Series 2013-2 Torrens Trust

Financial Report 2014

Series 2013-2 Torrens Trust

Directors' Report

In accordance with the *Corporations Act 2001,* the Directors of AB Management Pty Ltd, the Responsible Entity of the Series 2013-2 Torrens Trust ("the Trust"), submit their report for the Trust for the year ended 30 June 2014.

The Manager

AB Management Pty Ltd (ABN 75 070 500 855) has acted in the capacity of Manager of the Trust for the year ended 30 June 2014.

Directors

The names of the Directors of AB Management Pty Ltd during the financial period and until the date of this report are:

S Cretan
P J Ormandy
M L Pedler

All Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

Nature of Operations and Principal Activities

The principal activity of the Trust during the year was the holding of the assets of the Trust and the distribution of principal and finance charge collections to the Noteholders.

Trust Information

The Trust is an Australian registered Trust, constituted on 11 June 2013. AB Management Pty Ltd are the Manager and the Responsible Entity of the Trust and Perpetual Trustee Company Limited are the Trustee. The registered office of AB Management Pty Ltd is located at The Bendigo Centre, 22-44 Bath Lane, Bendigo, Victoria, 3550.

Financial Results

The performance of the Trust for the year ended 30 June 2014, as represented by the results of its operations, was as follows:

Net assets ('000s) :	$	-
Total revenue ('000s) :	$	35,390
Total operating profit/(loss) ('000s) :	$	15,510

The total value of assets held by the Series 2013-2 Torrens Trust as at 30 June 2014 was $398,039,000 (2013: $513,897,000). Management fees paid to AB Management Pty Ltd during the financial year were $123,367 (2013: $1,501).

Units on Issue

1 Capital unit and 1 Income unit of The Trust were on issue as at 30 June 2014 (2013: 1 Capital & 1 Income).

Distributions/(Contributions)

A distribution to ordinary Unitholders of $15,509,367 (2013: contribution $13,348,000) was made during the year.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Trust that occurred during the year, other than the gain earned on the fair value of interest rate swaps (prior year loss incurred) as a result of changes in interest rates during the year.

Significant Events after Balance Date

The Manager is not aware of any other matter or circumstance not otherwise dealt with in this report or the financial statements that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in subsequent financial periods.

Likely Developments

The Trust is expected to continue its operations in accordance with The Trust's objectives outlined in the Series Supplement.

Environmental Issues

The operations of the Trust are not subject to particular or significant environmental regulations under a Commonwealth, State or Territory Law.

Insurance and Indemnification

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the Manager, the Trustee, or the auditor of the Trust. So long as the officers of both the Manager and the Trustee act in accordance with the Trust Deed and the Law, both parties remain fully indemnified out of the assets of the Trust against any losses incurred while acting on behalf of the Trust.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount).
No payment has been made to indemnify Ernst & Young during or since the financial year.

Directors' Report (continued)

Rounding

The amounts contained in this report and the financial report have been rounded to the nearest thousand dollars ($'000's) unless otherwise stated.

Auditor's Independence Declaration

The audit of this financial report is in accordance with the declaration "Auditor's Independence Declaration to the Directors of AB Management Pty Ltd as Responsible Entity of the Series 2013-2 Torrens Trust" at the end of this report.

Key Management Personnel

(i) Directors

The Directors of AB Management Pty Ltd are considered to be Key Management Personnel of the Trust.
The Directors of the Responsible Entity in office during the year and up to the date of this report are:

S Cretan - Director (non-executive) of AB Management Pty Ltd
P J Ormandy - Director (non-executive) of AB Management Pty Ltd
M L Pedler - Director (non-executive) of AB Management Pty Ltd

(ii) Other Key Management Personnel

In addition to the Directors noted above, AB Management Pty Ltd, the Responsible Entity of the Trust is considered to be Key Management Personnel with the authority for the strategic direction and management of the Trust.

(iii) Compensation of Key Management Personnel

No amount is paid by the Trust directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 *Related Party Disclosures* is paid by the Trust to the Directors as Key Management Personnel.

Signed for and on behalf of AB Management Pty Limited as Responsible Entity of the Series 2013-2 Torrens Trust.

Peter James Ormandy
27/10/2014

Series 2013-2 Torrens Trust

Statement of Comprehensive Income
For the year ended 30 June 2014

	2014 $000's	2013 $000's
Revenue		
Interest on loans	23,861	302
Interest on collections	49	-
Fee revenue	373	1
Swap receipts	-	245
Gain on derivative financial instruments	11,107	-
Total revenue and other income	**35,390**	**548**
Expense		
Coupon payments to noteholders	16,497	212
Loss on derivative financial instruments	-	13,667
Swap payments	1,980	-
Management fee	123	2
Servicing fee	1,028	13
Trustee fee	147	2
Other trust expenses	105	-
Total expenses	**19,880**	**13,896**
Net profit/(loss) available to unitholders	**15,510**	**(13,348)**
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	**15,510**	**(13,348)**

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Series 2013-2 Torrens Trust

Statement of Financial Position
as at 30 June 2014

	Note	2014 $000's	2013 $000's
Assets			
Cash and cash equivalents	3	482	6,639
Loans and receivables	4	387,644	489,289
Trade and other receivables	5	9,716	17,969
Derivative financial instruments	8	197	-
Total assets		**398,039**	**513,897**
Liabilities			
Trade and other payables	6	1,500	230
Borrowings	7	393,781	500,000
Derivative financial instruments	8	2,758	13,667
Total liabilities excluding net assets attributable to unitholders		**398,039**	**513,897**
Net assets attributable to unitholders	9	-	-

Statement of changes in net assets atrributable to unitholders
For the year ended 30 June 2014

	Note	2014 $000's	2013 $000's
Net assets attributable to unitholders at the beginning of the year		-	-
Net profit/(loss) attributable to unitholders		15,510	(13,348)
Contributions from/(distributions to) unitholders	10	(15,510)	13,348
Net Assets attributable to unitholders at the end of the year		-	-

The above Statement of Financial Position and Statement of Changes in Net Assets attributable to Unitholders should be read in conjunction with the accompanying notes.

Series 2013-2 Torrens Trust

Cash Flow Statement
For the year ended 30 June 2014

	Note	2014 $000's	2013 $000's
Cash flows from operating activities			
Interest on loans		24,789	2
Interest on collections		43	-
Swap receipts/(payments)		(1,675)	-
Payment to noteholders		(16,227)	-
Management fee		(116)	-
Servicing fee		(960)	-
Trustee fee		(138)	-
Other trust expenses		(68)	-
Net cash flows from/(used in) operating activities	11	**5,648**	**2**
Cash flows from investing activities			
Purchase of loans		-	(500,000)
Loan repayments		104,089	10,726
Loan redraws		(2,443)	(15)
Net cash flows from /(used in) investing activities		**101,646**	**(489,289)**
Cash flows from financing activities			
Principal proceeds from/(payments to) noteholders		(106,219)	500,000
Distribution to unitholders	10	(1,343)	-
Receipt from/(payment to) related parties		(5,889)	(4,074)
Net cash flows from/(used in) financing activities		**(113,451)**	**495,926**
Net increase/(decrease) in cash and cash equivalents		(6,157)	6,639
Cash and cash equivalents held at the beginning of the financial year		6,639	-
Cash and cash equivalents held at the end of the financial year	3	**482**	**6,639**

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Note 1 Trust Information

The financial report of Series 2013-2 Torrens Trust ("The Trust") for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors of the Manager of The Trust on 27 October 2014. The Trust is an Australian registered Trust, constituted on 11 June 2013.
AB Management Pty Ltd, the Manager is located at The Bendigo Centre, 22-44 Bath Lane, Bendigo, Victoria, 3550.

Note 2 Statement of significant accounting policies

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the Trust Deed dated 11 June 2013, Australian Accounting Standards and *Corporations Act 2001.*

The financial report has been prepared in accordance with the historical cost convention, except for certain assets and liabilities where the application of fair value measurement is required or allowed by relevant accounting standards.

For the purposes of preparing the financial report, the Trust is a for-profit entity.

The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The report is prepared in Australian dollars and all values are rounded to the nearest thousand dollars ($'000s) except where otherwise indicated.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Trust for the annual reporting year ending 30 June 2014.

These are outlined in the table below:

Reference	Title	Summary	Application date of Standard [1]	Impact on Trust Financial Report	Application date for the Group [1]
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1-Jan-14	There are no changes to the current reporting requirements.	1-Jul-14
Interpretation 21	*Levies*	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1-Jan-14	There are no changes to the current reporting requirements.	1-Jul-14

[1] Designates the beginning of the applicable annual reporting period unless otherwise stated.

Note 2 Statement of significant accounting policies (continued)

Reference	Title	Summary	Application date of Standard [1]	Impact on Trust Financial Report	Application date for the Group [1]
AASB 9/IFRS 9	*Financial Instruments*	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.	1-Jan-18 [2]	The Trust has not yet determined the extent of the impacts of the amendments, however it is not expected to result in a material impact.	1-Jan-18 [2]
AASB 2013-4	Amendments to Australian Accounting Standards - Novation of Derivatives & Continuation of Hedge Accounting [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty as a consequence of laws or regulations.	1-Jan-14	There are no changes to the current reporting requirements.	1-Jul-14
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 *Financial Instruments.*	[3]		[3]

[1] Designates the beginning of the applicable annual reporting period unless otherwise stated.

[2] In February 2014, the IASB tentatively decided that the mandatory effective date for the AASB 9 will be for annual periods beginінng on or after 1 January 2018, however it is available for application now.

[3] The application dates of AASB 2013-9 are as follows:

Part A - period ending on or after 20 December 2013	Application date for the Group: period ending 30 June 2014
Part B - period beginning on or after 1 January 2014	Application date for the Group: period beginning 1 July 2014
Part C - reporting periods beginning on or after 1 January 2015	Application date for the Group: period beginning 1 July 2015

Note 2 Statement of significant accounting policies (continued)

Reference	Title	Summary	Application date of Standard [1]	Impact on Trust Financial Report	Application date for the Group [1]
AASB 2014-1	Annual Improvements to IFRSs 2011–2013 Cycle	This standard sets out amendments to Australian Accounting Standards and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. The following items are addressed by this standard: ► AASB 13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. ► AASB 140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.	1-Jul-14	There are no changes to the current reporting requirements.	1-Jul-14
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue- based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1-Jan-16	The Trust has not yet determined the extent of the impacts of the amendments, however it is not expected to result in a material impact.	1-Jul-16
IFRS 15 [4]	Revenue from Contracts with Customers	IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.	1-Jan-17	The Trust has not yet determined the extent of the impacts of the amendments, however it is not expected to result in a material impact.	1-Jul-17

[1] Designates the beginning of the applicable annual reporting period unless otherwise stated.
[4] These IFRS amendments have not yet been adopted by the AASB. In order to claim compliance with IFRS, these amendments should be noted in the financial statements.

Note 2 Statement of significant accounting policies (continued)

(c) Changes in accounting policies

AASB 13 Fair Value Measurement

This standard establishes a single source of guidance for determining the fair value of assets and liabilities. The standard does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted.

(d) Significant accounting judgments, estimates and assumptions

In the application of Australian Accounting Standards management is required to make judgements, 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 various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. 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 revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed, where applicable, in the relevant note to the financial statements.

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

(e) 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.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Bank overdrafts are shown within borrowings as liabilities in the Statement of Financial Position.

(f) Financial assets available for sale

Available for sale investments are non-derivative financial assets that are designated as available for sale or are not categorised into any of the categories of fair value through profit or loss, loans and receivables or held to maturity. Available for sale investments primarily are restricted bank deposits.

Available for sale investments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in the available for sale investments reserve within equity until disposal, when the cumulative gain or loss is transferred to the statement of comprehensive income. Upon disposal or impairment, the accumulated changes in fair value in the available for sale investments reserve is recognised in the statement of comprehensive income.

(g) Loans and 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for financial assets other than those financial assets 'at fair value through profit or loss'. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at

Note 2 Statement of significant accounting policies (continued)

Impairment of financial assets (continued)

each Statement of Financial Position date. Financial assets impaired where 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 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 original effective interest rate.

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.

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.

(h) Trade and Other Receivables

Trade Receivables, which are generally received within 30 days, are recognised and carried at original invoice amount.

Bad debts are written off when identified.

(i) Financial Instruments Issued by the Trust

Borrowings

Notes are recorded at an amount equal to the initial proceeds less any pass through of principal amounts. Interest expense is recognised on an accrual basis. Other financial liabilities, including borrowings, are initially measured at fair value, less directly attributable 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.

(j) Trade and Other Payables

Trade payables are carried at amortised cost and represent liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid and arise when the Trust becomes obliged to make future payments in respect of the purchase of these goods and services which are generally settled within 30 days.

(k) Derivative Financial Instruments

The Trust uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair values of derivatives are taken to net profit or loss for the year. All derivatives at year end are classified as held for trading and not in designated hedging relationships.

(l) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

Interest Revenue

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 throughout the expected life of the financial asset to that asset's net carrying amount.

(m) Distributions/ Contributions

Distributions to/(Contributions from) the residual income Unitholder are made in arrears on a monthly basis.

Note 2 Statement of significant accounting policies

(m) Distributions/ Contributions (continued)

Distribution/(Contribution) is the interest receipts from receivables net of trust related expenses.

(n) Income tax

Under current Income Tax Legislation, the Trust is not liable to pay income tax on that part of taxable income which is distributed to Unitholders.

(o) Goods & Services Tax (GST)

Expenses incurred by the Trust are recognised net of the amount of GST that can be recovered from the Australian Taxation Office (ATO). Amounts recognised as receivables and payables at balance date include the amount of GST payable. Reduced input tax credits (RITC) recoverable by the Trust from the ATO are recognised as receivables in the Statement of Financial Position.

(p) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(q) Units on issue

Residual capital units

Each unit issued confers upon the unitholder an equal interest in Trust, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Trust. Unitholders have various rights under the Master Trust Deed, including the right to:

- have their units redeemed; and
- participate in the termination and winding up of the Trust.

The rights, obligations and restrictions attached to each unit are identical in all respects.

Residual income units

Each unit issued confers upon the unitholder an equal interest in Trust, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Trust. Unitholders have various rights under the Master Trust Deed, including the right to:

- receive income distributions; and
- have their units redeemed.

The rights, obligations and restrictions attached to each unit are identical in all respects.

Note 3 Financial assets available for sale

	2014 $000's	2013 $000's
Bank deposit	482	6,639
Total cash and cash equivalents	**482**	**6,639**

Note 4 Loans and receivables

	2014 $000's	2013 $000's
Loans	387,644	489,289
Total loans and receivables	**387,644**	**489,289**

The loans comprise of various terms to maturity ranging up to 26 years and at various fixed and variable interest rates.

Maturity Profile on Loans and receivables

	2014 $000's	2013 $000's
Not longer than 3 months	-	-
Longer than 3 and not longer than 12 months	3	-
Longer than 1 and not longer than 5 years	444	813
Longer than 5 years	387,197	488,476
Total loans and receivables	**387,644**	**489,289**

Note 5 Trade and other receivables

	2014 $000's	2013 $000's
Receivables from related parties	7,991	2,102
Other receivables	1,725	2,519
Contribution receivable	-	13,348
Total trade and other receivables	**9,716**	**17,969**

The components of 'Other Receivables' relates to accrual balances attributable to the loan portfolio or investments held by the Trust.

Note 6 Trade and other payables

	2014 $000's	2013 $000's
Distribution payable	819	-
Other creditors and accruals	681	230
Total trade and other payables	**1,500**	**230**

The components of 'Other Creditors' relates to liabilities for goods and services provided to the Trust prior to the end of the financial period that are unpaid and arise when the Trust becomes obliged to make future payments in respect of the purchase of these goods and services.

Note 7 Borrowings

	$000's	$000's
Class A Notes - unsecured	353,781	460,000
Class AB Notes - unsecured	30,000	30,000
Class B Notes - unsecured	10,000	10,000
Total borrowings	**393,781**	**500,000**

Three classes of Notes on issue:- A, AB and B.

These Notes are floating rate notes based on BBSW plus a margin.

The term of the notes is equal to the life of the Trust.

Note 8 Derivative financial instruments

The Trust enters into derivative financial instruments which enable it to manage interest rate risk.
The fair value of derivatives has been calculated by discounting the expected future cash flows at prevailing interest rates.

The Trust manages the exposures related to these instruments as part of its overall interest rate risk management.
All derivatives at year end are classified as held for trading and not in designated hedging relationships.

The table below shows the fair values of the derivatives, recorded as assets or liabilities, together with their notional amounts.

The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

The notional amounts indicate the volume of transactions outstanding at the period end and are indicative of neither the market risk nor credit risk.

Derivatives held for trading - Interest rate swaps	2014 $000's	2013 $000's
Fair value assets	197	-
Fair value liabilities	(2,758)	(13,667)
Notional amount	(393,781)	(490,201)

Note 9 Net assets attributable to unitholders

Undistributed income at the beginning of the financial year	-	-
Net operating profit/(loss)	15,510	(13,348)
Contributions/(Distributions)	(15,510)	13,348
Closing balance	-	-

Note 10 Distribution to unitholders

Accrued distribution/(contribution) at the beginning of the year	(13,348)	-
Profit/(Loss) for the year	15,510	(13,348)
Accrued contribution/(distribution) at the end of the year	(819)	13,348
Distribution to Unitholders	**1,343**	-

Note 11 Cash flow statement reconciliation

Profit/(Loss) after income tax	15,510	(13,348)
Adjustments for accrued operating movements		(2,272)
Interest received	555	1,972
Interest on collections	(6)	(1)
(Gain)/Loss on derivative financial instrument	(11,107)	13,667
Swap payments	305	(245)
Coupon payments	269	212
Other expenses	122	17
Net cash flow from operating activities	**5,648**	**2**

Note 12 Related party disclosures

Bendigo and Adelaide Bank Ltd and AB Management Pty Ltd act as Servicer and Manager of the Trust respectively and as such receive a fee for providing such services.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

	2014 $000's	2013 $000's
Bendigo and Adelaide Bank Ltd	1,028	13
AB Management Pty Ltd	123	2
Collections receivable from Bendigo and Adelaide Bank Ltd	7,991	4,074

Principal and interest collections are received from underlying borrowers by Bendigo and Adelaide Bank Ltd and transferred to the Trust on a monthly basis.

No employees nor directors of related entities are paid by the Trust.

Note 13 Risk management

The key financial risks associated with the Trust's activities are:

> interest rate risk
> liquidity and cash flow risk; and
> credit risk

The Trust's Trade and other receivables assets are valued in accordance with note 2(h).
The Trust's financial assets are valued in accordance with note 2(f).

Interest rate risk exposures

Interest rate risk is the risk that changes in market interest rates might adversely affect net interest income of the Trust.

Interest rate risk is carefully managed, within defined limits set by the Risk Management Committee of the Responsible Entity, with the primary objective being to stabilise and enhance the performance of net interest income over time.

This risk is managed by limiting the mismatch in the repricing dates of the Trust's asset and liabilities and through the use of interest rate hedging products such as swaps.

The risk of the carrying value of the Trust's investment being affected by movements in interest rates is managed by ensuring all transactions are within defined, approved limits.

Other receivables and payables are valued at cost, which is equivalent to the fair value.

The swaps used to manage interest rate exposure are purchased with the intent of being held to maturity, and satisfy hedge accounting requirements.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant at year end.

30 June 2014	Increase in Interest Rate	Post Tax Profit $000's	Equity $000's	Decrease in Interest Rate	Post Tax Profit $000's	Equity $000's
Financial Asset						
Cash	+ 1.00%	5	-	- 1.00%	(5)	-
Loans and receivables	+ 1.00%	3,876	-	- 1.00%	(3,876)	-
Interest rate swaps	+ 1.00%	2	-	- 1.00%	(2)	-
Financial Liability						
Coupons	+ 1.00%	(3,938)	-	- 1.00%	3,938	-
Interest rate swaps	+ 1.00%	(28)	-	- 1.00%	28	-
30 June 2013						
Financial Asset						
Cash	+ 1.00%	66	-	- 1.00%	(66)	-
Loans and receivables	+ 1.00%	4,893	-	- 1.00%	(4,893)	-
Interest rate swaps	+ 1.00%	-	-	- 1.00%	-	-
Financial Liability						
Coupons	+ 1.00%	137	-	- 1.00%	(137)	-
Interest rate swaps	+ 1.00%	(5,000)	-	- 1.00%	5,000	-

Sensitivity to interest rates arises from mismatches in the period to repricing of assets and liabilities. These mismatches are managed as part of the overall asset and liability management process.

Note 13 Risk management (continued)

Liquidity and Cash Flow Risk Exposures

Statement of Financial Position liquidity risk is the risk of being unable to meet financial obligations as they fall due. Liquidity risk is managed within defined limits set by the Risk Management Committee of the Responsible Entity. The Trust holds a portfolio of high quality liquid assets as protection against an unexpected outflow of funds.

Liquidity risk is mitigated with repayment obligations of Borrowings being aligned to cash receipts.

The fair value of liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at year end.

The table below summarises the maturity profile of the Trust's financial liabilities at 30 June 2014 and 2013.

Maturity Profile	30-June-2014				30-June-2013			
Liabilities	Not longer than 3 months $000's	3 to 12 months $000's	1 to 5 years $000's	Longer than 5 years $000's	Not longer than 3 months $000's	3 to 12 months $000's	1 to 5 years $000's	Longer than 5 years $000's
Interest payable to noteholders	481	-	-	-	212	-	-	-
Management fees accrued	10	-	-	-	2	-	-	-
Other creditors	1,009	-	-	-	16	-	-	-
Borrowings	21,791	59,514	207,300	173,566	32,856	92,366	280,192	150,505
Derivatives	1,052	2,875	10,043	6,073	1,202	3,171	7,468	401
Total	**24,343**	**62,389**	**217,343**	**179,639**	**34,288**	**95,537**	**287,660**	**150,906**

Notes are repayable subject to and aligned with cash receipts on loans receivable.

Maturity analysis has been prepared on the expected cash flows.

Actual repayment obligations could be earlier or later than presented above.

Credit Risk Exposures

Credit risk is the potential that the Trust will suffer a financial loss due to the unwillingness or inability of counterparties to fully meet their contractual debts and obligations. This risk is managed within defined policy set by the Board Risk Management Committee of the Responsible Entity.

Credit risk arises from lending activities, financial market transactions and other associated activities. The Trust has a credit risk framework in place to provide a structured and disciplined approach to all lending activities. Total credit risk exposure of cash, loans and investments of the Trust is limited to the carrying value of assets on the Statement of Financial Position.

The table below categorises the loans and receivables of the Trust by their ageing profile:

Loans and receivables	Not longer than 12 months $000's	1 to 5 years $000's	Longer than 5 years $000's	Total $000's
30 June 2014	20	637	386,987	**387,644**
30 June 2013	-	813	488,476	**489,289**

Note 13 Risk management (continued)

Credit Risk Exposures (continued)

The table below categorises the financial assets of the Trust by their grading profile:

30 June 2014	High Grade $000's	Standard Grade $000's	Sub-Standard Grade $000's	Unrated $000's	Total $000's
Cash and cash equivalents	482	-	-	-	**482**
Loans and receivables	336,148	51,496	-	-	**387,644**
Trade and other receivables	9,716	-	-	-	**9,716**
Derivative financial instruments	197	-	-	-	**197**
30 June 2013					
Cash and cash equivalents	6,639	-	-	-	**6,639**
Loans and receivables	420,629	68,660	-	-	**489,289**
Trade and other receivables	17,969	-	-	-	**17,969**
Derivative financial instruments	-	-	-	-	**-**

The credit risk exposures of the Trust are concentrated entirely within Australia.

Note 14 Financial instruments

a) Measurement basis of financial assets and liabilities

The accounting policies in Note 2 describe how different classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amount of the financial assets and liabilities by category and by balance sheet heading.

	At fair value through Profit and Loss	At fair value through Reserves			
30 June 2014	Held for trading $000's	Available for sale $000's	Loans and receivables $000's	Held at amortised cost $000's	Total $000's
Financial assets					
Cash and cash equivalents	-	-	-	482	**482**
Loans and receivables	-	-	387,644	-	**387,644**
Trade and other receivables	-	-	9,716	-	**9,716**
Derivative financial instruments	197	-	-	-	**197**
Financial liabilities					
Trade and other payables	-	-	-	1,500	**1,500**
Borrowings	-	-	-	393,781	**393,781**
Derivative financial instruments	2,758	-	-	-	**2,758**

Note 14 Financial Instruments (continued)

a) Measurement basis of financial assets and liabilities (continued)

30 June 2013	At fair value through Profit and Loss Held for trading $000's	At fair value through Reserves Available for sale $000's	Loans and receivables $000's	Held at amortised cost $000's	Total $000's
Financial assets					
Cash and cash equivalents	-	-	-	6,639	**6,639**
Loans and receivables	-	-	489,289	-	**489,289**
Trade and other receivables	-	-	17,969	-	**17,969**
Derivative financial instruments	-	-	-	-	**-**
Financial liabilities					
Trade and other payables	-	-	-	230	**230**
Borrowings	-	-	-	500,000	**500,000**
Derivative financial instruments	13,667	-	-	-	**13,667**

b) Fair values of financial assets and liabilities

The following table summarises the carrying value of financial assets and liabilities presented on the Trust's balance sheet. The fair values presented in the table are at a specific date and may be significantly different from the amounts which will actually be paid or received on the maturity or settlement date.

	30 June 2014		30 June 2013	
	Carrying Value $000's	Fair Value $000's	Carrying Value $000's	Fair Value $000's
Financial assets				
Cash and cash equivalents	482	482	6,639	6,639
Loans and receivables	387,644	389,133	489,289	491,120
Trade and other receivables	9,716	9,716	17,969	17,969
Derivative financial instruments	197	197	-	-
Financial liabilities				
Trade and other payables	1,500	1,500	230	230
Borrowings	393,781	394,599	500,000	500,005
Derivative financial instruments	2,758	2,758	13,667	13,667

Note 14 Financial Instruments (continued)

c) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Wherever possible, fair values have been calculated using unadjusted quoted market prices in active markets for identical instruments held by the Trust. For all other financial instruments, the Trust determines fair value using other valuation techniques.

Valuation control framework

The Trust has an established control framework with respect to the measurement of the fair values including independent price verification. The framework is independent of the front office management and reports directly to the Chief Financial Officer.

Specific controls include:

> verification of observable pricing,
> a review and approval process for new products,
> analysis and investigation of significant daily valuation movements.

Valuation of financial assets and liabilities

The Trust measures fair values using the following fair value hierarchy, which reflects the significance of the inputs in making the measurement.

Level 1

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets liabilities.

Level 2

Level 2 fair value measurements are those derived from inputs other than quoted prices within level 1 that are observable either directly (as prices) or indirectly (derived from prices).

Level 3

Level 3 fair value measurements are from inputs that are unobservable. Where equity investments have no quoted market price and fair value cannot be reliably measured these investments are carried at cost less impairment.

Financial assets and liabilities carried at fair value

Valuation hierarchy	Level 1	Level 2	Level 3	Total
30 June 2014	$000's	$000's	$000's	$000's
Trade and other receivables	-	9,716	-	9,716
Total financial assets carried at fair value	-	**9,716**	-	**9,716**
Trade and other payables	-	1,500	-	1,500
Derivative financial instruments	-	2,758	-	2,758
Total financial liabilities carried at fair value	-	**4,258**	-	**4,258**
30 June 2013				
Trade and other receivables	-	17,969	-	17,969
Total financial assets carried at fair value	-	**17,969**	-	**17,969**
Trade and other payables	-	230	-	230
Derivative financial instruments	-	13,667	-	13,667
Total financial liabilities carried at fair value	-	**13,897**	-	**13,897**

Transfers between levels are deemed to have occurred at the beginning of the reporting period in which instruments are transferred.

There were no significant transfers between levels during the year.

Note 14 Financial Instruments (continued)

c) Fair value measurement (continued)

Valuation methodology

The following methodologies and assumptions have been used to determine fair values:

Financial assets available for sale

The carrying value of these financial instruments is considered to approximate their fair value.

Trade and other receivables

Trade and other receivables and other assets include accrued interest, loan portfolio premium, other investments and other receivables. The carrying value is a reasonable estimate of fair value.

Trade and other payables

The carrying value for payables approximates fair value.

Derivatives

Comparison to similar instruments for which market observable prices exist and other relevant models used by market participants.

Financial assets and liabilities carried at amortised cost Valuation Hierachy	Level 1	Level 2	Level 3	Total fair value amount	Total carrying amount
30 June 2014	$000's	$000's	$000's	$000's	$000's
Loans and receivables	-	-	389,133	**389,133**	**387,644**
Total financial assets carried at amortised cost	-	-	389,133	**389,133**	**387,644**
Borrowings	-	394,599	-	**394,599**	**393,781**
Total financial liabilities carried at amortised cost	-	394,599	-	**394,599**	**393,781**
30 June 2013					
Loans and receivables	-	-	491,120	**491,120**	**489,289**
Total financial assets carried at amortised cost	-	-	491,120	**491,120**	**489,289**
Borrowings	-	500,005	-	**500,005**	**500,000**
Total financial liabilities carried at amortised cost	-	500,005	-	**500,005**	**500,000**

The table above analyses the fair value of the financial assets and liabilities of the Trust which are carried at amortised cost. They are categorised into levels 1 to 3 based on the degree to which their fair value is observable.

Transfers between levels are deemed to have occurred at the beginning of the reporting period in which instruments are transferred.

There were no significant transfers between levels during the year.

Valuation methodology

Loans and receivables

The carrying value of loans and other receivables is net of specific and collective provisions for doubtful debts. For variable rate loans, excluding impaired loans, the carrying amount is a reasonable estimate of fair value.

Note 14 Financial Instruments (continued)

c) Fair value measurement (continued)

The net fair value for fixed loans is calculated by utilising discounted cash flow models (i.e. the net present value of the portfolio future principal and interest cash flows), based on the maturity of the loans. The discount rates applied represent the rate the market is willing to offer for these loans at arms-length. The net fair value of impaired loans is calculated by discounting expected cash flows using these rates.

Borrowings

The fair value for all Notes payable is calculated using a discounted cash flow model applying market rates and margins for similar instruments.

Note 15 Auditors' remuneration

Total fees paid or due and payable to Ernst & Young (Australia):

	2014	2013
	$	$
	8,341	8,098

Note 16 Subsequent events

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

Series 2013-2 Torrens Trust

Directors' Declaration

In the opinion of the Directors of AB Management Pty Ltd:

(a) the financial statements and notes of the Trust are in accordance with the Trust Deed, including:
(i) giving a true and fair view of the Trust's financial position as at 30 June 2014;
and of its performance for the period ended on that date; and
(ii) complying with applicable Accounting Standards and *Corporations Regulations 2001* ; and
(iii) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b).

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Peter James Ormandy
for and on behalf of AB Management Pty Limited
as Manager of the Series 2013-2 Torrens Trust
27/10/2014

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Independent auditor's report to the unitholders of Series 2013-2 Torrens Trust

Report on the financial report

We have audited the accompanying financial report of Series 2013-2 Torrens Trust, (the "Trust") which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the trust 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, 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 about 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 judgment, 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 controls relevant to the Trust'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 Trust's internal controls. 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.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's report.

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Opinion

In our opinion:

a. the financial report of Series 2013-2 Torrens Trust is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the Trust's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Ernst & Young

Mark Phelps
Partner
Adelaide
27 October 2014

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Auditor's Independence Declaration to the Directors of AB Management Pty Limited, as Responsible Entity of Series 2013-2 Torrens Trust

In relation to our audit of the financial report of Series 2013-2 Torrens Trust for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Mark Phelps
Partner
Adelaide
27 October 2014