anne has some 33 years' experience in the finance sector. She is an experienced executive and non-executive director in the listed, not-for-profit, and mutual sectors.
Anne is a director of the Australian Institute of Company Directors, Community CPS Australia Ltd (trading as Beyond Bank Australia), Eastwoods Pty Ltd and The Winston Churchill Memorial Trust. Anne is also an external member of the UBS Global Asset Management (Australia) Ltd Compliance Committee and a member of IP Australia Audit and Evaluation Committee.
Anne is the former Managing Director of Australian Ethical Investment Ltd. Anne was formerly a director of the Financial Services Council, The Centre for Australian Ethical Research Pty Ltd, the ANZ Staff Superannuation Fund and The Grain Growers Association Ltd.

Kevin J Eley – Director
CA, F FIN
Non-Executive Director – Appointed November 2011
Member of Equity Trustees' Audit & Compliance Committee since November 2011.
Chairman of the newly created Board Investment Committee from 1 July 2013.
Kevin is a Chartered Accountant and a Fellow of the Financial Services Institute of Australia. He has over 30 years' experience in management, financing and investment and has worked for a major international accounting firm, two investment banks and was CEO of HGL Limited and remains as a non-executive director.
Other current non-executive directorships include: Kresta Holdings Limited, Milton Corporation Limited and PO Valley Energy Limited.
Kevin's previous public company directorships were Desane Group Holdings Limited, Solander Holdings Limited, Leutenneger Limited, Laubman and Pank Limited and Sabre Group Limited.

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29 August 2013

The Board of Directors
Equity Trustees Limited
Level 2, 575 Bourke Street
MELBOURNE VIC 3000

Dear Board Members

Equity Trustees Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Equity Trustees Limited.

As lead audit partner for the audit of the financial statements of Equity Trustees Limited for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Neil Brown
Partner
Chartered Accountants

Equity Trustees Limited
ABN 46 004 031 298

Directors' Declaration for the financial year ended 30 June 2013

The directors declare that:

a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 to the financial statements;

c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company and the Group; and

d) the directors have received from the Managing Director and the Chief Financial Officer the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the directors

Mr Robin BO Burns
Managing Director
Melbourne, 29 August 2013

Equity Trustees Limited
ABN 46 004 031 298
Statement of Profit or Loss
for the financial year ended 30 June 2013

	Note	Consolidated		Company	
		2013	**2012**	**2013**	**2012**
		$	$	$	$
Revenue	6	46,271,766	42,608,751	31,963,935	28,707,119
Other revenue	6	1,210,028	1,037,990	4,127,842	6,948,700
Total revenue	6	**47,481,794**	**43,646,741**	**36,091,777**	**35,655,819**
Employee benefits expenses	8	23,984,849	22,499,151	18,238,950	15,924,726
Other employment and consulting expenses		1,081,422	1,333,411	767,296	1,043,634
Audit and tax advice expenses		345,011	337,139	282,011	271,810
Depreciation and amortisation expenses	8	1,126,302	1,139,720	1,022,806	1,010,452
Management rights amortisation	8	238,765	235,307	-	-
Insurance expenses		564,668	542,491	434,460	421,652
Legal, consulting and regulatory expenses		2,085,184	868,849	1,855,704	624,005
Marketing expenses		1,153,714	1,261,282	919,849	1,035,249
Information technology expenses		1,645,591	1,532,490	1,255,560	1,207,187
Occupancy expenses		1,586,965	1,397,991	984,493	883,677
Other expenses		1,151,961	807,983	645,608	410,987
Total expenses		**34,964,432**	**31,955,814**	**26,406,737**	**22,833,379**
Profit before income tax expense		**12,517,362**	**11,690,927**	**9,685,040**	**12,822,440**
Income tax expense	9	3,845,961	3,309,814	2,354,305	2,380,665
Profit for the year		**8,671,401**	**8,381,113**	**7,330,735**	**10,441,775**
Attributable to:					
Owners of the Company		8,671,401	8,384,848	7,330,735	10,441,775
Non-controlling interests	34	-	(3,735)	-	-
		8,671,401	**8,381,113**	**7,330,735**	**10,441,775**
Earnings per share					
Basic (cents per share)	28	96.65	96.74		
Diluted (cents per share)	28	95.50	95.99		

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Equity Trustees Limited
ABN 46 004 031 298
Statement of Comprehensive Income
for the financial year ended 30 June 2013

	Note	Consolidated		Company	
		2013	2012	2013	2012
		$	$	$	$
Net profit after income tax expense from continuing operations		**8,671,401**	**8,381,113**	**7,330,735**	**10,441,775**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Realised (gain)/loss on sale of available-for-sale investments		(692,563)	(625,583)	(692,563)	(625,583)
Increase/(decrease) from revaluation of available-for-sale investments		417,151	(671,932)	417,151	(671,932)
Income tax relating to components of other comprehensive income		80,214	367,718	80,214	367,718
Total comprehensive income for the year		**8,476,203**	**7,451,316**	**7,135,537**	**9,511,978**
Attributable to:					
Owners of the Company		8,476,203	7,455,051	7,135,537	9,511,978
Non-controlling interests	34	-	(3,735)	-	-
		8,476,203	**7,451,316**	**7,135,537**	**9,511,978**

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Equity Trustees Limited
ABN 46 004 031 298
Statement of Financial Position
at 30 June 2013

	Note	Consolidated 2013 $	Consolidated 2012 $	Company 2013 $	Company 2012 $
Current assets					
Cash and cash equivalents	37	9,891,934	9,898,656	8,884,807	9,408,226
Trade and other receivables	12	5,575,576	4,870,866	6,165,676	4,895,588
Other	13	2,441,146	2,720,388	2,161,141	2,365,731
Total current assets		**17,908,656**	**17,489,910**	**17,211,624**	**16,669,545**
Non-current assets					
Trade and other receivables	14	108,186	108,186	108,186	108,186
Other financial assets	15	5,450,883	2,855,198	37,612,456	36,528,799
Property, plant and equipment	16	1,446,219	909,983	1,359,397	802,555
Intangible assets	17	34,183,899	33,063,017	5,042,613	3,617,670
Deferred tax assets	9	1,764,129	1,623,706	1,468,550	1,266,270
Goodwill	18	9,507,853	9,432,878	-	-
Total non-current assets		**52,461,169**	**47,992,968**	**45,591,202**	**42,323,480**
Total assets		**70,369,825**	**65,482,878**	**62,802,826**	**58,993,025**
Current liabilities					
Trade and other payables	19	791,865	622,284	531,554	458,196
Provisions	20	3,768,854	2,742,754	3,423,248	2,024,344
Other current liabilities	21	60,691	96,957	55,470	88,663
Current tax payable	9	1,205,708	540,331	1,190,544	540,331
Total current liabilities		**5,827,118**	**4,002,326**	**5,200,816**	**3,111,534**
Non-current liabilities					
Provisions	22	1,470,496	1,383,953	1,053,319	967,771
Other non-current liabilities	23	384,056	434,401	484,066	534,411
Deferred tax liabilities - investment revaluation	9	98,155	185,796	98,155	185,796
Total non-current liabilities		**1,952,707**	**2,004,150**	**1,635,540**	**1,687,978**
Total liabilities		**7,779,825**	**6,006,476**	**6,836,356**	**4,799,512**
Net assets		**62,590,000**	**59,476,402**	**55,966,470**	**54,193,513**
Equity					
Issued capital	25	49,601,432	47,481,389	49,601,432	47,481,389
Investment revaluation reserve	27	229,268	424,466	229,268	424,466
Other reserves	26	1,147,222	846,017	1,147,222	846,017
Retained earnings		11,612,078	10,728,240	4,988,548	5,441,641
Equity attributable to owners of the Company		**62,590,000**	**59,480,112**	**55,966,470**	**54,193,513**
Non-controlling interests	34	-	(3,710)	-	-
Total equity		**62,590,000**	**59,476,402**	**55,966,470**	**54,193,513**

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Equity Trustees Limited
ABN 46 004 031 298
Statement of Changes in Equity
for the financial year ended 30 June 2013

Consolidated	Fully paid ordinary shares $	Reserves: Investment revaluation $	Retained earnings $	Reserves: Equity settled employee benefits $	Reserves: Non-controlling interests $	Total equity $
Balance at 1 July 2011	43,489,257	1,354,263	10,074,585	515,502	25	55,433,632
Profit/ (loss) for the period	-	-	8,384,848	-	(3,735)	8,381,113
Decrease from revaluation of available for sale investments	-	(671,932)	-	-	-	(671,932)
Related income tax	-	180,830	-	-	-	180,830
Gain on sale of available for sale investments	-	(625,583)	-	-	-	(625,583)
Related income tax	-	186,888	-	-	-	186,888
Total comprehensive income/ (loss) for the period	-	(929,797)	8,384,848	-	(3,735)	7,451,316
Shares issued under dividend reinvestment plan	1,591,253	-	-	-	-	1,591,253
Shares issued under share placement	2,421,242	-	-	-	-	2,421,242
Shares issued - salary sacrifice	45,988	-	-	-	-	45,988
Share issue costs	(94,787)	-	-	-	-	(94,787)
Related income tax	28,436	-	-	-	-	28,436
Provision for executive share entitlements	-	-	-	147,515	-	147,515
Provision for employee share acquisition plan	-	-	-	183,000	-	183,000
Payment of dividends	-	-	(7,731,193)	-	-	(7,731,193)
Balance at 30 June 2012	47,481,389	424,466	10,728,240	846,017	(3,710)	59,476,402
Profit/ (loss) for the period	-	-	8,671,401	-	-	8,671,401
Increase from revaluation of available for sale investments	-	417,151	-	-	-	417,151
Related income tax	-	(125,510)	-	-	-	(125,510)
Gain on sale of available for sale investments	-	(692,563)	-	-	-	(692,563)
Related income tax	-	205,724	-	-	-	205,724
Total comprehensive income/ (loss) for the period	-	(195,198)	8,671,401	-	-	8,476,203
Acquisition of non-controlling interest			(3,735)		3,710	(25)
Shares issued under dividend reinvestment plan	1,913,406	-	-	-	-	1,913,406
Shares issued under employee share acquisition scheme	176,256	-	-	(176,256)	-	-
Shares issued - salary sacrifice	39,865	-	-	-	-	39,865
Share issue costs	(13,549)	-	-	-	-	(13,549)
Related income tax	4,065	-	-	-	-	4,065
Provision for executive share entitlements	-	-	-	307,205	-	307,205
Provision for employee share acquisition plan	-	-	-	170,256	-	170,256
Payment of dividends	-	-	(7,783,828)	-	-	(7,783,828)
Balance at 30 June 2013	49,601,432	229,268	11,612,078	1,147,222	-	62,590,000

Company	Fully paid ordinary shares $	Reserves: Investment revaluation $	Retained earnings $	Reserves: Equity settled employee benefits $	Reserves: Non-controlling interests $	Total equity $
Balance at 1 July 2011	43,489,257	1,354,263	2,731,059	515,502	-	48,090,081
Profit for the period	-	-	10,441,775	-	-	10,441,775
Decrease from revaluation of available for sale investments	-	(671,932)	-	-	-	(671,932)
Related income tax	-	180,830	-	-	-	180,830
Gain on sale of available for sale investments	-	(625,583)	-	-	-	(625,583)
Related income tax	-	186,888	-	-	-	186,888
Total comprehensive income for the period	-	(929,797)	10,441,775	-	-	9,511,978
Shares issued under dividend reinvestment plan	1,591,253	-	-	-	-	1,591,253
Shares issued under share placement	2,421,242	-	-	-	-	2,421,242
Shares issued - salary sacrifice	45,988	-	-	-	-	45,988
Share issue costs	(94,787)	-	-	-	-	(94,787)
Related income tax	28,436	-	-	-	-	28,436
Provision for executive share entitlements	-	-	-	147,515	-	147,515
Provision for employee share acquisition plan	-	-	-	183,000	-	183,000
Payment of dividends	-	-	(7,731,193)	-	-	(7,731,193)
Balance at 30 June 2012	47,481,389	424,466	5,441,641	846,017	-	54,193,513
Profit for the period	-	-	7,330,735	-	-	7,330,735
Increase from revaluation of available for sale investments	-	417,151	-	-	-	417,151
Related income tax	-	(125,510)	-	-	-	(125,510)
Gain on sale of available for sale investments	-	(692,563)	-	-	-	(692,563)
Related income tax	-	205,724	-	-	-	205,724
Total comprehensive income for the period	-	(195,198)	7,330,735	-	-	7,135,537
Shares issued under dividend reinvestment plan	1,913,406	-	-	-	-	1,913,406
Shares issued under employee share acquisition scheme	176,256	-	-	(176,256)	-	-
Shares issued - salary sacrifice	39,865	-	-	-	-	39,865
Share issue costs	(13,549)	-	-	-	-	(13,549)
Related income tax	4,065	-	-	-	-	4,065
Provision for executive share entitlements	-	-	-	307,205	-	307,205
Provision for employee share acquisition plan	-	-	-	170,256	-	170,256
Payment of dividends	-	-	(7,783,828)	-	-	(7,783,828)
Balance at 30 June 2013	49,601,432	229,268	4,988,548	1,147,222	-	55,966,470

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Equity Trustees Limited
ABN 46 004 031 298
Statement of Cash Flows
for the financial year ended 30 June 2013

	Note	Consolidated		Company	
		2013 $	**2012 $**	**2013 $**	**2012 $**
Cash flows from operating activities					
Receipts from customers		54,695,142	49,318,659	39,296,686	35,193,355
Payments to suppliers and employees		(40,754,267)	(37,331,544)	(30,403,248)	(27,418,276)
Income tax paid		(3,324,370)	(4,071,694)	(3,324,370)	(4,071,694)
Net cash provided by operating activities	37 (b)	**10,616,505**	**7,915,421**	**5,569,068**	**3,703,385**
Cash flows from investing activities					
Payment for investment securities		(3,000,000)	-	(3,000,000)	-
Proceeds on sale of investment securities		773,977	1,400,976	773,977	1,400,976
Interest received		422,780	310,150	400,596	280,858
Dividends received		32,134	58,717	32,134	58,717
Proceeds from repayment of related party loans		-	-	3,477,924	3,360,000
Payment for property, plant and equipment		(943,709)	(303,253)	(943,709)	(301,642)
Payment for intangible assets		(1,950,882)	(537,220)	(1,950,882)	(537,220)
Payment for shares in a subsidiary		(75,000)	-	-	-
Payment for businesses		-	(1,384,589)	-	(1,384,589)
Net cash provided by/(used in) investing activities		**(4,740,700)**	**(455,219)**	**(1,209,960)**	**2,877,100**
Cash flows from financing activities					
Proceeds from issues of equity securities		-	2,421,267	-	2,421,242
Dividend received from related party		-	-	1,000,000	1,200,000
Payment for share issue cost		(13,549)	(94,787)	(13,549)	(94,787)
Dividend paid to members of the parent entity (net of shares issued under dividend reinvestment plan)		(5,868,978)	(6,140,619)	(5,868,978)	(6,140,619)
Net cash provided by financing activities		**(5,882,527)**	**(3,814,139)**	**(4,882,527)**	**(2,614,164)**
Net (decrease)/ increase in cash held		(6,722)	3,646,063	(523,419)	3,966,321
Cash and cash equivalents at beginning of financial year		9,898,656	6,252,593	9,408,226	5,441,905
Cash and cash equivalents at end of financial year	37 (a)	**9,891,934**	**9,898,656**	**8,884,807**	**9,408,226**

The above statement should be read in conjunction with the accompanying notes to the financial statements.

1. General information

Equity Trustees Limited (the Company) is a public company listed on the Australian Securities Exchange (trading under the symbol "EQT"), incorporated in Australia and operating solely in Australia.
Equity Trustees Limited's registered office and its principal place of business is Level 2, 575 Bourke St, Melbourne, Victoria 3000, Australia. Equity Trustees Limited and its subsidiaries (refer note 32) are referred to as 'the Group' in the following notes. The principal activities of the Group are described in note 35.

2. Application of new and revised Accounting Standards

2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)
The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

Amendments to AASB 101 'Presentation of Financial Statements'	The amendment part of AASB 2011-9 'Amendments to Australian Accounting Standards Presentation of Items of Other Comprehensive Income' introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Standards and Interpretations affecting the reported results or financial position
There were no new or revised Standards or Interpretations adopted in the current period that affected reported results or financial position.

2.2 Standards and Interpretations adopted with no effect on financial statements
The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements or on the presentation and disclosure of amounts in the financial statements but may affect the accounting for future transactions or arrangements.

Amendments to AASB 101 'Presentation of Financial Statement'	The amendments (part of AASB 2012-5 'Further Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle) requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position) when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The related notes to the third statement of financial position are not required to be disclosed.

2. Application of new and revised Accounting Standards (cont'd)

2.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 9 'Financial Instruments', and the relevant amending standards. The AASB has issued the following versions of AASB 9 and the relevant amending standards; • AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures' • AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure'. For annual reporting periods beginning before 1 January 2015, an entity may early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards.	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements' and AASB 2011- 7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'	1 January 2013	30 June 2014
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	1 January 2013	30 June 2014

2. Application of new and revised Accounting Standards (cont'd)

At the date of authorisation of the financial statements, there were no IASB Standards and IFRIC Interpretations also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

<u>Changes in accounting policies</u>
A number of Australian Accounting Standards and Interpretations are in issue but are not effective for the current year end. The following existing group accounting policies will change on adoption of these pronouncements:

<u>AASB 9</u>
AASB 9 'Financial Instruments' issued in December 2009 introduces new requirements for the classification and measurement of financial assets. AASB 9 amended in December 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition. Key requirements of AASB 9 are described as follows:

AASB 9 requires all recognised financial assets that are within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' to be subsequently measured at amortised cost or fair value. Under AASB 9 debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at their fair values. Also under AASB 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under AASB 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss. In relation to Equity Trustees, it is anticipated the main impact will be in relation to the classification and measurement of financial assets. In broad terms, the amendments require financial assets to be measured at fair value through profit and loss unless the criteria for amortised cost measurement are met or the entity qualifies and elects to recognise gains and losses on equity securities that are not held for trading directly in other comprehensive income. Currently, the Group's investments are designated as available for sale and any unrealised movements are taken to an investment revaluation reserve. Where an available for sale investment suffers a significant or prolonged impairment it must be written down through the profit and loss. However, any reversal of an unrealised impairment loss on equities is not taken to profit and loss but directly to reserves. On adoption of the Standard the non-equity investments in the portfolio will be measured at fair value through the profit and loss (if they do not qualify for amortised cost accounting) and all realised and unrealised gains and losses will be taken to the income statement. The equity investments will either be measured at fair value through the profit and loss, or if an election is made, at fair value through the statement of other comprehensive income. In the latter case the realised and unrealised movements will be taken up through the statement of other comprehensive income and will not be reclassified to profit and loss on disposal of the equity investments.

The directors anticipate that AASB 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 July 2015 and that the application of the new Standard will have an impact on amounts reported in respect of the Groups' financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

<u>AASB 10, AASB 11, AASB 12, AASB 127 (2011), AASB 128 (2011) and AASB 2011-7</u>
In August 2011, a package of six Standards on consolidation, joint arrangements, associates and disclosures was issued, including AASB 10, AASB 11, AASB 12, AASB 127 (2011), AASB 128 (2011) and AASB 2011-7. Key requirements of these six Standards are described below.

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements. Interpretation 112 'Consolidation – Special Purpose Entities' has been withdrawn upon the issuance of AASB 10. Under AASB 10, there is only one basis for consolidation, that is control. In addition, AASB 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in AASB 10 to deal with complex scenarios.

2. Application of new and revised Accounting Standards (cont'd)

AASB 11 replaces AASB 131 'Interests in Joint Ventures'. AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Interpretation 113 'Jointly Controlled Entities – Non-monetary Contributions by Venturers' has been withdrawn upon the issuance of AASB 11. Under AASB 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under AASB 131, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under AASB 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under AASB 131 can be accounted for using the equity method of accounting or proportionate consolidation.

AASB 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in AASB 12 are more extensive than those in the current standards.

AASB 2011-7 contains consequential amendments to a range of Australian Accounting Standards and Interpretations in light of the issuance of the five Standards above.

These six standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these six standards are applied early at the same time. The directors anticipate that these six standards will be adopted in the Group's consolidated financial statements for the annual period ending 30 June 2014. Based on the Group's current structure, the application of these six standards is not expected to have significant impact on amounts reported in the consolidated financial statements. It is anticipated application of AASB 12 may result in more extensive disclosures in the financial statements.

<u>AASB 13</u>
AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of AASB 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other Australian Accounting Standards require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in AASB 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under AASB 7 'Financial Instruments: Disclosures' will be extended by AASB 13 to cover all assets and liabilities within its scope. AASB 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that AASB 13 will be adopted in the Group's consolidated financial statements for the annual period ending 30 June 2014 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

<u>Amendments to AASB 132</u>
The amendments to AASB 132 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The amendments to AASB 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to AASB 132 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required. The directors anticipate that the application of these amendments to AASB 132 and AASB 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

<u>Annual improvements to AASBs 2009 – 2011 cycle</u>
The annual improvements to AASBs 2009 – 2011 cycle include a number of amendments to various AASBs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to AASBs include amendments to AASB 132 'Financial Instruments: Presentation'.
The amendments to AASB 132 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with AASB 112 'Income Taxes'. The directors anticipate that the amendments to AASB 132 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

2. Application of new and revised Accounting Standards (cont'd)

Other than as noted above, the adoption of the various Australian Accounting Standards and Interpretations in issue but not yet effective will not impact the Group's accounting policies. However, the pronouncements will result in changes to information currently disclosed in the financial statements. The Group does not intend to adopt any of these pronouncements before their effective date

3. Significant accounting policies

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements includes the separate financial statements of the Company and the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group and the Company comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 29 August 2013.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

3. Significant accounting policies (cont'd)

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

• deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;

• liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and

• assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Noncurrent Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3. Significant accounting policies (cont'd)

3.5 Goodwill
Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see 3.4 above) less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable on an accruals basis. Revenue is reduced for rebates and other similar allowances.

Fee and commission income
Fee and commission income is recognised when the related service has been performed. In relation to corpus commission a percentage of revenue is recognised on completion of each stage of the estate administration starting with the grant of probate and ending with the finalisation of the estate.

Dividend and interest revenue
Dividend and interest revenue are recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Dividend revenue from investments is recognised when the Group's right to receive payment has been established. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3.7 Leased assets
Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.8 Employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and directors' retiring allowance when it is probable that settlement will be required and they are capable of being measured reliably. The directors' retiring allowance was frozen as at 31 December 2005 except for an annual inflation adjustment in line with the movement in CPI.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Payments to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

3. Significant accounting policies (cont'd)

3.9 Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date. The Group has two types of equity settled share-based payments: the Long-term Incentive Awards and the Employee Share Acquisition Plan.

Fair value of the Long-term Incentive Awards is measured by using an adjusted form of the Black-Scholes option pricing model that incorporates a Monte Carlo simulation analysis. The model has been modified to incorporate an estimate of the probability of achieving the performance hurdle and the number of Awards vesting. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

The policy described above is applied to all equity-settled share-based payments that were granted after 7 November 2003 and vested after 1 January 2006. No amounts have been recognised in the financial statements in respect of other equity-settled shared-based payments.

Shares issued under the Employee Share Acquisition Plan are valued at fair value determined at the date of issue to employees and this amount is expensed in the income statement with a corresponding entry in issued capital.

3.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current tax</u>

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

<u>Deferred tax</u>

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. Significant accounting policies (cont'd)

Current and deferred tax for the year
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tax consolidation
The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Equity Trustees Limited is the head entity in the tax-consolidated group and the other members are identified in note 32. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by each member of the tax-consolidated group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. The Company and each of the entities in the tax-consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for the tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

Investment in tax-consolidated group
Under Australian tax law, the taxable profit made by a tax-consolidated group in relation to an entity leaving the Group depends on a range of factors, including the tax values and/or carrying values of assets and liabilities of the leaving entity, which vary in line with the transactions and events recognised in each entity. The taxable profit or loss ultimately made on any disposal of the investments within the tax-consolidated group will therefore depend upon when each entity leaves the tax-consolidated group and the assets and liabilities that the leaving entity holds at that time.

Because the consolidated entity has no current intention to dispose of any subsidiaries within the Group, a deferred tax liability has not been recognised in relation to investments within the tax-consolidated group. Furthermore, temporary differences that might arise on disposal of the entities in the tax-consolidated group cannot be reliably measured because of their inherent uncertainties surrounding the nature of any future disposal that might occur.

3.11 Cash and cash equivalents
Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

3.12 Plant, equipment and leasehold improvements
Plant, equipment and leasehold improvements are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation on plant and equipment is recognised so as to write off the cost or valuation of the assets less their residual values over their useful lives using the straight-line method. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

3. Significant accounting policies (cont'd)

An item of plant, equipment or leasehold improvement is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal or retirement of an item of plant, equipment or leasehold improvement is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

Computer hardware and equipment	2 – 8 years
Office furniture and equipment	1 - 15 years
Leasehold improvements	3 – 6 years

3.13 Intangible assets

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

• the technical feasibility of completing the intangible asset so that it will be available for use or sale;
• the intention to complete the intangible asset and use or sell it;
• the ability to use or sell the intangible asset;
• how the intangible asset will generate probable future economic benefits;
• the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
• the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

AASB138.118(b) Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation (if finite life intangible) and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Management rights

Management rights relating to the EquitySuper Master Trust business are carried at cost as a non-current intangible asset. The asset has an indefinite useful life and is accordingly not amortised but is subject to an ongoing impairment test (refer note 3.14). Management rights relating to the Freedom of Choice, Equity Superannuation Management, Holdfast Fund Services and Aged Care businesses are recorded at cost less accumulated amortisation and accumulated impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

3. Significant accounting policies (cont'd)

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

Useful lives of finite life intangible assets
The following useful lives are used in the calculation of amortisation expense:

Software	2-10 years
Management rights	5-12 years
Makegood asset	5 years

3.14 Impairment of tangible and intangible assets other than goodwill
At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.15 Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows (where the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. Significant accounting policies (cont'd)

3.16 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.17 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group does not have any financial assets classified as at 'fair value through profit or loss' or 'held-to-maturity'. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

<u>Available-for-sale financial assets</u>

Australian listed shares, and investments in managed investment schemes held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in note 39. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive payments is established.

<u>Loans and receivables</u>

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

<u>Impairment of financial assets</u>

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for unlisted shares classified as available-for-sale.

3. Significant accounting policies (cont'd)

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period. With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in the investment revaluation reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3. Significant accounting policies (cont'd)

3.18 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated fair value through the profit and loss, are subsequently at the higher of:

- the amount of the obligation under the contract, as determined under AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'; and
- the amount initially recognised less, where appropriate, cumulative amortisation in accordance with AASB 118 Revenue.

Other financial liabilities

The financial liabilities of the Group are classified as other financial liabilities. There are no financial liabilities classified as fair value through the profit and loss. Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.19 Goods and Services Tax

Revenues, 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, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgments, estimates, and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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.

The following are the critical judgements and key sources of estimation uncertainty used in the preparation of the financial statements that have a significant impact on the amounts recognised in the financial statements.

Employee entitlements
Judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in wages and salaries;
- future increases in on-costs; and
- experience of employee departures and probability of period of service being achieved.

Impairment of goodwill and indefinite life management rights
Determining whether goodwill or the indefinite life management rights are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and the indefinite life management rights have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

At 30 June 2013 the carrying amount of goodwill is $9,507,853 and $29,060,124 for the management rights (2012: $9,432,878 goodwill and $29,298,889 management rights). No impairment has been identified (30 June 2012: nil).

Intangible assets
The useful lives of intangible assets are reviewed annually. Any reassessment of useful lives in a particular year will affect the amortisation expense (either increasing or decreasing) through to the end of the reassessed useful life for both the current and future years.

Internally generated intangible asset
At 30 June 2013, the directors reviewed the status of the Group's internally generated intangible asset arising from development of in-house software, which is included in the consolidated statement of financial position at 30 June 2013 $1,293,893 (30 June 2012: $166,150). The project is progressing well, the development is technically feasible to complete, there is adequate resourcing to complete and there is the intention and ability to use the completed software.

Useful lives of plant, equipment and leasehold improvements
As described in note 3.12, the Group reviews the estimated useful lives of plant and equipment and leasehold improvements at the end of each annual reporting period. During this financial year, the directors have not determined any changes should be made to the useful lives of plant and equipment and leasehold improvements.

Provisions
As referred to in note 3.15, the amounts included in provisions represents the directors' best estimate of the future outflow of economic benefits that will be required to settle identified outstanding issues.

5. Discontinued operations

The Group did not have any discontinued operations (2012: nil)

6 Revenue

	Consolidated 2013 $	Consolidated 2012 $	Company 2013 $	Company 2012 $
The following is an analysis of the Group's revenue for the year:				
Revenue from service activities	46,271,766	42,608,751	31,963,935	28,707,119
Interest revenue:				
-Bank deposits	276,471	211,841	254,285	182,551
-Investments	57,116	918	57,116	918
Dividends from non-related companies	123,878	139,648	123,878	139,648
Dividends from wholly owned companies	-	-	3,000,000	6,000,000
Gain on sale of available-for-sale investments	692,563	625,583	692,563	625,583
Other revenue	60,000	60,000	-	-
	1,210,028	1,037,990	4,127,842	6,948,700
Total revenue	47,481,794	43,646,741	36,091,777	35,655,819

The following is an analysis of investment revenue earned on financial assets by category of asset:

	Consolidated 2013 $	Consolidated 2012 $	Company 2013 $	Company 2012 $
Available-for-sale financial assets	816,441	765,231	816,441	765,231
Loans and receivables (including cash and bank balances)	333,587	212,759	311,401	183,469
Total investment income for financial assets not designated as at fair value through the profit and loss	1,150,028	977,990	1,127,842	948,700

7 Finance cost

Neither the Group nor the Company have any borrowings. The finance cost for the year is nil (2012: nil).

8 Profit for the year

There is no profit or loss attributable to non-controlling interests (2012: loss of $3,735).

Profit for the year has been arrived at after crediting/(charging) the following gains and (losses):	Consolidated 2013 $	Consolidated 2012 $	Company 2013 $	Company 2012 $
Gain from disposal of available-for-sale investments	692,563	625,583	692,563	625,583
Gain/(loss) on disposal of property, plant and equipment	(5,706)	(1,177)	-	1,740
	686,857	624,406	692,563	627,323
Profit for the year includes the following expenses:				
Depreciation and amortisation:				
Depreciation of non-current assets	425,077	407,676	386,867	350,558
Amortisation of non-current assets	701,225	732,044	635,939	659,894
	1,126,302	1,139,720	1,022,806	1,010,452
Amortisation of management rights	238,765	235,307	-	-
Reversal of impairment of financial instrument	(44,617)	(70,090)	(44,617)	(70,090)
	1,320,450	1,304,937	978,189	940,362
Operating lease rental expenses:				
Minimum lease payments	1,383,092	1,173,780	932,212	829,900
Employee benefit expense:				
Post employment benefits:				
-Superannuation contributions	1,651,951	1,707,209	1,117,682	1,021,820
Share-based payments:				
-Equity-settled share-based payments	517,326	330,515	517,326	330,515
Other employee benefits	21,815,572	20,461,427	16,603,942	14,572,391
	23,984,849	22,499,151	18,238,950	15,924,726

9 Income taxes

	Consolidated 2013 $	Consolidated 2012 $	Company 2013 $	Company 2012 $
Income tax expense comprises:				
Current income tax expense	3,549,767	3,167,605	1,994,742	1,959,360
Prior year tax adjustments recognised in the current year	(20,638)	(40,863)	(19,524)	278,858
Deferred tax expense relating to the origination and reversal of temporary differences	111,108	(3,816)	173,363	(44,441)
Deferred tax reclassified from equity to profit or loss	205,724	186,888	205,724	186,888
Total income tax expense	3,845,961	3,309,814	2,354,305	2,380,665
The income tax expense for the year can be reconciled to accounting profit as follows:				
Profit before tax from continuing operations	12,517,362	11,690,927	9,685,040	12,822,440
Income tax expense calculated at 30%	3,755,209	3,507,277	2,905,512	3,846,732
Non-deductible expenses	455,457	177,656	398,956	75,903
Non-assessable income	(310,802)	(313,428)	(897,374)	(1,800,000)
Franked dividends	(33,265)	(20,828)	(33,265)	(20,828)
	3,866,599	3,350,677	2,373,829	2,101,807
Prior year tax adjustments	(20,638)	(40,863)	(19,524)	278,858
	3,845,961	3,309,814	2,354,305	2,380,665

The tax rate used in the above 2013 and 2012 reconciliations is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

	Consolidated 2013 $	Consolidated 2012 $	Company 2013 $	Company 2012 $
Income tax expense/ (credit) recognised directly in equity:				
Current tax:				
Share issue expenses deductible over 5 years	(9,111)	(12,352)	(9,111)	(12,352)
Deferred tax:				
Arising on transactions with equity participants:				
Share issue expenses deductible over 5 years	5,046	(16,084)	5,046	(16,084)
Total income tax recognised directly in equity	(4,065)	(28,436)	(4,065)	(28,436)
Income tax expense/ (credit) recognised in other comprehensive income:				
Deferred tax:				
(Increase)/decrease revaluation of available-for-sale investments	125,510	(180,830)	125,510	(180,830)
Reclassification from equity to profit and loss:				
Realised gain on sale of available-for-sale investments	(205,724)	(186,888)	(205,724)	(186,888)
	(80,214)	(367,718)	(80,214)	(367,718)
Current tax liabilities:				
Income tax payable	1,205,708	540,331	1,190,544	540,331
Deferred tax balances are presented in the statement of financial position as follows:				
Deferred tax asset	1,764,129	1,623,706	1,468,550	1,266,270
Deferred tax liability - investment revaluation	98,155	185,796	98,155	185,796

9 Income taxes (cont'd)

	Consolidated				
	Opening balance	Charged to income	Charged to equity	Other	Closing balance
2013	$	$	$	$	$
Gross deferred tax assets:					
Provisions	1,631,456	244,114	-	-	1,875,570
Expenditure deductible over 5 years	49,499	20,777	(5,046)	-	65,230
Property, plant and equipment	147,942	13,777	-	-	161,719
Intangible assets	(205,191)	(133,199)	-	-	(338,390)
	1,623,706	145,469	(5,046)	-	1,764,129
Gross deferred tax liabilities:					
Available-for-sale investments	(185,796)	205,724	(125,510)	7,427	(98,155)
2012					
Gross deferred tax assets:					
Provisions	1,472,837	158,619	-	-	1,631,456
Expenditure deductible over 5 years	59,274	(25,859)	16,084	-	49,499
Property, plant and equipment	142,496	5,446	-	-	147,942
Intangible assets	(89,994)	(115,197)	-	-	(205,191)
	1,584,613	23,009	16,084	-	1,623,706
Gross deferred tax liabilities:					
Available-for-sale investments	(553,514)	186,888	180,830	-	(185,796)

	Company				
	Opening balance	Charged to income	Charged to equity	Other	Closing balance
2013	$	$	$	$	$
Gross deferred tax assets:					
Provisions	1,348,982	308,040	-	-	1,657,022
Expenditure deductible over 5 years	49,499	20,777	(5,046)	-	65,230
Property, plant and equipment	69,096	15,342	-	-	84,438
Intangible assets	(201,307)	(136,833)	-	-	(338,140)
	1,266,270	207,326	(5,046)	-	1,468,550
Gross deferred tax liabilities:					
Available-for-sale investments	(185,796)	205,724	(125,510)	7,427	(98,155)
2012					
Gross deferred tax assets:					
Provisions	1,250,901	98,081	-	-	1,348,982
Expenditure deductible over 5 years	59,274	(25,859)	16,084	-	49,499
Property, plant and equipment	67,303	1,793	-	-	69,096
Intangible assets	(81,380)	(119,927)	-	-	(201,307)
	1,296,098	(45,912)	16,084	-	1,266,270
Gross deferred tax liabilities:					
Available-for-sale investments	(553,514)	186,888	180,830	-	(185,796)

The Group has no unrecognised deferred tax balances.

Tax consolidation

For information regarding tax consolidation, tax funding and tax sharing arrangements refer to note 3.10.

10 Key management personnel remuneration	**Consolidated**		**Company**	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
The aggregate compensation made to key management personnel of the Company and the Group is set out below:				
Short-term employee benefits	3,435,525	3,206,857	3,394,729	2,967,791
Post employment benefits (Superannuation)	235,511	334,557	233,757	285,779
Other long-term benefits	8,534	100,532	12,090	87,501
Share awards	251,028	137,559	251,028	137,559
	3,930,598	3,779,505	3,891,604	3,478,630

Full details of the remuneration of key management personnel for the year ended 30 June 2013 are outlined in the Directors' Report.
The share awards of key management personnel for the year ended 30 June 2013 are outlined in the Directors' Report.

Excluded from the above remuneration is a payment of $nil (2012: $93,068) paid to a retired director in accordance with the directors' retiring allowance scheme, as outlined in note 3.8 and the Remuneration report.

11 Auditors' remuneration	**Consolidated**		**Company**	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Auditors - Deloitte Touche Tohmatsu				
Corporate entities				
Audit & Assurance Services				
Audit and review of the consolidated financial statements	237,875	230,947	201,028	195,173
Audit services in accordance with regulatory requirements	72,944	70,820	50,941	49,457
	310,819	301,767	251,969	244,630
Other services				
Tax compliance services in respect of Group corporate entities	60,291	29,991	60,291	29,991
Other services	36,000	20,550	36,000	20,550
Total remuneration for corporate entities	407,110	352,308	348,260	295,171
Managed funds and superannuation funds				
Audit & Assurance Services				
Audit and review of managed and superannuation funds	1,019,769	957,626	889,961	824,802
Audit services in accordance with regulatory requirements	342,975	291,339	291,525	241,384
Other assurance services	8,000	-	8,000	
	1,370,744	1,248,965	1,189,486	1,066,186
Other services				
Taxation compliance services and review of constitutions, disclosure documents and tax returns for the Group's managed funds	602,043	553,400	584,558	536,425
Total remuneration for managed funds and superannuation funds	1,972,787	1,802,365	1,774,044	1,602,611

The 'Other services' amounts paid to Deloitte Touche Tohmatsu are in accordance with the Company's auditor independence policy as outlined in the Corporate Governance Statement.
The above fees for managed funds and superannuation funds were paid by the individual managed funds and superannuation funds.

12 Current trade and other receivables

	Consolidated 2013 $	Consolidated 2012 $	Company 2013 $	Company 2012 $
Trade receivables	3,574,608	3,085,021	3,294,580	2,724,302
Allowance for doubtful debts	(82,383)	(46,354)	(78,183)	(46,354)
Other	2,083,351	1,832,199	2,949,279	2,217,640
	5,575,576	4,870,866	6,165,676	4,895,588

The trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The terms of payment for all trade receivables is 14 days from invoice date. All accounts receivable outstanding more than 30 days are monitored and actively managed. No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable amounts relating to outstanding trade receivables as determined by a specific review of outstanding accounts. Factors considered in this review include the nature of the debtor, the relationship with the debtor, length of time the debt has been outstanding and knowledge of the reason for the delay in payment.

Before accepting significant new clients the credit worthiness of these clients is assessed by either executive management or the Due Diligence Committee (DDC) depending on the type of client. Other new client credit worthiness is assessed by business managers as is appropriate to the size and nature of those clients and also whether the client has funds deposited with the Company/Group from which the Company/Group is permitted to withdraw payment of its fees.

Included within the Group's trade receivable balance are debtors with a carrying amount of $783,446 (2012: $805,202) which are past due at the reporting date but these have not been provided for as there has not been a significant change in credit quality and the amounts are considered recoverable. The Group does not hold any collateral over these balances.

Other receivables include corpus commission, dividends and interest receivable. These receivables are with Australian Securities Exchange listed companies, Australian banks, Australian managed investment schemes and client accounts administered by the Company. These amounts are all considered recoverable.

Trade receivables ageing of past due but not impaired

	Consolidated 2013 $	Consolidated 2012 $	Company 2013 $	Company 2012 $
Under 30 days	312,035	486,999	296,792	263,454
30-60 days	147,020	149,670	92,320	114,360
Over 60 days	324,391	168,533	174,849	111,274
	783,446	805,202	563,961	489,088

Movement in the allowance for doubtful debts

	Consolidated 2013 $	Consolidated 2012 $	Company 2013 $	Company 2012 $
Balance at beginning of the year	(46,354)	(10,747)	(46,354)	(10,747)
Impairment losses recognised on trade receivables	(114,294)	(45,231)	(77,716)	(45,231)
Amounts written off as uncollectible	41,837	7,122	41,837	7,122
Impairment losses reversed	36,429	2,502	4,050	2,502
Balance at end of year	(82,382)	(46,354)	(78,183)	(46,354)

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

13 Other current assets

	Consolidated 2013 $	Consolidated 2012 $	Company 2013 $	Company 2012 $
Prepayments	759,189	683,184	652,909	593,285
Accrued income	1,681,957	2,037,204	1,508,232	1,772,446
	2,441,146	2,720,388	2,161,141	2,365,731

14 Non-current trade and other receivables

	Consolidated 2013 $	Consolidated 2012 $	Company 2013 $	Company 2012 $
Corpus commission earned but not collected	108,186	108,186	108,186	108,186

15 Other non-current financial assets

	Consolidated 2013 $	Consolidated 2012 $	Company 2013 $	Company 2012 $
Investment in subsidiaries at cost:				
Shares in subsidiaries	-	-	4,188,735	4,188,735
Available-for-sale investments carried at fair value:				
Australian equities and managed investments schemes	5,450,883	2,855,198	5,450,883	2,855,198
Loans carried at amortised cost:				
Intercompany loans	-	-	27,972,838	29,484,866
Total	5,450,883	2,855,198	37,612,456	36,528,799

The intercompany loans are non-interest bearing.

16 Property, plant and equipment

	Consolidated			
	Computer hardware & equipment at cost	Leasehold improvements at cost	Office furniture & equipment at cost	Total
Gross carrying amount	$	$	$	$
Balance at 1 July 2011	1,772,215	917,799	558,832	3,248,846
Additions	168,735	41,950	125,025	335,710
Disposals	(52,345)	-	(2,495)	(54,840)
Balance at 1 July 2012	1,888,605	959,749	681,362	3,529,716
Additions	525,204	303,195	137,933	966,332
Disposals	(33,184)	(29,921)	(1,943)	(65,048)
Balance at 30 June 2013	2,380,625	1,233,023	817,352	4,431,000
Accumulated depreciation/ amortisation and impairment				
Balance at 1 July 2011	973,626	874,762	415,136	2,263,524
Disposals	(48,972)	-	(2,495)	(51,467)
Depreciation expense	329,792	21,725	56,159	407,676
Balance at 1 July 2012	1,254,446	896,487	468,800	2,619,733
Disposals	(32,429)	(25,345)	(2,255)	(60,029)
Depreciation expense	338,508	32,443	54,126	425,077
Balance at 30 June 2013	1,560,525	903,585	520,671	2,984,781
Net book value				
As at 30 June 2012	634,159	63,262	212,562	909,983
As at 30 June 2013	820,100	329,438	296,681	1,446,219

	Company			
	Computer hardware & equipment at cost	Leasehold improvements at cost	Office furniture & equipment at cost	Total
Gross carrying amount	$	$	$	$
Balance at 1 July 2011	1,567,891	638,699	316,067	2,522,657
Additions	146,134	29,751	107,642	283,527
Disposals	(37,279)	-	(2,495)	(39,774)
Balance at 1 July 2012	1,676,746	668,450	421,214	2,766,410
Additions	522,489	303,194	121,207	946,890
Disposals	(30,537)	(28,488)	-	(59,025)
Balance at 30 June 2013	2,168,698	943,156	542,421	3,654,275
Accumulated depreciation/ amortisation and impairment				
Balance at 1 July 2011	806,801	600,901	245,322	1,653,024
Disposals	(37,232)	-	(2,495)	(39,727)
Depreciation expense	303,659	14,030	32,869	350,558
Balance at 1 July 2012	1,073,228	614,931	275,696	1,963,855
Disposals	(30,536)	(25,308)	-	(55,844)
Depreciation expense	323,212	28,567	35,088	386,867
Balance at 30 June 2013	1,365,904	618,190	310,784	2,294,878
Net book value				
As at 30 June 2012	603,518	53,519	145,518	802,555
As at 30 June 2013	802,794	324,966	231,637	1,359,397

	Consolidated		Company	
	2013	2012	2013	2012
Aggregate depreciation recognised as an expense during the year:	$	$	$	$
Computer hardware & equipment	338,508	329,792	323,212	303,659
Leasehold improvements	32,443	21,725	28,567	14,030
Office furniture and equipment	54,126	56,159	35,088	32,869
	425,077	407,676	386,867	350,558

No depreciation was capitalised.
Depreciation expense is included in the line item 'depreciation and amortisation expenses' of the income statement.

17 Intangible assets

	Consolidated			
	Computer Software	Leasehold makegood	Management rights	Total
Gross carrying amount	$	$	$	$
Balance at 1 July 2011	5,467,009	124,000	29,939,608	35,530,617
Additions	564,560	-	331,953	896,513
Disposals	(26,062)	-	-	(26,062)
Balance at 1 July 2012	6,005,507	124,000	30,271,561	36,401,068
Additions	1,950,882	110,000	-	2,060,882
Disposals	(10)	-	-	(10)
Balance at 30 June 2013	7,956,379	234,000	30,271,561	38,461,940
Accumulated amortisation and impairment				
Balance at 1 July 2011	1,561,848	97,549	737,365	2,396,762
Amortisation expense	726,754	5,290	235,307	967,351
Disposals	(26,062)	-	-	(26,062)
Balance at 1 July 2012	2,262,540	102,839	972,672	3,338,051
Amortisation expense	695,935	5,290	238,765	939,990
Disposals	-	-	-	-
Balance at 30 June 2013	2,958,475	108,129	1,211,437	4,278,041
Net book value				
As at 30 June 2012	3,742,967	21,161	29,298,889	33,063,017
As at 30 June 2013	4,997,904	125,871	29,060,124	34,183,899

	Company			
	Computer Software	Leasehold makegood	Management rights	Total
Gross carrying amount	$	$	$	$
Balance at 1 July 2011	5,147,878	-	-	5,147,878
Additions	555,335	-	-	555,335
Disposals	(26,062)	-	-	(26,062)
Balance at 1 July 2012	5,677,151	-	-	5,677,151
Additions	1,950,882	110,000	-	2,060,882
Disposals	-	-	-	-
Balance at 30 June 2013	7,628,033	110,000	-	7,738,033
Accumulated amortisation and impairment				
Balance at 1 July 2011	1,425,649	-	-	1,425,649
Amortisation expense	659,894	-	-	659,894
Disposals	(26,062)	-	-	(26,062)
Balance at 1 July 2012	2,059,481	-	-	2,059,481
Amortisation expense	635,939	-	-	635,939
Disposals	-	-	-	-
Balance at 30 June 2013	2,695,420	-	-	2,695,420
Net book value				
As at 30 June 2012	3,617,670	-	-	3,617,670
As at 30 June 2013	4,932,613	110,000	-	5,042,613

Amortisation expense is included in the line item 'depreciation and amortisation expenses' of the income statement.

Significant intangible assets

The Group holds the following management rights. Management rights relating to the EquitySuper Master Trust superannuation business have an indefinite life and the other management rights have finite lives.

	Consolidated		Company	
	2013	2012	2013	2012
	$	$	$	$
EquitySuper Master Trust	28,187,616	28,187,616	-	-
Freedom of Choice	503,656	589,097	-	-
Equity Superannuation Management Pty Limited	86,050	125,766	-	-
Holdfast Fund Services Pty Limited	30,379	102,493	-	-
Aged Care	252,423	293,917	-	-
	29,060,124	29,298,889	-	-

The indefinite life management rights (EquitySuper Master Trust) have been allocated for impairment testing purposes to the Private Wealth Services (PWS) cash-generating unit. The carrying amount of the indefinite life management rights allocated to the PWS cash-generating unit is $28,187,616 (2012: $28,187,616).

Details of the PWS cash-generating unit, the value-in-use calculation of the recoverable amount and key assumptions are contained in note 18.

Management has reviewed the useful life of the indefinite life management rights and has determined that these management rights continue to have an indefinite life. In undertaking this review management has considered the economic, competitor and political environment in relation to the superannuation industry, the contractual rights and contractual relationships in relation to these management rights, and ability of the management rights to continue to have value into the foreseeable future.

18 Goodwill

	Consolidated		Company	
	2013	2012	2013	2012
	$	$	$	$
Cost	9,507,853	9,432,878	-	-
Accumulated impairment losses	-	-	-	-
	9,507,853	9,432,878	-	-
Balance at beginning of the financial year	9,432,878	8,272,592	-	-
Amounts recognised during the year	74,975	1,160,286	-	-
Balance at end of the financial year	9,507,853	9,432,878	-	-

There are no accumulated impairment losses (2012: nil).
During the financial year the Group assessed the recoverable amount of goodwill and determined that no impairment had occurred (2012: nil).

Allocation of goodwill to cash-generating units
Goodwill has been allocated for impairment testing purposes to the following cash-generating units:
- Corporate Fiduciary and Financial Services (CFFS)
- Private Wealth Services (PWS)

The carrying amounts of goodwill allocated to CFFS and PWS are significant in comparison with the total carrying amount of goodwill. The carrying amount of goodwill was allocated to the following cash-generating units.

	Consolidated	
	2013	2012
	$	$
CFFS	3,679,743	3,679,743
PWS	5,828,110	5,753,135
	9,507,853	9,432,878

Corporate Fiduciary and Financial Services (CFFS)

The recoverable amount of the CFFS operating segment is determined based on a value-in-use calculation which uses cash flow projections based on management's forecast covering a five year period, together with a terminal value based on a conservative rate of growth. These cashflows are discounted at 12.19% (2012: 10.04%). Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CFFS operating segment.

The key assumptions used in the value-in-use calculations are the growth rate of funds under management, basis point fee levels, and expense growth rate.

Private Wealth Services (PWS)

During the financial year ended 30 June 2013 the Equity Trustees Superannuation Limited Group (ETSL Group) and the Wealth Management and Administrative Services (WS) cash-generating units were combined into one cash-generating unit called Private Wealth Services due to a restructuring of the business that resulted in these two business units being combined into one operation. The PWS operation is controlled by one Head of Business and has integrated teams eliminating functions that were previously duplicated in ETSL Group and WS. The goodwill previously allocated to ETSL Group was $4,592,849 and $1,160,286 to WS.

The recoverable amount of the PWS cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on management's forecast covering a five year period, together with a terminal value based on a conservative rate of growth. These cashflows are discounted at 12.19% (2012: 10.04%). Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the PWS cash-generating unit.

The key assumptions used in the value-in-use calculations are the growth in rate of funds under management and growth in ongoing services revenue, growth in one-off advisory services and expense growth rate.

19 Current trade and other payables

	Consolidated 2013	Consolidated 2012	Company 2013	Company 2012
	$	$	$	$
Trade payables	303,275	116,981	269,178	108,403
Goods and services tax payable	277,956	303,581	155,223	197,216
Other	210,634	201,722	107,153	152,577
	791,865	622,284	531,554	458,196

The Group's policy regarding trade payables is to pay all invoices by the due date. No interest charges have been incurred on trade payables.

20 Current provisions

	Consolidated		
	Employee Benefits (note 24)	Other	Total
	$	$	$
Balance at 1 July 2012	2,443,892	298,862	2,742,754
Additional provisions recognised	-	464,251	464,251
Decrease arising from payments	-	(297,703)	(297,703)
Decrease arising from re-measurement or settlement without cost	-	(1,159)	(1,159)
Other movements	860,711	-	860,711
Balance at 30 June 2013	3,304,603	464,251	3,768,854

	Company		
	Employee Benefits (note 24)	Other	Total
	$	$	$
Balance at 1 July 2012	1,738,482	285,862	2,024,344
Additional provision recognised	-	461,651	461,651
Decrease arising from payments	-	(284,703)	(284,703)
Decrease arising from re-measurement or settlement without cost	-	(1,159)	(1,159)
Other movements	1,223,115	-	1,223,115
Balance at 30 June 2013	2,961,597	461,651	3,423,248

Other provisions includes the directors' best estimate of amounts required to meet fringe benefit tax and other trade payment obligations that are owing.

21 Other current liabilities

	Consolidated 2013	Consolidated 2012	Company 2013	Company 2012
At amortised cost:	$	$	$	$
Corpus commission collected but not earned	24,738	61,139	24,738	61,139
Other	35,953	35,818	30,732	27,524
	60,691	96,957	55,470	88,663

22 Non-current provisions

	Consolidated		
	Makegood	Employee Benefits (note 24)	Total
	$	$	$
Balance at 1 July 2012	126,500	1,257,453	1,383,953
Additional provisions recognised	110,000	-	110,000
Other movements	-	(23,457)	(23,457)
Balance at 30 June 2013	236,500	1,233,996	1,470,496

	Company		
	Makegood	Employee Benefits (note 24)	Total
	$	$	$
Balance at 1 July 2012	-	967,771	967,771
Additional provisions recognised	110,000	-	110,000
Other movements	-	(24,452)	(24,452)
Balance at 30 June 2013	110,000	943,319	1,053,319

The makegood provision represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required to settle the Group's obligations to makegood its leased premises at the end of the leases.

23 Other non-current liabilities

	Consolidated		Company	
	2013	2012	2013	2012
	$	$	$	$
Amounts owing to controlled entity	-	-	100,010	100,010
Lease related liabilities	349,061	399,406	349,061	399,406
Corpus commission collected but not earned	34,995	34,995	34,995	34,995
	384,056	434,401	484,066	534,411

24 Employee benefits

	Consolidated		Company	
The aggregate employee benefits liability recognised and included in the financial statements is as follows:	2013	2012	2013	2012
	$	$	$	$
Provision for employee benefits:				
Current (note 20)				
- Annual leave	1,111,348	1,002,362	786,821	642,746
- Long service leave	68,406	101,875	49,927	44,004
- Bonus	2,070,629	1,339,655	2,070,629	1,051,732
- Directors' retiring allowance	54,220	-	54,220	-
	3,304,603	2,443,892	2,961,597	1,738,482
Non-current (note 22)				
- Long service leave	1,095,856	1,073,435	805,179	783,753
- Directors' retiring allowance	138,140	184,018	138,140	184,018
	1,233,996	1,257,453	943,319	967,771
	4,538,599	3,701,345	3,904,916	2,706,253

The above employee benefit provisions are the directors' best estimate of the future outflow of economic benefits that will be required to settle these future payment obligations.

25 Issued capital

	Consolidated 2013 $	Consolidated 2012 $	Company 2013 $	Company 2012 $
9,049,621 fully paid ordinary shares (2012: 8,907,676)	49,601,432	47,481,389	49,601,432	47,481,389

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

	2013		2012	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of financial year	8,907,676	47,481,389	8,566,384	43,489,257
Shares issued under employee share scheme	13,770	176,256	-	-
Shares issued under employee salary sacrifice	2,881	39,865	3,608	45,988
Shares issued under share placement	-	-	202,445	2,421,242
Shares issued under dividend reinvestment plan (DRP)	125,294	1,913,406	135,239	1,591,253
Share issue costs net of tax	-	(9,484)	-	(66,351)
Balance at end of financial year	9,049,621	49,601,432	8,907,676	47,481,389

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share Awards

In accordance with the provisions of the Equity Trustees Limited Executive Performance Share Plan 1999 (the Plan), as at 30 June 2013, eligible executives have share entitlements over 126,480 ordinary shares (2012: 118,392), in aggregate. Further details of the Plan are contained in the remuneration report within the Directors' Report.

26 Other Reserves

	Consolidated 2013 $	Consolidated 2012 $	Company 2013 $	Company 2012 $
Employee equity-settled benefits reserve	1,147,222	846,017	1,147,222	846,017

The movements in the above reserve account is shown in the statement of changes in equity.

Employee equity-settled benefits reserve

The employee equity-settled benefits reserve arises on the granting of share entitlements to eligible employees under the Equity Trustees Limited Executive Performance Share Plan 1999 (the Plan) (refer Directors' Report) and on the provision for shares to be issued to staff under the Employee Share Acquisition Plan (ESAP). The ESAP is in place to allow eligible employees to participate in share allotments as approved by the Board on an on-going basis as deemed appropriate. There is $177,000 provided for ESAP in 2013 (2012: $183,000).

27 Investment revaluation reserve

The movement in the investment revaluation reserve account is shown in the Statement of Changes in Equity.

The investment revaluation reserve arises on the revaluation of investment financial assets that are accounted for as available-for-sale (refer note 3.17). Where a revalued asset is sold, that part of the revaluation reserve that relates to the sold asset is transferred to the income statement and where a revalued asset is impaired, the portion of the reserve which exceeds the fair value of the impaired asset is transferred to the income statement.

28 Earnings per share

	Consolidated 2013 Cents per share	Consolidated 2012 Cents per share
Basic earnings per share	96.65	96.74
Diluted earnings per share	95.50	95.99

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Consolidated 2013 $	Consolidated 2012 $
Earnings	8,671,401	8,381,113

	2013 No.	2012 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	8,971,376	8,663,014

Diluted earnings per share

The earnings and weighted average number of ordinary shares used in in the calculation of diluted earnings per share are as follows:

	Consolidated 2013 $	Consolidated 2012 $
Earnings	8,671,401	8,381,113

	2013 No.	2012 No.
Weighted average number of ordinary shares for the purposes of diluted earnings per share	9,080,084	8,731,442

There were no discontinued operations (2012: nil).

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Consolidated 2013 No.	Consolidated 2012 No.
Weighted average number of ordinary shares used in the calculation of basic earnings per share	8,971,376	8,663,014
Shares deemed to be issued for no consideration in respect of employee share entitlements	108,708	68,428
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	9,080,084	8,731,442

There have been no changes in accounting policies that have had an impact on earnings per share.

29 Dividends

	2013		2012	
<u>Recognised amounts</u>	Cents per	$	Cents per	$
Fully paid ordinary shares				
Interim dividend: fully franked (Prior year: fully franked)	42	3,768,743	40	3,447,455
Final dividend: Fully franked (Prior year: Fully franked)	45	4,015,085	50	4,283,738
		7,783,828		7,731,193
<u>Unrecognised amounts</u>				
Fully paid ordinary shares				
Final dividend: fully franked (Prior year: fully franked)	50	4,525,053	45	4,015,085

	Company 2013 $	Company 2012 $
Franking account balance at 1 July	7,232,745	6,384,003
Tax paid	3,324,370	4,071,694
Franking credits received	47,521	55,399
Other	-	35,017
Franking credits attached to interim and final dividends	(3,335,926)	(3,313,368)
Franking account balance at 30 June	7,268,710	7,232,745
Franking credits that will arise from income tax payable at reporting date	897,181	540,331
Franking credits that will arise from receipt of dividends recognised as receivables at reporting date	2,880	2,460
Franking credits to be attached to dividends declared but not recognised	(1,939,308)	(1,720,751)
Adjusted franking account balance	6,229,463	6,054,785

30 Commitments for expenditure

	Consolidated		Company	
	2013	2012	2013	2012
Capital expenditure commitments	$	$	$	$
Intangible Assets				
Not longer than 1 year	-	60,000	-	60,000
1 to 5 years	-	-	-	-
	-	60,000	-	60,000
Plant and equipment				
Not longer than 1 year	-	230,000	-	230,000

Operating lease commitments

The Group has operating leases relating to leases of office premises with lease terms of between three and six years. The leases are subject to annual rent reviews.

The Group has a number of printer leases with expiry dates occurring in 2015 to 2016. These leases have minimum monthly lease payments and additional charges if usage exceeds a set number of monthly prints.

	Consolidated		Company	
	2013	2012	2013	2012
	$	$	$	$
Non-cancellable operating lease payments				
Not longer than 1 year	1,535,187	1,327,752	1,121,721	880,779
Longer than 1 year and not longer than 5 years	2,842,698	3,393,491	2,054,561	2,188,595
	4,377,885	4,721,243	3,176,282	3,069,374

In respect of non-cancellable operating leases the following liabilities have been recognised:

	Consolidated		Company	
	2013	2012	2013	2012
	$	$	$	$
Lease incentives				
Current	129,255	115,342	129,255	115,342
Non-current	219,806	284,064	219,806	284,064
	349,061	399,406	349,061	399,406

The Group has no onerous lease contracts.

There are no non-cancellable operating sub-leases (2012: no non-cancellable operating sub-lease).

31 Contingent liabilities and assets

Contingent liabilities exist in respect of certain trust and estate accounts that are overdrawn, however, these contingent liabilities are mitigated by the assets held by these trust and estate accounts which are considered ample to cover any contingent liability. This position is unchanged from 30 June 2012.

There is a contingent liability for an agreed success-based fee of $1,500,000, less retainers fees paid up until a successful transaction, payable to the company's financial adviser, Lion Capital in relation to the proposed acquisition of The Trust Company (refer note 38). As the takeover is ongoing, none of this success fee has been accrued at 30 June 2013.

There are no contingent assets (2012: nil).

32 Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2013	2012
Parent entity			
Equity Trustees Limited	Australia		
Subsidiaries			
Equity Nominees Limited	Australia	100%	100%
Equity Investment Management Limited	Australia	100%	100%
Equity Trustees Superannuation Limited	Australia	100%	100%
Equity Superannuation Management Pty Limited	Australia	100%	100%
Equity Superannuation Administration Pty Limited	Australia	100%	100%
Super.com. Pty Limited	Australia	100%	100%
Super.com.au Pty Limited	Australia	100%	100%
Holdfast Fund Services Pty Limited	Australia	100%	100%
Apex Super Limited	Australia	100%	100%
EQT Aged Care Services Pty Ltd	Australia	100%	100%
Simple Wrap Pty Ltd	Australia	100%	75%

Equity Trustees Limited is the head entity within the tax consolidated group.
All the above subsidiaries are members of the tax-consolidated group.
The Group acquired the remaining 25% of the shares in Simple Wrap Pty Ltd and Simple Wrap Pty Ltd joined the tax-consolidated on 12 April 2013.
Refer to note 33 for details regarding subsidiaries acquired during the year.

33 Business combinations

Acquisition of businesses

Year ended 30 June 2013

There were no business acquisitions during the year.

Year ended 30 June 2012

Effective 1 August 2011, the Group acquired 100% of an advisory business specialising in the aged care sector (Aged Care business). This business trades under the names Lifetime Planning, Tender Living Care and Aged Care Pathways.

Consideration	2013 $	2012 $
Cash	-	1,384,589

Acquisition-related costs amounting to nil have been excluded from the consideration transferred and have been recognised as an expense in the period in the income statement (2012: $65,960).

Assets acquired and liabilities assumed at the date of acquisition	2013 $	2012 $
Current assets		
Other current assets	-	10,306
Non-current assets		
Property, plant and equipment	-	7,761
Intangible assets	-	331,953
Deferred tax assets	-	20,664
Current liabilities		
Employee entitlements	-	(131,241)
Non-current liabilities		
Provisions	-	(2,500)
Employee entitlements	-	(12,640)
	-	224,303

No trade receivables were acquired (2012: nil).

Goodwill arising on acquisition	2013 $	2012 $
Consideration	-	1,384,589
Less fair value of identifiable net assets acquired	-	(224,303)
Goodwill arising on acquisition	-	1,160,286

(2012: Goodwill arose in relation to the acquisition the Aged Care business because the acquisition results in synergies that cannot be separately recognised from goodwill as they are not capable of being separated. None of the goodwill arising in relation to this acquisition is expected to be tax deductible.)

Net cash outflow arising on acquisition	2013 $	2012 $
Consideration paid in cash	-	1,384,589
Less cash and cash equivalent balances acquired	-	-
	-	1,384,589

Impact of acquisition on the results of the Group

(2012: The directors of the Group consider that the profit figures in relation to the acquisition of the Aged Care business is not material. Therefore, no disclosure has been made.)

(2012: The directors of the Group consider that the pro-forma numbers representing an approximate measure of the performance of the combined Group on an annualised basis in relation to the acquisition of the Aged Care business is not material. Therefore, no disclosure has been made.)

34 Non-controlling interests

	Consolidated 2013 $	Consolidated 2012 $
Balance at beginning of the year	(3,710)	25
Acquisition of non-controlling interests	3,710	-
Share of profit/(loss) for the year	-	(3,735)
Balance at end of year	-	(3,710)

35 Segment information

Information reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of performance is focused on the categories of services provided to customers. The principal categories of services are Private Wealth Services and Corporate Fiduciary and Financial Services. The Group's reportable segments under AASB 8 are as follows:

<u>Private Wealth Services</u>
The provision of personal financial and superannuation services, including in relation to personal estates and trusts, wealth management, asset management, aged care services, and portfolio services. Further details are included in the Directors' Report.
<u>Corporate Fiduciary and Financial Services</u>
Responsible Entity trustee services for managed funds on behalf of local and international managers and sponsors. Management and coordination of distribution and marketing for Equity Trustees co-branded retail and wholesale funds.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment. There were no discontinued operations (2012: nil).

	Consolidated 2013 $	Consolidated 2012 $
Segment revenue		
Private Wealth Services	27,769,840	27,019,788
Corporate Fiduciary and Financial Services	18,561,926	15,648,963
	46,331,766	42,668,751
Unallocated	1,150,028	977,990
Total revenue per income statement	47,481,794	43,646,741

The revenue reported above represents revenue generated from external customers. There were no inter-segment sales (2012: nil).
No single customer accounts for 10% or more of the Group's revenue.

	2013 $	2012 $
Segment net profit before tax		
Private Wealth Services	6,039,367	5,408,970
Corporate Fiduciary and Financial Services	6,443,675	5,303,967
	12,483,042	10,712,937
Unallocated	34,320	977,990
Total net profit before tax per income statement	12,517,362	11,690,927

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the contribution earned by each segment without the allocation of acquisition related expenditure, investment portfolio income or income tax. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Revenue by product and service	Consolidated 2013 $	Consolidated 2012 $
Private Wealth Services	27,769,840	27,019,788
Corporate Fiduciary and Financial Services	18,561,926	15,648,963
	46,331,766	42,668,751

For the purpose of monitoring performance the chief operating decision maker reviews balance sheet items for the Group as a whole. The Group's assets and liabilities are not allocated to the reportable segments for management reporting purposes.

Geographic segment
The Group operates only in Australia which is treated as one geographic segment.

36 Related party disclosures

Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 32 to the financial statements.
The Company does not hold any interests in associates, joint ventures or other related parties.

Transactions with key management personnel

(a) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in note 10 to the financial statements and in the Directors' Report.

(b) Loans to key management personnel

The Group had nil key management personnel loans as at 30 June 2013 (2012: nil).

(c) Director and key management personnel equity holdings

Director and key management personnel relevant interests in fully paid ordinary shares of Equity Trustees Limited are as follows:

Consolidated	**Balance at 1 Jul 12**	**Net change**	**Balance at 30 Jun 13**
2013	**No.**	**No.**	**No.**
Directors			
DF Groves	617,900	23,061	640,961
KJ Eley	20,226	14,606	34,832
JG Kennett	17,857	1,422	19,279
JA (Tony) Killen	7,580	8,402	15,982
AM O'Donnell	640	410	1,050
RBO Burns	1,000	-	1,000
AJM Williams	411	25	436
Key management personnel			
T Ryan	16,875	1,039	17,914
PB Maddox	14,987	924	15,911
HH Kalman	12,618	56	12,674
GR Rimmer	-	3,759	3,759
RE Bessemer	-	-	-

Consolidated	**Balance at 1 Jul 11**	**Net change**	**Balance at 30 Jun 12**
2012	**No.**	**No.**	**No.**
Directors			
DF Groves	597,190	20,710	617,900
JR McConnell (retired 28 October 2011)	20,097	n/a	n/a
JG Kennett	16,119	1,738	17,857
JA (Tony) Killen	7,107	473	7,580
RBO Burns	1,000	-	1,000
AJM Williams	381	30	411
AM O'Donnell	339	301	640
KJ Eley (appointed 25 November 2011)	-	20,226	20,226
Key management personnel			
T Ryan	15,643	1,232	16,875
PB Maddox	13,894	1,093	14,987
SR Manuell (resigned 9 January 2013)	12,925	144	13,069
HH Kalman	12,552	66	12,618
AD Young (resigned 31 July 2012)	1,162	-	1,162
LD Wraith (resigned 31 December 2012)	159	-	159

36 Related party disclosures (cont'd)

(d) Entitlements to shares of Equity Trustees Limited issued under the Executive Performance Share Plan 1999.

Details of entitlements to Equity Trustees Limited shares issued under the Executive Performance Share Plan 1999, are disclosed in the Directors' Report.

(e) Vested shares awards

Details of vested share awards are disclosed in the Directors' Report.

(f) Other transactions with key management personnel

Some directors, key management personnel and their associates have investments in managed investment schemes for which the Company acts as responsible entity. These investments are made at arms length and in the ordinary course of business. Some directors, key management personnel and their associates receive wealth management, superannuation and other financial services from the Group. These services are provided at arms length and in the ordinary course of business except the directors, key management personnel and their associates are entitled to receive the normal available staff discount or other customary discount available in relation to size of business.

Ms Williams is a director of Victorian Funds Management Corporation (VFMC), Defence Health (DH) and Guild Group Holdings Limited (GGHL) which, on behalf of VFMC, DH and GGHL clients, invests in various managed investment schemes, some of which have the Company as responsible entity. In her role as director of VFMC, DH and GGHL, Ms Williams is not actively involved in investment selections or the appointment of the Company as responsible entity to managed investment schemes in which VFMC, DH or GGHL invests.

There were no other related party transactions between the Group or the parent entity and key management personnel or their related entities apart from the above (2012: nil).

Transactions with other related parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

The Company had an interest free intercompany account with each of its controlled entities. The total amounts owed to the Company by its controlled entities are disclosed in note 15.

The Company and its controlled entities have entered into a tax sharing arrangement, as disclosed in note 3.10.

During the year, controlled entities acted as trustee and administrator for the EquitySuper Master Trust (including Apex Super and Mutual Super sub-plans), the Public Eligible Rollover Fund, EquitySuper Pooled Superannuation Trust, and the Freedom of Choice Superannuation Masterfund from which they received trustee and administration fees. These fees were contractually agreed with members.

During the year, a controlled entity received fees and commissions from the EquitySuper Master Trust and the Freedom of Choice Masterfund for work undertaken on behalf of the EquitySuper Master Trust. Another controlled entity was the Trustee of these Trusts.

During the year, a controlled entity, Equity Investment Management Limited, received administration and service charges from its subsidiary company, Equity Trustees Superannuation Limited.

The Freedom of Choice Superannuation Masterfund became a sub-plan in the EquitySuper Master Fund on 1 July 2013.

All other transactions took place on normal commercial terms and conditions.

Parent Entity

The parent entity of the Group is Equity Trustees Limited.

The ultimate Australian parent entity and ultimate parent entity is Equity Trustees Limited.

Investments in Managed Investment Schemes

Included in the investment portfolio of the Company are investments in managed investment schemes where the Company acts as responsible entity. These investments are made on normal commercial terms and conditions.

37 Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purpose of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the consolidated statement of financial position as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	$	$	$	$
Cash and cash equivalents	9,891,934	9,898,656	8,884,807	9,408,226

(b) Reconciliation of profit for the period to net cash flows from operating activities

	Consolidated		Company	
	2013	2012	2013	2012
	$	$	$	$
Profit for the period	8,671,401	8,381,113	7,330,735	10,441,775
Income tax expense recognised in profit and loss	3,845,961	3,309,814	2,354,305	2,380,665
(Profit) / loss on sale of investments	(692,563)	(625,583)	(692,563)	(625,583)
Depreciation and amortisation of non-current assets	1,126,302	1,139,720	1,022,806	1,010,452
Impairment of financial instruments (reversal)	(44,617)	(70,090)	(44,617)	(70,090)
Amortisation of management rights	238,765	235,307	-	-
(Profit) / loss on sale of plant and equipment	5,706	1,177	-	(1,740)
Equity-settled share-based payments	517,326	330,515	517,326	330,515
Interest income received and receivable	(333,587)	(212,759)	(311,401)	(183,469)
Dividends received and receivable	(123,878)	(139,648)	(3,123,878)	(6,139,648)
	13,210,816	12,349,566	7,052,713	7,142,877
Movements in working capital				
(Increase)/decrease in trade and other receivables	(927,883)	(1,137,127)	(1,201,863)	(1,052,763)
(Increase)/decrease in other assets	882,638	1,849,606	972,375	1,919,665
Increase /(decrease) in trade and other payables	(113,369)	(1,497,811)	261,849	291,179
Increase /(decrease) in other provisions	888,673	422,881	1,808,364	(525,879)
Cash generated from operations	13,940,875	11,987,115	8,893,438	7,775,079
Income taxes paid	(3,324,370)	(4,071,694)	(3,324,370)	(4,071,694)
Net cash generated by operating activities	10,616,505	7,915,421	5,569,068	3,703,385

(c) Non-cash financing activities

Non-cash financing activities during the year were dividend reinvestments of $1,913,406 (2012:$1,591,253) and employee salary sacrifice share issues $39,865 (2012 $45,988).

38 Subsequent events

The following provides a summary of the key points relating to a takeover offer by the company:

- On 21 February 2013, Equity Trustees Limited (ASX: EQT) announced its intention to make an off-market takeover offer for all of the shares in The Trust Company Limited (ASX: TRU). The offer was 33 EQT shares for every 100 TRU shares.
- A Bidder's statement was issued on 27 March 2013 and contained an offer closure date of 6 May 2013.
- On 23 April 2013, EQT's offer period was extended to 5 June 2013.
- On 7 May 2013, TRU announced that it had entered into a Scheme Implementation Agreement with Perpetual Limited (ASX: PPT) to implement a scheme of arrangement to acquire 100% of TRU's shares. The consideration was 0.1495 PPT shares, or a cash equivalent (subject to a cap on the total cash available), for each TRU share. In addition, there would be a payment of a 22 cent special dividend per TRU share, paid by TRU.
- On 14 May 2013 EQT announced a revised proposal, which was formalised on 21 June 2013. EQT's revised proposal increased the consideration under the offer from 33 to 37 EQT shares for each TRU share. In addition, EQT announced that it would match the PPT offer in relation to the 22 cent special dividend per TRU share, paid by TRU.
- On 27 May 2013, EQT's offer period was extended to 31 July 2013.
- On 22 July 2013, EQT's offer period was extended to 30 September 2013.
- On 1 August 2013, the Australian Competition & Consumer Commission (ACCC) published a Statement of Issues outlining preliminary competition concerns in relation to PPT's proposal to acquire 100% of TRU's shares. In the Statement of Issues the ACCC stated that it anticipated that a final decision in relation to its review of the proposed PPT/TRU merger will be made on 19 September 2013.

Professional fees associated with EQT's offer of TRU have been accrued into the EQT results at 30 June 2013, based on the services performed. Subsequent fees will be accrued in the following financial year, as incurred. An agreed success-based fee of $1,500,000, less retainer fees paid up until a successful transaction, is payable to the company's financial adviser, Lion Capital. As the takeover is ongoing, none of this success fee has been accrued at 30 June 2013.

The Freedom of Choice Superannuation Masterfund became a sub-plan in the EquitySuper Master Fund on 1 July 2013.

There has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years (2012: nil).

39 Financial instruments

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while balancing achieving shareholder returns with prudential management of resources, achieving its long-term strategy and meeting the Net Tangible Asset (NTA) requirements imposed by regulatory authorities.

The Group's overall strategy remains unchanged from 2012. The Group has met its NTA requirements throughout the 2013 year as well as throughout the 2012 year.

The capital structure consists only of equity (refer note 25 for details regarding equity instruments issued). The Group operates only in Australia and is subject to a requirement under its RSE licence to maintain NTA of $5m. There are no other externally imposed capital requirements (2012: nil).

Operating cashflows are used to maintain and expand the Group's financial services activities including providing funds for acquiring suitable businesses that align with the existing financial services activities of the Group. Operating cashflows are also used to fund routine payments of tax and dividends.

The Group's current policy is to fund its activities, including business acquisitions by using accumulated surplus operating cashflow and raising funds through the issue of ordinary shares in the head company, Equity Trustees Limited. This policy is periodically reviewed in light of the Group's long-term strategy, prudential management of resources, dividend policy, market conditions, and NTA requirements and achieving shareholder returns.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement and the bases for recognition of income and expenses) for each class of financial assets, financial liability and equity instrument are disclosed in note 3.

(c) Categories of financial instruments

	Consolidated		Company	
	2013	2012	2013	2012
	$	$	$	$
Financial assets				
Cash and cash equivalents	9,891,934	9,898,656	8,884,807	9,408,226
Loans and receivables - trade receivables	3,492,225	3,038,667	3,216,397	2,677,948
Available-for-sale financial assets - mortgage fund	3,000,000	-	3,000,000	-
Available-for-sale financial assets - equities and managed investment schemes	2,450,883	2,855,198	2,450,883	2,855,198
	18,835,042	15,792,521	17,552,087	14,941,372
Financial liabilities				
Amortised at cost	303,275	116,981	269,178	108,403

During the 2013 financial year there were no financial assets or liabilities designated as at fair value through profit or loss for either the Group or the Company (2012: nil). No financial assets have been pledged as collateral for either liabilities or contingent liabilities (2012: nil). No assets are held as collateral (2012: nil).

(d) Financial risk management objectives

The Group's and the Company's main financial instrument risk exposures relate to market risk (including price and interest rate risk), credit risk, and liquidity risk. Neither the Group nor the Company has any borrowings. The Group and the Company manage financial instrument risk through a combination of executive management monitoring key financial risks and the use of committees that manage and monitor particular activities and their related financial risks.

Both the executive management and committees report to the Board on a regular basis regarding their activities and the related financial risks. The committees include a Due Diligence Committee (DDC) and an Investment Management Committee (IMC). The DDC reviews new business proposals including the credit risk associated with the counter parties. The IMC responsibilities include reviewing and managing the Group's investment portfolio and its associated financial risks.

The liquidity position of the Group and Company are continuously monitored by executive management and the impact on liquidity of any significant transaction, such as payment of a dividend, acquisition of a new business, and purchase of capital assets is considered prior to the transaction being approved.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group's investment policy is to hold financial instruments for the long-term to support capital and NTA requirements. The asset allocation of the portfolio is conservative and any changes to investments are approved by the Board. The Group does not use hedging to manage its financial risks.

(e) Market risk

The Group's and the Company's primary exposure in relation to financial instruments is to interest rate risk and price risk. These exposures primarily arise in relation to the Group's and Company's investment portfolio. Neither the Group nor the Company has any borrowings nor do they have any exposure to foreign currency risk in relation to their financial instruments. Neither the Group nor the Company uses derivatives to manage market risks as executive management do not believe these risks warrant the use of derivatives due to their nature and relative low level of risk.

At both the Group and Company level, market risks in relation to financial instruments are managed by executive management and IMC monitoring and review which includes sensitivity analysis. There has been no change from the previous period to the Group's or the Company's exposure to market risk or the manner in which these risks are managed and measured.

(f) Interest rate risk management

The Group and the Company are exposed to interest rate risk in relation to their financial instruments as they have funds invested in variable interest rate investments. Neither the Group nor the Company has any borrowings. The risk is primarily managed by maintaining prudent asset allocations within the investment portfolio, to minimise the impact of movements in interest rates on the overall portfolio whilst maintain acceptable levels of returns, and by continuously monitoring the quality and performance of the investments. These investment processes and reviews are managed by the IMC.

39 Financial instruments (cont'd)

(f) Interest rate risk management (cont'd)

Interest rate sensitivity analysis

A sensitivity analysis in relation to the Group's and Company's exposure to interest rate movements is set out below. Management has assessed the reasonably possible change in interest rates to be plus/minus 100 basis points for 2013 (2012: plus/minus 100 basis points) based on a review of market conditions. This assumes both long and short-term interest rates will have the same basis point movement.

The sensitivity analysis is calculated using the end of year balance of the financial instrument where this balance is representative of the balance throughout the year. If the end of year balance is not representative of the balance throughout the year, then the sensitivity analysis is calculated using the average balance (calculated on a quarterly basis) held throughout the year.

Consolidated	Carrying amount at 30-Jun-2013	Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
2013	$	$	$	$	$
Cash and cash equivalents	9,891,934	(95,928)	n/a	95,928	n/a
Available-for-sale financial assets - mortgage fund	3,000,000	(12,603)	n/a	12,603	n/a
	12,891,934	(108,531)	n/a	108,531	n/a

Consolidated	Carrying amount at 30-Jun-2012	Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
2012	$	$	$	$	$
Cash and cash equivalents	9,898,656	(64,569)	n/a	64,569	n/a

Company	Carrying amount at 30-Jun-2013	Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
2013	$	$	$	$	$
Cash and cash equivalents	8,884,807	(84,120)	n/a	84,120	n/a
Available-for-sale financial assets - mortgage fund	3,000,000	(12,603)	n/a	12,603	n/a
	11,884,807	(96,723)	n/a	96,723	n/a

Company	Carrying amount at 30-Jun-2012	Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
2012	$	$	$	$	$
Cash and cash equivalents	9,408,226	(54,707)	n/a	54,707	n/a

(g) Other price risk

The Group and the Company are exposed to other price risk from their investment in Australian equities and Australian managed investment schemes. These investments are held for long-term investment purposes and support the NTA requirement. These investments are not held for trading purposes and they are not actively traded.

The risk is primarily managed by maintaining prudent asset allocations within the investment portfolio, to minimise the impact of movements in equity prices on the overall portfolio whilst maintaining acceptable levels of returns, and by continuously monitoring the quality and performance of the investments. These investment processes and reviews are managed by the IMC.

Price sensitivity analysis

A sensitivity analysis in relation to the Group's and Company's exposure to other price movements is set out below. This sensitivity analysis has been determined based on the exposure to Australian equities and Australian managed investment schemes. Management has assessed the reasonably possible change in Australian equities to be plus/minus 10%, and Australian managed investment scheme plus/minus 10% (2012: Australian equities plus/minus 10%, and Australian managed investment scheme plus/minus 5% or plus/minus 10%) based on a review of market conditions.

The sensitivity analysis is calculated using the end of year balance of the financial instrument where this balance is representative of the balance throughout the year. If the end of year balance is not representative of the balance throughout the year, then the sensitivity analysis is calculated using the average balance (calculated on a quarterly basis) held throughout the year.

Consolidated	Carrying amount at 30-Jun-2013	Plus/minus impact %	Other price risk			
			Minus impact		Plus impact	
			Profit	Equity	Profit	Equity
2013	$		$	$	$	$
Available-for-sale investments:						
Australian equities	201,096	10%	n/a	(55,653)	n/a	55,653
Managed investment schemes	2,249,787	10%	n/a	(219,709)	n/a	219,709
	2,450,883		n/a	(275,362)	n/a	275,362

Consolidated	Carrying amount at 30-Jun-2012	Plus/minus impact %	Other price risk			
			Minus impact		Plus impact	
			Profit	Equity	Profit	Equity
2012	$		$	$	$	$
Available-for-sale investments:						
Australian equities	836,105	10%	n/a	(114,437)	n/a	114,437
Managed investment schemes	2,019,093	5% to 10%	n/a	(202,557)	n/a	202,557
	2,855,198		n/a	(316,994)	n/a	316,994

39 Financial instruments (cont'd)

(g) Other price risk (cont'd)

Company **2013**	**Carrying amount at 30-Jun-2013** $	**Plus/minus impact %**	**Other price risk – Minus impact – Profit** $	**Minus impact – Equity** $	**Plus impact – Profit** $	**Plus impact – Equity** $
Available-for-sale investments:						
Australian equities	201,096	10%	n/a	(55,653)	n/a	55,653
Managed investment schemes	2,249,787	10%	n/a	(219,709)	n/a	219,709
	2,450,883		n/a	(275,362)	n/a	275,362

Company **2012**	**Carrying amount at 30-Jun-2012** $	**Plus/minus impact %**	**Other price risk – Minus impact – Profit** $	**Minus impact – Equity** $	**Plus impact – Profit** $	**Plus impact – Equity** $
Available-for-sale investments:						
Australian equities	836,105	10%	n/a	(114,437)	n/a	114,437
Managed investment schemes	2,019,093	5% to 10%	n/a	(202,557)	n/a	202,557
	2,855,198		n/a	(316,994)	n/a	316,994

(h) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The main source of credit risk in relation to financial instruments is from outstanding accounts receivables and investments with banks and managed investment schemes.

Executive management and where applicable the DDC reviews significant new clients before the take on of these clients is approved. The review process includes establishing the credit worthiness of the client. Other new clients are reviewed by business managers for credit worthiness as is appropriate to the size and nature of the client. The IMC reviews and monitors the investments with banks and managed investment schemes including any credit risk issues.

Accounts receivable consists of a large number of customers. Ongoing evaluation is performed on the financial condition of outstanding accounts receivables by the applicable business managers.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the Group holds its liquid funds with counterparties that are banks with high credit-ratings assigned by international credit-rating agencies and in managed investment schemes which have a low risk of default.

As outlined in note 36, included in the investment portfolio of the Company and Group are investments in managed investment schemes where the Company acts as responsible entity. Although the Company has a prima facie credit exposure from these investments, this risk is not significant due to the existence of suitable controls including monitoring by the IMC of the quality and security of these investments.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's and Group's maximum exposure to credit risk without taking account of any collateral obtained.

(i) Fair value of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (Financial assets valued using quoted prices are Australian equities. Managed investment schemes are valued using daily published unit prices.);
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Group's investment portfolio, classified as available-for-sale financial assets (refer note 3.17) is measured at fair value. Fair value is determined with reference to quoted market prices including transaction costs.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobserved inputs).

Consolidated	**30-Jun-2013 Level 1** $	**Level 2** $	**Level 3** $	**Total** $
Available-for-sale investments:				
Australian equities	201,096	-	-	201,096
Managed investment schemes	5,249,787	-	-	5,249,787
	5,450,883	-	-	5,450,883

Consolidated	**30-Jun-2012 Level 1** $	**Level 2** $	**Level 3** $	**Total** $
Available-for-sale investments:				
Australian equities	836,105	-	-	836,105
Managed investment schemes	1,933,429	85,664	-	2,019,093
	2,769,534	85,664	-	2,855,198

39 Financial instruments (cont'd)

(i) Fair value of financial instruments (cont'd)

Company

	30-Jun-2013			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Available-for-sale investments:				
Australian equities	201,096	-	-	201,096
Managed investment schemes	5,249,787	-	-	5,249,787
	5,450,883	-	-	5,450,883

Company

	30-Jun-2012			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Available-for-sale investments:				
Australian equities	836,105	-	-	836,105
Managed investment schemes	1,933,429	85,664	-	2,019,093
	2,769,534	85,664	-	2,855,198

(j) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have put in place a suitable risk management framework to manage the Group’s and Company's short, medium and long-term funding and liquidity management requirements.

The Group and Company manage liquidity risk by maintaining adequate reserves and banking facilities. The liquidity position of the Group and Company are continuously monitored by executive management and the impact on liquidity of any significant transaction, such as payment of a dividend, acquisition of a new business, and purchase of capital assets is considered prior to the transaction being approved.

Neither the Group nor the Company has any derivative financial instruments.

Liquidity and interest risk table

The following tables detail the Company’s and the Group’s remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company/Group can be required to pay. None of the amounts in the table are interest bearing.

Consolidated	Weighted average effective interest rate %	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
2013		$	$	$	$	$
Non-interest bearing -trade creditors	0%	303,275	-	-	-	-
Financial guarantee contracts	0%	-	-	-	-	-
		303,275	-	-	-	-
2012						
Non-interest bearing -trade creditors	0%	116,981	-	-	-	-
Financial guarantee contracts	0%	-	-	-	-	-
		116,981	-	-	-	-
Company						
2013						
Non-interest bearing -trade creditors	0%	269,178	-	-	-	-
Financial guarantee contracts	0%	-	-	-	-	-
		269,178	-	-	-	-
2012						
Non-interest bearing -trade creditors	0%	108,403	-	-	-	-
Financial guarantee contracts	0%	-	-	-	-	-
		108,403	-	-	-	-

At the year end it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the amount included above is nil (2012: nil). The maximum amount payable under these guarantees is $783,188 (2012:$748,404).

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Independent Auditor's Report to the Members of Equity Trustees Limited

Report on the Financial Report

We have audited the accompanying financial report of Equity Trustees Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss**,** the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end as set out on pages 18 to 60.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Equity Trustees Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Deloitte.

Opinion

In our opinion:

(a) the financial report of Equity Trustees Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2013 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 14 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Equity Trustees Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Neil Brown
Partner
Chartered Accountants

Melbourne, 29 August 2013