15 April 2013

THE TRUST COMPANY REPORTS $11.7M NET PROFIT AFTER TAX WITH GOOD MOMENTUM IN THE SECOND HALF

- **Reported net profit after tax of $11.7 million down 7% on prior year impacted by non-recurring items in the first half**
- **Normalised net profit after tax up 3% from $11.6 million to $12.0 million**
- **2H13 reported EBITDA of $10.1 million exceeded guidance provided in October 2012 by over 10%**
- **2H13 dividend of 18cps, bringing FY13 dividend to 30cps, exceeding previous guidance of 27-29cps**

The Trust Company (ASX:TRU) today announced its annual results for the financial year ended 28 February 2013 (FY13), reporting a net profit after tax (NPAT) of $11.7 million. This result was 7% lower than the prior year impacted by non-recurring items in the first half. On a normalised basis, NPAT increased 3% from $11.6 million to $12.0 million.[1]

A total dividend for FY13 of 30cps was announced, exceeding previous guidance of 27-29cps.

The Trust Company Chief Executive Officer Shailendra Singh said: "We are pleased with the positive momentum demonstrated across the business in the second half of the year and the improvement in performance after a disappointing first half. The Corporate Client business has delivered another strong performance and we are pleased to see increasing momentum in the Personal Clients business, particularly in response to our enhanced investment management capability."

Corporate Clients maintaining strong position while Personal Clients showing improvement

The Corporate business is continuing to perform strongly as a result of growth in new business across Responsible Entity and Managed Investment Trusts. Our regional model across Australia, New Zealand and Singapore is now well positioned to service our growing client base across the region with the first S-REIT regional trustee appointment secured earlier in the year.

The performance of the Personal Clients business is showing improvement with both Australia and New Zealand experiencing stronger second half revenue growth. Net inflows into the Private Clients business and enhanced investment management capability have contributed to the increasing momentum in the second half.

"We recognise the performance of our New Zealand Personal Clients business was disappointing, particularly in the first half. However we are keenly focused on the repositioning of this business. We are confident that with the initiatives planned for

[1] These results are still subject to final audit. The Company will issue its Annual Report on 9 May 2013.

implementation we can build on Guardian Trust's rich history and strong reputation to deliver a bright future for the business," said Mr Singh.

Technology Update

In October 2011 we first announced a systems upgrade based on an integrated technology solution strategy across all aspects of our business with an estimated spend in the order of $10 million. After extensive further analysis and advice, and with benefit of the completion of the profitability and broader strategic review, management and the Board have determined that this investment is not appropriate for a company of our size and risk profile.

The company now has a better understanding of our technology needs and will be adopting a revised approach. This approach focuses on enhancing growth, managing spend within our cost base and the selective use of outsourcing, partnering and enhancing with key service providers.

Spend related to this project in FY13 was $1.9 million, of which $200k was capitalised. Planned expenditure on technology initiatives under the revised approach in FY14 is $1.2 million, of which $400k will be capitalised.

Key priorities for FY14

Mr Singh said the three key priorities for FY14 are:

1. Profitability enhancement
A number of initiatives have been identified to enhance profitability including:

- Improve profitability for Estate Services across Australia and New Zealand
- Improve operational efficiency across the business through continuous process improvement
- Focus on profitable growth in the right markets across Australia and New Zealand
- Leverage regional Corporate Clients offer improving share and margin

2. Reposition New Zealand Personal Clients
Repositioning the business is key to improve future performance and will be focused on:

- The high net worth retiree market
- Realign service delivery model to better meet our target client needs
- Leveraging Group Investment Capability across New Zealand
- Rolling out our Engaged Philanthropy model

3. Upgrade technology under revised approach
Key technology initiatives are:

- Partnering with external provider to launch an investment wrap platform
- Implementing time recording systems to support growth of non-market revenue
- Enhancing our core trust administration platform with the right service providers
- Upgrading Finance & MIS reporting capability to enhance decision making process

"These priorities are clear and will deliver good earnings growth for our shareholders," said Mr Singh.

Outlook for FY14

The outlook for The Trust Company in FY14 is favourable, with positive momentum having been recently demonstrated in the 2H13 operating results.

“Our FY14 performance will benefit from higher funds under management balances at the beginning of the year, any further improvement in equity markets and the full year effect of new business growth in FY13. Further upside to FY14 is also expected to be realised through the implementation of initiatives identified as part of the profitability review,” said Mr Singh.

Profit growth will be skewed towards the second half due to the seasonality of the business, the timing of initiatives and defence costs relating to the off-market takeover bid by Equity Trustees. We also see consumer sentiment remaining cautious from the Global Financial Crisis experience and uncertain political environment.

The current level of regulatory change and activity is expected to continue across all elements of our business. We are working with ASIC on reforms to the debenture sector and closely managing risk associated with our role as a Corporate trustee. We also see the implementation of FOFA reforms providing opportunities for our client-centric fiduciary model.

In closing, Mr Singh said “We look forward to a strong FY14 as we continue to capitalise on the recent momentum gained in the second half of FY13.”

ENDS

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THE TRUST COMPANY LIMITED

ACN 004 027 749

CONSOLIDATED FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013

This financial report is unaudited

THE TRUST COMPANY LIMITED

ASX Appendix 4E

Results for announcement to the market

(i) Changes from the year ended 29 February 2012 to the year ended 28 February 2013

	28-Feb-13 $'000	Movement	
Total revenue from continuing operations	88,582	up	2%
Profit attributable to members of the parent entity	11,744	down	-7%

(ii) Net tangible asset per security

	28-Feb-13 $'000	29-Feb-12 $'000
Net tangible asset per security	1.62	1.34

(iii) Dividend information

	Cents per share
Final dividend 2012 (paid on 24 May 2012 - fully franked)	18.0
Interim dividend 2013 (paid on 8 December 2012 - fully franked)	12.0
Final dividend 2013 (record date 3 May 2013, payable on 17 May 2013 - fully franked)	18.0

Refer to Note 4 to the financial report for further details of dividends paid and payable.

(iv) Details of entities over which control has been gained or lost

Refer to Note 29 to the financial report for details of entities over which control has been gained or lost.

(v) Details of associates and joint venture entities

There was no investment in associates or joint ventures during the financial year.

(vi) Compliance statement

This report is based on the consolidated financial report which is unaudited.

THE TRUST COMPANY LIMITED

Principal activities

The Trust Company is one of the region's foremost trustee companies, offering services for individuals, companies and charitable trusts.

Across the Group we provide wide-ranging advice and expertise in Personal Client Services including Estate Planning and Administration, Lifestyle and Executor Assist, Financial Planning, Personal Trusts, Charitable Trusts, Wealth Management and Health and Personal Injury services.

Our Corporate Client Services in Australia and Singapore include Responsible Entity, Property and Infrastructure Custody, Superannuation Compliance and Trustee, Structured Finance Trustee and REIT Trustee services. In New Zealand we offer trustee services for Debt Securities, Securitisation, Unit Trusts, Superannuation and KiwiSaver.

The Trust Company Group has around A$1 billion in charitable funds under administration and we are currently serving as trustee for over 800 charitable trusts.

The Trust Company has offices in Australia, New Zealand and Singapore, with around 440 employees and a market capitalisation of approximately A$187 million as at 28 February 2013.

Consolidated results and review of operations

The consolidated profit after income tax expense for the financial year attributable to members of the parent entity was A$11.7 million (2012: profit of A$12.6 million).

Consolidated revenue from ordinary activities increased by 2 percent to A$88.6 million (2012: A$86.5 million).

Earnings before interest, tax, depreciation and amortisation (EBITDA) for FY13 of A$16.7 million were down 10% on FY12.

A total dividend for FY13 of 30cps was announced, exceeding previous guidance of 27-29cps.

The Trust Company Chief Executive Officer Shailendra Singh said: "We are pleased with the positive momentum demonstrated across the business in the second half of the year and the improvement in performance after a disappointing first half. The Corporate Client business has delivered another strong performance and we are pleased to see increasing momentum in the Personal Clients business, particularly in response to our enhanced investment management capability."

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The company now has a better understanding of our technology needs and will be adopting a revised approach. This approach focuses on enhancing growth, managing spend within our cost base and the selective use of outsourcing, partnering and enhancing with key service providers.

Spend related to this project in FY13 was $1.9 million, of which $200k was capitalised. Planned expenditure on technology initiatives under the revised approach in FY14 is $1.2 million, of which $400k will be capitalised.

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Outlook for FY14 (cont'd)

Profit growth will be skewed towards the second half due to the seasonality of the business, the timing of initiatives and defence costs relating to the off-market takeover bid by Equity Trustees. We also see consumer sentiment remaining cautious from the Global Financial Crisis experience and uncertain political environment.

The current level of regulatory change and activity is expected to continue across all elements of our business. We are working with ASIC on reforms to the debenture sector and closely managing risk associated with our role as a Corporate trustee. We also see the implementation of FOFA reforms providing opportunities for our client-centric fiduciary model.

In closing, Mr Singh said "We look forward to a strong FY14 as we continue to capitalise on the recent momentum gained in the second half of FY13."

Future developments

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.

THE TRUST COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013

	Note	Consolidated		Parent Entity	
		2013	2012	**2013**	2012
		$'000	$'000	**$'000**	$'000
Fee and commission income	2(a)	**85,528**	82,844	**35,445**	35,207
Other income	2(a)	**1,425**	2,087	**29,820**	19,328
Other recoveries	2(a)	**1,629**	1,535	**-**	527
		88,582	86,466	**65,265**	55,062
Employee benefit expense	2(b)	**(45,080)**	(43,805)	**(29,715)**	(30,140)
Occupancy expenses		**(6,643)**	(6,007)	**(1,612)**	(1,272)
Professional fees	2(c)	**(4,827)**	(2,537)	**(3,201)**	(1,685)
Computer expenses		**(3,424)**	(4,484)	**(857)**	(602)
Depreciation and amortisation expense	11(c)	**(3,098)**	(2,604)	**(685)**	(933)
Insurance expenses		**(2,234)**	(2,184)	**(1,453)**	(1,808)
Information technology expense	2(d)	**(1,671)**	-	**(106)**	-
Client claims		**(1,410)**	(429)	**490**	(172)
Marketing expenses		**(1,394)**	(1,321)	**(948)**	(795)
Financing expenses		**(586)**	(1,132)	**(586)**	(535)
Unrealised foreign exchange gain/(loss)		**(11)**	-	**757**	647
Other expenses		**(2,260)**	(4,141)	**(9)**	(1,950)
Profit before income tax expense		**15,944**	17,822	**27,340**	15,817
Income tax (expense)/benefit	3(a)	**(4,200)**	(5,222)	**711**	806
Profit attributable to members of the parent entity		**11,744**	12,600	**28,051**	16,623
Other comprehensive income					
Movement in asset revaluation reserve		**512**	-	**512**	-
Financial assets at fair value		**3,450**	(3,845)	**2,745**	-
Fair value movement on cash flow hedge		**-**	341	**-**	341
Other comprehensive income for the year (net of tax)		**3,962**	(3,504)	**3,257**	341
Total comprehensive income attributable to members of the parent entity		**15,706**	9,096	**31,308**	16,964
Earnings per share					
Basic (cents per share)	21	**35.1**	38.7		
Diluted (cents per share)	21	**35.0**	38.5		

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

THE TRUST COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2013

	Note	Consolidated		Parent Entity	
		2013	2012	**2013**	2012
		$'000	$'000	**$'000**	$'000
Current assets					
Cash and cash equivalents	30(c)	**19,485**	17,656	**9,204**	5,419
Trade and other receivables	6(a)	**23,424**	18,039	**10,267**	6,905
Current tax assets	7	**277**	-	**180**	-
Total current assets		**43,186**	35,695	**19,651**	12,324
Non-current assets					
Trade and other receivables	6(b)	**456**	634	**21,296**	21,833
Other non-current financial assets	8	**20,297**	16,118	**139,457**	123,524
Other non-current assets	9	**602**	-	**2**	-
Indemnities receivable	10	**4,533**	5,564	**-**	-
Property, plant and equipment	11	**10,333**	14,576	**2,001**	5,356
Goodwill	12	**59,842**	60,568	**-**	-
Intangible assets	13	**9,394**	9,222	**-**	-
Deferred tax assets	3(d)	**2,560**	3,570	**1,352**	1,386
Total non-current assets		**108,017**	110,252	**164,108**	152,099
Total assets		**151,203**	145,947	**183,759**	164,423
Current liabilities					
Trade and other payables	14	**4,977**	6,115	**5,201**	7,873
Provisions	15(a)	**3,374**	4,884	**1,301**	2,221
Current tax liabilities	17	**-**	638	**-**	676
Total current liabilities		**8,351**	11,637	**6,502**	10,770
Non-current liabilities					
Borrowings	18	**9,948**	8,385	**9,948**	8,385
Provisions	15(b)	**2,339**	2,426	**2,122**	2,303
Indemnities payable	10	**4,533**	5,564	**-**	-
Total non-current liabilities		**16,820**	16,375	**12,070**	10,688
Total liabilities		**25,171**	28,012	**18,572**	21,458
Net assets		**126,032**	117,935	**165,187**	142,965
Equity					
Issued capital	20	**108,779**	107,688	**108,779**	107,688
Investment revaluation reserve		**(273)**	(3,723)	**2,745**	-
Share-based payments reserve		**1,935**	2,089	**1,935**	2,089
Asset revaluation reserve		**-**	655	**-**	655
Foreign currency translation reserve		**2,592**	1,115	**-**	-
Retained earnings		**12,999**	10,111	**51,728**	32,533
Total equity		**126,032**	117,935	**165,187**	142,965

Net tangible asset per share ($)		**1.62**	1.34

The increase in the net assets of the parent entity is largely due to a $28m dividend paid from its subsidiary. Further information is contained in Note 8 to the financial statements.

The Statement of Financial Position should be read in conjunction with the accompanying notes.

THE TRUST COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013

		Consolidated							
	Note	Issued capital	Investment revaluation reserve	Share-based payments reserve	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 March 2011		**102,683**	**122**	**2,299**	**655**	**(341)**	**-**	**8,586**	**114,004**
Unrealised loss on investments		-	(3,845)	-	-	-	-	-	(3,845)
Fair value movement on cash flow hedge		-	-	-	-	487	-	-	487
Deferred tax asset on cash flow hedge	3(c)	-	-	-	-	(146)	-	-	(146)
Profit attributable to members of the parent entity		-	-	-	-	-	-	12,600	12,600
Total comprehensive income for the year		**-**	**(3,845)**	**-**	**-**	**341**	**-**	**12,600**	**9,096**
Treasury shares allocated		246	-	(246)	-	-	-	-	-
Recognition of share-based payments	2(b)	-	-	261	-	-	-	-	261
Transfer of treasury share dividends to retained earnings		-	-	-	-	-	-	259	259
Issue of shares under employee share plan		225	-	(225)	-	-	-	-	-
Issue of shares under share purchase and dividend reinvestment plans		4,534	-	-	-	-	-	-	4,534
Foreign currency movements		-	-	-	-	-	1,115	-	1,115
Dividends paid in the financial year	4	-	-	-	-	-	-	(11,334)	(11,334)
Balance at 29 February 2012		**107,688**	**(3,723)**	**2,089**	**655**	**-**	**1,115**	**10,111**	**117,935**
Balance at 1 March 2012		**107,688**	**(3,723)**	**2,089**	**655**	**-**	**1,115**	**10,111**	**117,935**
Unrealised gain on investments	8(b)	-	4,179	-	-	-	-	-	4,179
Deferred tax asset on revaluation of investments	3(c)	-	(729)	-	-	-	-	-	(729)
Reverse deferred tax liability upon sale of asset	3(c)	-	-	-	512	-	-	-	512
Transfer to retained earnings on sale of asset		-	-	-	(1,167)	-	-	1,167	-
Profit attributable to members of the parent entity		-	-	-	-	-	-	11,744	11,744
Total comprehensive income for the year		**-**	**3,450**	**-**	**(655)**	**-**	**-**	**12,911**	**15,706**
Recognition of share-based payments	2(b)	-	-	626	-	-	-	-	626
Issue of shares under employee share plan		780	-	(780)	-	-	-	-	-
Issue of shares under dividend reinvestment plan		311	-	-	-	-	-	-	311
Foreign currency movements		-	-	-	-	-	1,477	-	1,477
Dividends paid in the financial year	4	-	-	-	-	-	-	(10,023)	(10,023)
Balance at 28 February 2013		**108,779**	**(273)**	**1,935**	**-**	**-**	**2,592**	**12,999**	**126,032**

The investment revaluation reserve arises on the revaluation of financial assets at fair value investments.

The share-based payments reserve arises on the grant of share-based incentives to executives and selected staff under the Long Term Incentive and Short Term Incentive plans. Amounts are transferred out of the reserve and into issued capital when the shares are allocated. Further information is contained in Note 26 to the financial statements.

The asset revaluation reserve arises on the revaluation of land and buildings. Where revalued land or buildings are sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained earnings.

The cash flow hedge reserve arose from the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges. When the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. All cash flow hedges have been closed out during the FY12 financial year.

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

THE TRUST COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013

		Parent Entity						
	Note	Issued capital $'000	Investment revaluation reserve $'000	Share-based payments reserve $'000	Asset revaluation reserve $'000	Cash flow hedge reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 March 2011		**102,683**	**-**	**2,299**	**655**	**(341)**	**26,985**	**132,281**
Fair value movement on cash flow hedge		-	-	-	-	487	-	487
Deferred tax asset on cash flow hedge	3(c)	-	-	-	-	(146)	-	(146)
Profit attributable to members of the parent entity		-	-	-	-	-	16,623	16,623
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**341**	**16,623**	**16,964**
Treasury shares allocated		246	-	(246)	-	-	-	-
Recognition of share-based payments	2(b)	-	-	261	-	-	-	261
Transfer of treasury share dividends to retained earnings		-	-	-	-	-	259	259
Issue of shares under employee share plan		225	-	(225)	-	-	-	-
reinvestment plans		4,534	-	-	-	-	-	4,534
Dividends paid in the financial year	4	-	-	-	-	-	(11,334)	(11,334)
Balance at 29 February 2012		**107,688**	**-**	**2,089**	**655**	**-**	**32,533**	**142,965**
Balance at 1 March 2012		**107,688**	**-**	**2,089**	**655**	**-**	**32,533**	**142,965**
Unrealised gain on investments	8(b)	-	3,474	-	-	-	-	3,474
Deferred tax asset on revaluation of investments	3(c)	-	(729)	-	-	-	-	(729)
Reverse deferred tax liability upon sale of asset	3(c)	-	-	-	512	-	-	512
Transfer to retained earnings on sale of asset		-	-	-	(1,167)	-	1,167	-
Profit attributable to members of the parent entity		-	-	-	-	-	28,051	28,051
Total comprehensive income for the year		**-**	**2,745**	**-**	**(655)**	**-**	**29,218**	**31,308**
Recognition of share-based payments	2(b)	-	-	626	-	-	-	626
Issue of shares under employee share plan		780	-	(780)	-	-	-	-
Issue of shares under dividend reinvestment plan		311	-	-	-	-	-	311
Dividends paid in the financial year	4	-	-	-	-	-	(10,023)	(10,023)
Balance at 28 February 2013		**108,779**	**2,745**	**1,935**	**-**	**-**	**51,728**	**165,187**

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

THE TRUST COMPANY LIMITED

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013

	Note	Consolidated		Parent Entity	
		2013	2012	**2013**	2012
		$'000	$'000	**$'000**	$'000
Cash flows from operating activities					
Receipts from customers		**89,067**	89,805	**35,639**	41,978
Payments to suppliers and employees		**(73,749)**	(71,312)	**(26,374)**	(41,771)
Claim recoveries received		**0**	841		-
Financing expenses paid		**(534)**	(1,011)	**(534)**	(1,011)
Income tax paid		**(4,377)**	(5,747)	**(3,820)**	(4,480)
Net cash provided by/(used in) operating activities	30(a)	**10,407**	12,576	**4,911**	(5,284)
Cash flows from investing activities					
Payments on purchase of investments	32	**-**	(31,632)	**-**	(31,632)
Cash and cash equivalents acquired as part of business combination		**-**	450	**-**	-
Proceeds from intercompany loan		**-**	-	**2,331**	-
Payments for property, plant and equipment		**(1,312)**	(5,691)	**(102)**	(212)
Payments for work in progress		**(602)**	-	**(2)**	-
Loans made to clients		**(126)**	(118)	**-**	-
Repayments of client loans		**161**	138	**-**	-
Dividends received		**1,016**	1,194	**3,500**	18,000
Interest received		**416**	1,084	**1,325**	343
Net cash provided by/(used in) investing activities		**(447)**	(34,575)	**7,052**	(13,501)
Cash flows from financing activities					
Proceeds from borrowings		**1,500**	12,500	**1,500**	12,500
Repayment of borrowings		**-**	(4,000)	**-**	(4,000)
Proceeds from issue of shares - employee share schemes		**34**	225	**34**	225
Proceeds from issue of shares - DRP/SPP		**311**	4,534	**311**	4,534
Dividends paid - members of the parent entity					
Ordinary dividends	4	**(10,023)**	(11,334)	**(10,023)**	(11,334)
Net cash provided by/(used in) financing activities		**(8,178)**	1,925	**(8,178)**	1,925
Net increase/(decrease) in cash and cash equivalents		**1,782**	(20,074)	**3,785**	(16,860)
Cash and cash equivalents at the beginning of the financial year		**17,656**	37,685	**5,419**	22,279
Effects of exchange rate changes on the balance of cash held in foreign currencies		**47**	45	**-**	-
Cash and cash equivalents at the end of the financial year	30(c)	**19,485**	17,656	**9,204**	5,419

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the separate financial statements of The Trust Company Limited (the 'Company' or 'Parent Entity') and the entities it controlled during the financial year (the 'Group' or 'Consolidated'). For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial report complies with International Financial Reporting Standards ('IFRS').

The Company is a public company listed on the Australian Securities Exchange (code: TRU), incorporated in Australia and operating in Australia, New Zealand and Singapore.

The registered office of The Trust Company is: Level 15, 20 Bond Street, Sydney, NSW 2000.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a Company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

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

(i) Principles 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). 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.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and 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.

(ii) Foreign currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the Statement of Comprehensive Income in the period in which they arise except for:

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

1. Significant accounting policies (cont'd)

(iii) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

i. 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

ii. 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.

(iv) Revenue recognition

Fee and commission income

Revenue is measured at the fair value of the consideration received or receivable. Fee and commission income is recognised when:

- the amount can be measured reliably;
- it is probable that the future economic benefit associated with the transaction will flow to the Company; and
- the stage of completion can be measured reliably.

Where the Group acts as a responsible entity, it does not recognise revenue where it is collected on behalf of third party providers as the commercial risks and benefits associated with those services are borne by those third parties.

Other income

Rental income is recognised on an accruals basis in the Statement of Comprehensive Income. Dividend income is recognised on a receivable basis on the date when the Group's right to receive payment is established. Interest income is recognised on an accruals 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 carrying amount.

(v) Share-based payments

The Company has a long term incentive plan (share-based) for key staff and a short term incentive plan (share and cash-based) for all staff. The cost of administering both schemes is expensed as incurred.

Share-based payments granted are measured at fair value at the date of grant. All current long term and short term incentive plans were valued externally.

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 consolidated entity's estimate of shares that will eventually vest.

Shares purchased on market by CPU Share Plans Pty Ltd (formerly Trust Company Share Plan Pty Limited) to satisfy these obligations are accounted for by the Company as Treasury Shares within equity.

(vi) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability to the extent that it is unpaid.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against the deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if temporary differences giving rise to them, arise from an initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with those 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.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset and liability giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow in a manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

1. Significant accounting policies (cont'd)

(vi) Income tax (cont'd)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Comprehensive Income, except where it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity or where it arises from the initial accounting for a business combination, in which case it is included in the accounting for the business combination.

Tax consolidation

The Trust Company and all of its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. The Trust Company is the head entity in the tax consolidated group.

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.

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 the Company and each member of the 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. Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

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 tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding agreement.

(vii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash on 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.

(viii) Financial assets and liabilities

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. Investments are initially measured at fair value net of transaction costs, except for those financial assets classified as fair value through the Statement of Comprehensive Income, which are initially measured at fair value.
Subsequent to initial recognition, investments in subsidiaries are measured at cost in the parent entity's financial statements.

Trade receivables

Trade receivables, represented by fee income accrued, are contractually due under the terms of the relevant contract or trust deed; provision is made for any debts considered doubtful.

Loans and other receivables

Loans and other receivables are recorded at amortised cost.

Financial assets at fair value

Shares in listed companies are stated at fair value. Fair value is determined in the manner described in Note 31(i). Gains and losses arising from changes in fair value are recognised directly in the investment revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the investment revaluation reserve is included in the Statement of Comprehensive Income.

Derivative financial instruments

The Company has designated certain derivatives as hedges of foreign currency risk of firm commitments (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

1. Significant accounting policies (cont'd)

(viii) Financial assets and liabilities (cont'd)

Hedge accounting

The Company designates certain hedges of foreign exchange risk on firm commitments as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Comprehensive Income.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Comprehensive Income.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the Statement of Comprehensive Income in the periods when the hedged item is recognised, in the same line of the Statement of Comprehensive Income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Impairment of financial assets

Financial assets, other than those at fair value through the Statement of Comprehensive Income, are assessed for indicators of impairment at each reporting date. Financial assets are considered to be 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 are significantly reduced.

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 considered 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 the Statement of Comprehensive Income.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of 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 the Statement of Comprehensive Income to the extent the carrying amount of the investments 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 financial assets at fair value equity securities, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition of financial assets

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or 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.

(ix) Property, plant and equipment

Land and buildings are measured at fair value. Fair value is determined on the basis of an annual valuation prepared by the Directors and every three years by external valuation experts, unless Directors determine a more frequent external valuation is required. The valuation is based on discounted cash flows or capitalisation of net income. The fair values are recognised in the financial statements of the Group and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increases arising on the revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in the Statement of Comprehensive Income, in which case the increase is credited to the Statement of Comprehensive Income to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of land and buildings is charged as an expense in the Statement of Comprehensive Income to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

1. Significant accounting policies (cont'd)

(ix) Property, plant and equipment (cont'd)

Depreciation on revalued buildings is charged as an expense to the Statement of Comprehensive Income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any deferred taxes is transferred directly to retained earnings.

Plant and equipment, leasehold improvements and motor vehicles are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of an item.

Depreciation is provided on property, plant and equipment including freehold buildings but excluding land. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. 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.

Costs relating to assets not yet available for use are stated at cost. Cost includes expenditure that is directly attributable to the acquisition of an item.

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

* Motor vehicles	4 to 8 years
* Buildings	40 years
* Leasehold improvements	3 to 10 years
* Plant and equipment	2.5 to 13 years

(x) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments and sub lease rental income are recognised as an expense/income 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.

Lease incentive

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.

(xi) 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 acquired business 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.

1. Significant accounting policies (cont'd)

(xi) Business combinations (cont'd)

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 acquired business 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 the Statement of Comprehensive Income. Amounts arising from interests in the acquired business prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the Statement of Comprehensive Income 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.

(xii) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (refer Note 1 (xi)) 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 the Statement of Comprehensive Income. 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.

(xiii) 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 estimates 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.

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 and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortisation is calculated using the straight line method to allocate the cost of separately identifiable intangible assets over their estimated useful lives as follows:

* Professional Fiduciary Relationships	15 to 60 years

1. Significant accounting policies (cont'd)

(xiv) Impairment of other tangible and intangible assets

At each reporting date, the consolidated entity reviews the carrying amount 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 amount (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of each CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs 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 wherever 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount and an impairment loss is recognised in the Statement of Comprehensive Income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income immediately.

(xv) Payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

(xvi) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows in respect of services provided by employees up to the reporting date.

(xvii) 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 cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the recovery receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Provision for redundancies and transition costs

A provision for redundancies and transition costs is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of the provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 118 'Revenue'.

1. Significant accounting policies (cont'd)

(xviii) Financial liabilities and equity instruments

Equity instruments

Equity instruments are classified as equity in accordance with the substance of the contractual arrangement. Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Dividends are classified as distributions of profits consistent with the Statement of Financial Position classification of the related equity instruments.

Other financial liabilities

Other financial liabilities, including borrowings, 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.

(xix) Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies that have affected the amounts reported for the current or prior years.

At the date of authorisation of the financial report, all other relevant Standards and Interpretations that were in issue but not yet effective are not expected to have a material impact on the financial report of the Group.

(xx) Critical accounting estimates and judgements

The preparation of this financial report required the use of certain critical accounting estimates and the exercise of judgement in the process of applying the accounting policies. The estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectation of future events. The directors believe the estimates and judgements are reasonable. Actual results in the future may differ from those reported.

The key accounting estimates and judgements used in the preparation of the financial report are as follows:

Goodwill

At each reporting date, goodwill is assessed for impairment. The model used to assess whether an impairment exists includes growth assumptions which may differ from future actual performance. Refer to Note 12.

Trustee risk

Part of the business of the Group is its trustee and custodian business. This includes custodial services, acting as trustee for debenture and convertible note issues, acting as trustee or responsible entity of unit trusts and managed investment schemes and acting as a trustee for retail superannuation funds. There are particular risks that apply to such business. In particular, as a trustee, responsible entity or custodian, the Group may generally be liable in its personal capacity (i.e. without a right of indemnity from the assets of the trust for which it is the trustee) for losses or damages caused as a result of negligence, fraud or breach of duty by the Group or its officers. Further, as a trustee, responsible entity or custodian, the reputation of the Group may be impacted adversely by the actions of its clients notwithstanding it has acted in good faith. Refer to Note 23.

Indemnities

To the extent that indemnities exist, these are recognised as the Directors' best estimate of the amount recoverable and payable. This is subject to annual impairment assessment.

Useful lives assessment of intangibles

Estimated useful lives of intangible assets represent the Directors' best estimate based on readily available information during the current reporting period. Refer to Note 1 (xiii).

	Note	Consolidated		Parent Entity	
		2013	2012	**2013**	2012
2. Profit before income tax expense		**$'000**	$'000	**$'000**	$'000
Profit before income tax expense includes the following items of revenue and expense:					
(a) Revenue					
Fee and commission income from trust and other fiduciary activities		**85,528**	82,844	**35,445**	35,207
Dividends from wholly-owned controlled entities		**-**	-	**28,000**	18,000
Dividends from non-related listed companies		**1,038**	1,075	**501**	-
Interest income from bank deposits		**387**	1,012	**330**	365
Interest income from wholly-owned controlled entities		**-**	-	**989**	963
Other recoveries		**1,629**	1,535	**-**	527
Total revenue		**88,582**	86,466	**65,265**	55,062
(b) Employee benefit expense					
Employee benefit expense includes:					
Salaries and wages		**35,904**	35,922	**22,495**	23,606
Defined contribution superannuation plan expense		**2,225**	2,356	**1,954**	2,091
Equity settled share-based incentives		**626**	261	**626**	261
Other employee benefits (includes payroll tax and annual leave)		**6,325**	5,266	**4,640**	4,182
Total employee benefit expense		**45,080**	43,805	**29,715**	30,140
(c) Professional fees					
External audit and taxation expense		**636**	722	**351**	394
Legal expense		**859**	519	**292**	129
Internal audit and consultancy expense (i)		**3,333**	1,296	**2,558**	1,162
Total professional fees		**4,827**	2,537	**3,201**	1,685

(i) Increase largely due to costs associated with implementing the stronger super program, profitability review and corporate advisory costs.

(d) Information technology expense		**1,671**	-	**106**	-

These costs relate to software implementation projects in progress which were unable to be capitalised. Refer to Note 9 for the capitalised portion of these costs.

	Note	Consolidated 2013	Consolidated 2012	Parent Entity 2013	Parent Entity 2012
3. Income tax expense					
(a) Income tax expense/(benefit) comprises:					
Current tax expense/(benefit)		**3,371**	4,966	**(384)**	(1,134)
Under/(over) provision of income tax in previous year - current tax		**(82)**	10	**(82)**	10
Under/(over) provision of income tax in previous year - deferred tax		**66**	-	**(62)**	-
Movement in deferred tax balance recognised in the Statement of Comprehensive Income	3(d)	**845**	246	**(183)**	318
Total income tax expense/(benefit)		**4,200**	5,222	**(711)**	(806)
(b) The prima facie income tax expense on pre-tax profit is reconciled with the income tax expense shown in the financial statements as follows:					
Profit before income tax expense		**15,944**	17,822	**27,340**	15,817
Income tax expense @ 30% (New Zealand @ 28%)		**4,702**	5,266	**8,202**	4,745
Non-allowable expenses		**388**	268	**(218)**	33
Franked dividends		**(312)**	(322)	**(150)**	-
Non-assessable income		**(496)**	-	**(8,463)**	(5,594)
Under provision of income tax in previous year		**(82)**	10	**(82)**	10
Total income tax expense/(benefit)		**4,200**	5,222	**(711)**	(806)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law (28% payable by New Zealand corporate entities). There has been no change in either the Australian or New Zealand corporate tax rate when compared with the previous reporting period.

	Consolidated 2013	Consolidated 2012	Parent Entity 2013	Parent Entity 2012
(c) Income tax recognised directly in equity				
The following deferred income tax assets were credited or charged directly to equity during the year:				
Asset revaluation reserve	**512**	**-**	**512**	**-**
Investment revaluation reserve	**(729)**	**-**	**(729)**	**-**
Cash flow hedge reserve	**-**	(146)	**-**	(146)
	(217)	(146)	**(217)**	(146)

3. Income tax expense (cont'd)

Investments within 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.

(d) Deferred tax balances

	Consolidated					
	Opening balance $000	Balances acquired as part of business combinations (#)	Foreign exchange movement on opening balances	Charged to income $000	Charged to equity $000	Closing balance $000
2013						
Deferred tax assets						
Provisions	1,940	-	21	(607)	-	1,354
Doubtful debts and impairment losses	1,041	-	3	(186)	(729)	129
Other	1,412	-	47	(116)	-	1,343
Deferred tax (liabilities)						
Property, plant and equipment	(511)	-	-	(1)	512	-
Other	(312)	-	(19)	65	-	(266)
	3,570	**-**	**52**	**(845)**	**(217)**	**2,560**
2012						
Deferred tax assets						
Provisions	2,098	1,055	-	(1,213)	-	1,940
Doubtful debts and impairment losses	799	-	-	242	-	1,041
Other	502	2,424	-	(1,368)	(146)	1,412
Deferred tax (liabilities)						
Property, plant and equipment	(513)	-	-	2	-	(511)
Other	(91)	(2,330)	-	2,109	-	(312)
	2,795	**1,148**	**-**	**(228)**	**(146)**	**3,570**

Net of foreign exchange translation movement.

	Parent Entity			
	Opening balance $000	Charged to income $000	Charged to equity $000	Closing balance $000
2013				
Deferred tax assets				
Provisions	1,473	(364)	-	1,109
Doubtful debts and impairment losses	29	786	(729)	86
Other	418	(244)	-	174
Deferred tax (liabilities)				
Property, plant and equipment	(511)	(1)	512	-
Other	(23)	6	-	(17)
	1,386	**183**	**(217)**	**1,352**
2012				
Deferred tax assets				
Provisions	1,877	(404)	-	1,473
Doubtful debts and impairment losses	20	9	-	29
Other	478	86	(146)	418
Deferred tax (liabilities)				
Property, plant and equipment	(511)	-	-	(511)
Other	(18)	(5)	-	(23)
	1,846	**(314)**	**(146)**	**1,386**

4. Dividends

	2013		2012	
	Cents per share	**Total $000**	Cents per share	Total $000
Recognised amounts in the financial statements				
Fully paid ordinary shares				
Final dividend paid on 24 May 2012 (prior year 16 May 2011)				
Fully franked at 30% (prior year fully franked at 30%)	**18.0**	**5,998**	18.0	5,825
Interim dividend paid on 8 December 2012 (prior year 14 December 2011)				
Fully franked at 30% (prior year fully franked at 30%)	**12.0**	**4,025**	17.0	5,509
Total dividends paid in the financial year	**30.0**	**10,023**	35.0	11,334
Unrecognised amounts in the financial statements				
Fully paid ordinary shares				
Final dividend (declared on 15 April 2013)				
Fully franked at 30% (prior year 30%)	**18.0**	**6,037**	18.0	5,988

5. Franking account

	Parent Entity	
	2013 $000	2012 $000
Franking account balance at the end of the financial year	**5,820**	5,857
Franking credits that will arise from the payment of income tax payable as at reporting date	**(180)**	676
Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date	**214**	205
Adjusted franking account balance	**5,854**	6,738
Impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	**(2,587)**	(2,571)
Franking account balance post payment of final dividend	**3,267**	4,167
Grossed up dividend that can be paid	**7,622**	9,723

The Company is a member of a tax consolidated group for income tax purposes effective 1 March 2003. The Company is also the head entity within the tax consolidated group and under this regime, the franking credits of all member entities are passed up to the Company.

6. Trade and other receivables

	Consolidated		Parent Entity	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
(a) Current				
Trade receivables (i)	**14,697**	15,743	**7,086**	6,230
Allowance for doubtful debts (ii)	**(436)**	(1,003)	**(285)**	(98)
	14,261	14,740	**6,801**	6,132
Amounts receivable from controlled entities	**-**	-	**80**	377
Other receivables and prepayments	**9,163**	3,299	**3,386**	396
Total current receivables	**23,424**	18,039	**10,267**	6,905

(i) The average credit period on provision of services is 30 days. No interest is charged on trade receivables.

Included in the Group's trade receivable balance are debtors with a carrying amount of $1,091,874 (2012: $703,086) which are past due date at the reporting date for which the Group has not provided an allowance for doubtful debts as there has not been a significant change in credit quality of the debtors and the Group believes that the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 207 days (2012: 135 days). There has been no deterioration of the credit quality of receivables not past due or not impaired.

6. Trade and other receivables (cont'd)	Consolidated		Parent Entity	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
(ii) Movement in allowance for doubtful debts				
Balance at the beginning of the year	**1,003**	232	**98**	66
Balance acquired as part of business combinations	**-**	64	**-**	-
Amounts written off during the year	**(555)**	(217)	**-**	(62)
Increase/(decrease) in allowance recognised	**(12)**	924	**187**	94
Balance at end of financial year	**436**	1,003	**285**	98

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, there is no further credit provision required in excess of the allowance for doubtful debts.

	Consolidated		Parent Entity	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
(b) Non-current				
Loan to subsidiary	**-**	-	**20,840**	21,259
Other receivables and prepayments	**456**	634	**456**	574
Total non-current receivables	**456**	634	**21,296**	21,833
7. Current tax assets				
Income tax refund receivable	**277**	-	**180**	-
Total current tax assets	**277**	-	**180**	-
8. Other non-current financial assets				
(a) Investments carried at cost				
Shares in subsidiaries (i)	**-**	-	**119,160**	123,524
(b) Financial assets at fair value				
Shares in non-related corporations at fair value (ii)	**20,297**	16,118	**20,297**	-
Total other non-current financial assets	**20,297**	16,118	**139,457**	123,524

(i) The Group's accounting policies require the parent company to account for investments in subsidiaries at cost, less any provisions for impairment in value. The directors have reviewed the parent company’s investment in subsidiaries and have concluded that no provision for impairment is required. The receipt by the parent company of dividends paid by subsidiaries is reflected in the value of retained earnings of the parent company. such dividends are eliminated on consolidation, resulting in the net assets of the consolidated group being less than the net assets of the parent company

(ii) Represents the Group's holding in Equity Trustees Limited.

9. Other non-current assets				
Intangible asset - systems upgrade implementation costs (i)	**602**	-	**2**	-
	602	-	**2**	-

(i) System upgrade implementation costs will be capitalised once the asset is available for use. These costs relate to software implementation projects in progress.

	Consolidated		Parent Entity	
	2013	2012	**2013**	2012
10. Indemnities	**$'000**	$'000	**$'000**	$'000
Indemnity receivable (i)	**4,533**	5,564	**-**	**-**
Indemnity payable (i)	**4,533**	5,564	**-**	**-**

(i) The indemnities receivable and payable concern certain indemnity arrangements that have been agreed between The Trust Company and Suncorp Group New Zealand Limited. These indemnities relate to certain Group Investment Funds and certain Specified Client Matters, which were agreed as part of the acquisition of Guardian Trust by The Trust Company.

THE TRUST COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013

11. Property, plant and equipment
(a) Reconciliation of property, plant and equipment

	Consolidated					
	Freehold land at fair value $000	**Building at fair value $000**	**Motor vehicles at cost $000**	**Leasehold improvement at cost $000**	**Plant and equipment at cost $000**	**Total $000**
2013						
Gross carrying amount						
Balance at 1 March 2012	1,711	1,249	736	10,326	18,316	32,338
Foreign exchange movement on opening balances	-	-	34	94	316	444
Additions	-	-	-	27	1,330	1,357
Disposals	(1,711)	(1,249)	(21)	(96)	(13)	(3,090)
Balance at 28 February 2013	**-**	**-**	**749**	**10,351**	**19,949**	**31,049**
Accumulated depreciation						
Balance at 1 March 2012	-	(175)	(572)	(3,388)	(13,627)	(17,762)
Foreign exchange movement on opening balances	-	-	(27)	(66)	(260)	(353)
Disposals	-	197	19	96	5	317
Depreciation expense	-	(22)	(81)	(1,112)	(1,703)	(2,918)
Balance at 28 February 2013	**-**	**-**	**(661)**	**(4,470)**	**(15,585)**	**(20,716)**
Net book value						
As at 1 March 2012	1,711	1,074	164	6,938	4,689	14,576
As at 28 February 2013	**-**	**-**	**88**	**5,881**	**4,364**	**10,333**
2012						
Gross carrying amount						
Balance at 1 March 2011	1,711	1,249	117	8,341	20,637	32,055
Balance acquired as part of business combination	-	-	639	1,550	4,736	6,925
Additions	-	-	-	1,755	3,936	5,691
Disposals	-	-	(20)	(1,320)	(10,993)	(12,333)
Balance at 29 February 2012	**1,711**	**1,249**	**736**	**10,326**	**18,316**	**32,338**
Accumulated depreciation						
Balance at 1 March 2011	-	(87)	(52)	(2,984)	(18,356)	(21,479)
Balance acquired as part of business combination (#)	-	-	(443)	(1,185)	(4,552)	(6,180)
Disposals	-	-	20	1,790	10,475	12,285
Depreciation expense	-	(88)	(97)	(1,009)	(1,194)	(2,388)
Balance at 29 February 2012	**-**	**(175)**	**(572)**	**(3,388)**	**(13,627)**	**(17,762)**
Net book value						
As at 1 March 2011	1,711	1,162	65	5,357	2,281	10,576
As at 29 February 2012	**1,711**	**1,074**	**164**	**6,938**	**4,689**	**14,576**

Net of foreign exchange translation movement

11. Property, plant and equipment (cont'd)
(a) Reconciliation of property, plant and equipment (cont'd)

	Parent Entity					
	Freehold land at fair value $000	Building at fair value $000	Motor vehicles at cost $000	Leasehold improvement at cost $000	Plant and equipment at cost $000	Total $000
2013						
Gross carrying amount						
Balance at 1 March 2012	1,711	1,249	117	3,106	7,331	13,514
Additions	-	-	-	2	100	102
Disposals	(1,711)	(1,249)	-	-	(13)	(2,973)
Balance at 28 February 2013	**-**	**-**	**117**	**3,108**	**7,418**	**10,643**
Accumulated depreciation						
Balance at 1 March 2012	-	(175)	(67)	(1,511)	(6,405)	(8,158)
Disposals	-	197	-	-	4	201
Depreciation expense	-	(22)	(14)	(316)	(333)	(685)
Balance at 28 February 2013	**-**	**-**	**(81)**	**(1,827)**	**(6,734)**	**(8,642)**
Net book value						
As at 1 March 2012	1,711	1,074	50	1,595	926	5,356
As at 28 February 2013	**-**	**-**	**36**	**1,281**	**684**	**2,001**
2012						
Gross carrying amount						
Balance at 1 March 2011	1,711	1,249	117	6,437	9,030	18,544
Additions	-	-	-	14	198	212
Intercompany transfers	-	-	-	(3,318)	(1,051)	(4,369)
Disposals	-	-	-	(27)	(846)	(873)
Balance at 29 February 2012	**1,711**	**1,249**	**117**	**3,106**	**7,331**	**13,514**
Accumulated depreciation						
Balance at 1 March 2011	-	(87)	(52)	(1,215)	(6,762)	(8,116)
Disposals	-	-	-	22	828	850
Depreciation expense	-	(88)	(15)	(318)	(471)	(892)
Balance at 29 February 2012	**-**	**(175)**	**(67)**	**(1,511)**	**(6,405)**	**(8,158)**
Net book value						
As at 1 March 2011	1,711	1,162	65	5,222	2,268	10,428
As at 29 February 2012	**1,711**	**1,074**	**50**	**1,595**	**926**	**5,356**

(b) The carrying amount, after depreciation, of land and buildings had they been recognised under the historical cost model are as follows:

	Consolidated		Parent Entity	
	2013 $000	2012 $000	**2013 $000**	2012 $000
Freehold land	-	1,104	-	1,104
Building	-	1,010	-	1,010
	-	2,114	**-**	2,114

	Note	Consolidated		Parent Entity	
		2013	2012	**2013**	2012
11. Property, plant and equipment (cont'd)		**$'000**	$'000	**$'000**	$'000
(c) Aggregate depreciation allocated and recognised as an expense during the year is as follows:					
Buildings		**22**	88	**22**	88
Motor vehicles		**81**	97	**14**	15
Leasehold improvement		**1,112**	1,009	**316**	318
Plant and equipment		**1,703**	1,194	**333**	471
		2,918	2,388	**685**	892
Amortisation of intangibles	13	**180**	216	**-**	41
		3,098	2,604	**685**	933

	Consolidated 2013	Consolidated 2012	Parent Entity 2013	Parent Entity 2012
12. Goodwill				
Gross carrying amount and net book value				
Balance at beginning of financial year	**60,568**	39,218	**-**	-
Additional amounts recognised from business combinations	**-**	20,838	**-**	-
Fair value adjustment from finalisation of purchase price accounting	**(1,502)**	-	**-**	-
Effects of foreign exchange rates during the year	**776**	512	**-**	-
Balance at end of financial year	**59,842**	60,568	**-**	-
Allocation of goodwill to cash-generating units				
Goodwill has been allocated for impairment testing purposes to two individual cash-generating units ('CGUs'). The carrying amount of goodwill in each of the CGUs are as follows:				
Corporate Services - Australia	**22,191**	22,191	**-**	-
Personal Services - Australia	**17,027**	17,027	**-**	-
Total goodwill - Australia	**39,218**	39,218		
Corporate Services - New Zealand*	**8,180**	-	**-**	-
Personal Services - New Zealand*	**12,444**	-	**-**	-
The New Zealand Guardian Trust Company Limited	**-**	21,350	**-**	-
Total goodwill - New Zealand	**20,624**	21,350		
Total goodwill	**59,842**	60,568	**-**	-

*** Net of foreign exchange movements**

Impairment Testing - Australia

The recoverable amount has been determined on a consistent basis (refer to Note 1(xii)) across the CGUs by using their value in use. The following assumptions have been applied across all the CGUs:

- The value in use is estimated by the net present value of future net cash flow projections to be realised from each of the CGUs over the next three years plus a terminal value.
- The pre-tax discount rate used is 16.0% (post-tax is 11.20%) (2012: pre-tax 15.67%; post-tax 10.97%) as this would represent the pre-tax projected weighted average cost of capital.

The forecast cash flows used in the impairment testing are based on assumptions as to the level of profitability for each business over a projected three year period. These forecasted cash flows are based on the 2014-2016 Business Plan which has been approved by the board. A terminal value with a growth rate of 2.5% (2012: 3%) has then been applied.

Other than normal operational changes linked to ongoing business initiatives, the assumptions do not include the effects of any future restructuring to which the entity is not yet committed or of future cash outflows by the entity which will improve or enhance the entity's performance. At the reporting date, there is no reasonable possible change in key assumptions that could cause the carrying amount to exceed the recoverable amount.

12. Goodwill (cont'd)

Impairment Testing - New Zealand

The recoverable amount has been determined on a consistent basis (refer to Note 1(xii)) across the business as a whole by using its value in use. The following assumptions have been applied:

- The value in use is estimated by the net present value of future net cash flow projections to be realised from the business as a whole, over the next three years plus a terminal value.
- The pre-tax discount rate used is 18.19% (post-tax is 12.73%) (2012: pre-tax 23%; post-tax 16.10%) as this would represent the pre-tax projected weighted average cost of capital.

The forecast cash flows used in the impairment testing are based on assumptions as to the level of profitability for each business over a projected three year period. These forecasted cash flows are based on the 2014-2016 Business Plan which has been approved by the board. A terminal value with a growth rate of 2.5% (2012: 3%) has then been applied.

Other than normal operational changes linked to ongoing business initiatives, the assumptions do not include the effects of any future restructuring to which the entity is not yet committed or of future cash outflows by the entity which will improve or enhance the entity's performance. At the reporting date, there is no reasonable possible change in key assumptions that could cause the carrying amount to exceed the recoverable amount.

For the prior period, the Group had only provisionally accounted for the business combination and the recognition of acquired intangible assets. As the acquisition accounting had not yet been finalised, the goodwill acquired during the prior period was not allocated to cash-generating units. The accounting for the business combination, the recognition of acquired intangibles assets and the allocation of goodwill to cash-generating units was finalised during the year ending 28 February 2013.

	Note	Consolidated		Parent Entity	
		2013	2012	**2013**	2012
		$'000	$'000	**$'000**	$'000
13. Intangibles					
Gross carrying amount					
Balance at beginning of financial year		**9,748**	351	**351**	351
Foreign exchange movement on opening balances		**368**	-	**-**	-
Acquisitions through business combinations (#)		**-**	9,397	**-**	-
Balance at end of financial year		**10,116**	9,748	**351**	351
Accumulated amortisation					
Balance at beginning of financial year		**(526)**	(310)	**(351)**	(310)
Foreign exchange movement on opening balances		**(16)**	-	**-**	-
Amortisation expense	11(c)	**(180)**	(216)	**-**	(41)
Balance at end of financial year		**(722)**	(526)	**(351)**	(351)
Net book value					
Balance at beginning of financial year		**9,222**	41	**-**	41
Balance at end of financial year		**9,394**	9,222	**-**	-

Net of foreign exchange translation movement.

The intangibles as at 29 February 2012 relate to customer contracts purchased. As at 28 February 2013, the amortisation period had expired on those customer contracts and all intangible amounts had been written down to zero.

On 1 March 2011, the Company acquired 100% of The New Zealand Guardian Trust Company Limited. As part of this acquisition, ($9,397,000) of professional fiduciary relationships were recognised as separately identifiable intangible assets. These relationships have been identified as having finite lives and have been amortised accordingly over their useful lives.

Refer to Note 1(xiii) for the accounting policy on the useful lives of intangible assets.

	Note	Consolidated		Parent Entity	
		2013	2012	**2013**	2012
14. Trade and other payables		**$'000**	$'000	**$'000**	$'000
Current (unsecured)					
Trade payables		**2,715**	3,269	**839**	490
Other payables		**1,693**	1,898	**731**	1,111
GST payable		**569**	948	**348**	456
Loans payable to controlled entities		**-**	-	**3,283**	5,816
Total current payables		**4,977**	6,115	**5,201**	7,873

The average credit period on purchases is 30 days. No interest is incurred on trade payables.

	Note	Consolidated		Parent Entity	
		2013	2012	**2013**	2012
15. Provisions		**$'000**	$'000	**$'000**	$'000
(a) Current					
Employee benefits	19	**1,777**	2,270	**1,145**	1,494
Provision for claims	16(a)	**1,597**	2,614	**156**	727
Total current provisions		**3,374**	4,884	**1,301**	2,221
(b) Non-current					
Employee benefits	18	**1,498**	1,507	**1,433**	1,456
Property provision	16(b)	**204**	117	**52**	44
Lease incentive		**637**	802	**637**	803
Total non-current provisions		**2,339**	2,426	**2,122**	2,303

16. Reconciliation of provisions (current and non-current)

Reconciliations for the carrying amount of each class of provision, except for employee benefits and lease incentive, are set out below:

	Consolidated		Parent Entity	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
(a) Provision for claims (current)				
Balance at 1 March 2012	**2,614**	605	**727**	605
Opening balance of subsidiary on acquisition	**-**	2,050	**-**	-
Provision/(release) during the year	**1,203**	410	**(472)**	154
Payments made during the year	**(2,220)**	(451)	**(99)**	(32)
Balance at 28 February 2013	**1,597**	2,614	**156**	727

The provision for claims represents the estimated cost of claims from the Company's clients.

(b) Property provision (non-current)				
Balance at 1 March 2012	**117**	35	**44**	35
Provision during the year	**87**	82	**8**	9
Unwinding of discount	**-**	-	**-**	-
Balance at 28 February 2013	**204**	117	**52**	44

The provision for property represents the estimated make good cost arising from cessation of the operating lease in respect of the Group's Sydney and Melbourne premises.

	Note	Consolidated		Parent Entity	
		2013	2012	**2013**	2012
		$'000	$'000	**$'000**	$'000
17. Tax liabilities					
Current					
Income tax payable		**-**	638	**-**	676
Total current tax liabilities		**-**	638	**-**	676
18. Borrowings					
Non-current					
Loan facility (i)		**9,948**	8,385	**9,948**	8,385
Total borrowings		**9,948**	8,385	**9,948**	8,385

(i) The weighted average interest rate for the year ending 28 February 2013 is 5.92% (2012: 6.94%).

19. Employee benefits

The aggregate employee benefits liability recognised and included in the financial statements is as follows:		Consolidated 2013 $'000	Consolidated 2012 $'000	Parent Entity 2013 $'000	Parent Entity 2012 $'000
Provision for employee benefits:					
Current	15(a)	**1,777**	2,270	**1,145**	1,494
Non-current	15(b)	**1,498**	1,507	**1,433**	1,456
Total employee benefits		**3,275**	3,777	**2,578**	2,950

20. Issued capital

	Consolidated 2013	Consolidated 2012	Parent Entity 2013	Parent Entity 2012
33,538,449 fully paid ordinary shares (2012: 33,322,527 shares)	**108,779**	107,688	**108,779**	107,688
Total Issued capital	**108,779**	107,688	**108,779**	107,688

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

Movement in issued capital	**2013 ('000)**	2012 ('000)
Ordinary shares at 1 March 2012	**33,322**	32,362
Issue of shares under employee share plan	**150**	42
Issue of shares under dividend reinvestment plan	**66**	918
Ordinary shares at 28 February 2013	**33,538**	33,322

The Company reopened its Dividend Reinvestment Plan and introduced a Share Purchase Plan effective from 18 October 2011. Both plans are currently suspended for the 2013 final dividend.

21. Earnings per share	**Consolidated 2013 cents per share**	Consolidated 2012 cents per share
Basic earnings per share	**35.1**	38.7
Diluted earnings per share	**35.0**	38.5

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 $'000	Consolidated 2012 $'000
Earnings	**11,744**	12,600
	2013 No.	2012 No.
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**33,483,634**	32,584,153

Diluted earnings per share

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

	Consolidated 2013 $'000	Consolidated 2012 $'000
Earnings	**11,744**	12,600
	2013 No.	2012 No.
Weighted average number of ordinary shares	**33,483,634**	32,584,153
Weighted average number of ordinary shares deemed to be issued at no consideration in respect of performance rights	**73,546**	178,797
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**33,557,180**	32,762,950

	Consolidated		Parent Entity	
22. Commitments of expenditure	**2013**	2012	**2013**	2012
Commitments payable under non-cancellable operating rental leases	**$'000**	$'000	**$'000**	$'000
Not later than 1 year	**3,741**	3,644	**685**	679
Later than 1 year but not later than 5 years	**14,087**	13,379	**2,107**	2,792
5 years plus	**6,446**	8,586	**-**	-
Total commitments	**24,274**	25,609	**2,792**	3,471

Commitments payable relate to the lease of office space (at 20 Bond Street, Sydney; 530 Collins Street, Melbourne; 241 Adelaide Street, Brisbane; 48 Shortland Street, Auckland and 16 Collyer Quay, Singapore).

The lease of office space at 20 Bond Street, Sydney has a lease term of 10 years expiring in April 2021. The lease of office space at 530 Collins Street, Melbourne has a lease term of 10 years expiring in January 2017. The lease of office space at 16 Collyer Street, Singapore has a lease term of three years expiring in June 2016, the lease of office space at 48 Shortland Street, Auckland has a lease term of 7 years expiring in March 2018..

	Consolidated		Parent Entity	
23. Contingent liabilities and contingent assets	**2013**	2012	**2013**	2012
	$000	$000	**$000**	$000
(a) Contingent liabilities				
Undertaking supporting the AFS licence requirements for subsidiaries	**25,000**	35,000	**25,000**	35,000
Bank guarantee in favour of the ASX Settlement and Transfer Corporation Pty Limited with respect to trading activities	**1,000**	1,000	**1,000**	1,000
Bank guarantee in favour of Australian Prudential Regulation Authority in relation to the provision of superannuation services	**5,000**	5,000	**-**	-
Bank guarantee in favour of the Australian Securities and Investment Commission in relation to the provision of responsible entity services	**5,000**	-	**5,000**	-
Bank guarantee in favour of the Australian Securities and Investment Commission in relation to the provision of responsible entity services	**150**	-	**150**	-
Bank guarantee in favour of the Australian Securities and Investment Commission in relation to AFS licences	**20**	70	**20**	20
Bank guarantee issued in respect of the lease of premises at 20 Bond Street, Sydney	**1,356**	1,356	**-**	-
Total contingent liabilities	**37,526**	42,426	**31,170**	36,020

The Group, given the nature of its business, can receive claims for breach of duty from time to time. Where necessary, the Group has provided for potential litigation claims. Other than the Banksia matter referred to below, the Group is not currently engaged in any litigation or claim in its personal capacity which is likely to have a materially adverse effect on the business, financial condition or operating results of the Group which has not been provided for in the financial statements. Where some loss in the Group's personal capacity is probable and can be reliably estimated an appropriate provision has been made of the likely amount of each claim on an individual basis. The amount provided for each claim is reviewed by management regularly. Sufficient professional indemnity insurance cover is held to meet any potential liabilities that may arise.

The Group has also entered into an agreement with Suncorp Group New Zealand Limited (Suncorp) whereby the Group is indemnified in respect of certain client provisions.

The Group has provided indemnities to a number of related parties in respect of mortgage funds that it managed in New Zealand. All of the mortgage indemnities have back to back arrangements in place under which the Group is to recover certain losses from Suncorp Mortgage Company NZ Limited.

In March 2013 the completion accounts for Guardian Trust and warranty matters related to the acquisition were successfully resolved between the Company and Suncorp which involved a payment by Suncorp to the Company of NZ$3,700,000 and confirmation of the Company's contractual rights of recovery.

In January 2013 a claim for unspecified damages was lodged against The Trust Company (Nominees) Limited ("The Trust Company") in its capacity as trustee for the debentures issued by Banksia Securities Limited and other defendants including Banksia Securities Limited, Cherry Fund Limited, RSD Chartered Accountants and the directors of both Banksia Securities Limited and Cherry Fund Limited. The claim was lodged by a debenture holder of Banksia and alleges breaches of the Corporations Act 2001 and general law trustee duties. The Trust Company will be strongly defending the action. The Trust Company also has a right of indemnity from the assets of the trust (subject to certain conditions) which can be exercised to recover the costs incurred in defending the claim. At balance date it was not possible to estimate the potential size of this claim. Like all major financial institutions The Trust Company carries insurance for these types of circumstances. The Trust Company is keeping its insurers fully informed of the claim.

23. Contingent liabilities and contingent assets (cont'd)

(b) Contingent assets

The Group has an admitted claim against FAI General Insurance Company Limited (in liquidation) of $17.0 million. To date, 51.1 cents in the dollar ($8.69m of the admitted $17.0m) has been received in cash in financial years 2007, 2008, 2010, 2011 and 2012.

The scheme administrator has indicated that the estimate of total percentage payout is currently between 50 and 60 cents in the dollar but has not provided guidance as to timing of the payments

The Trust Company has not recognised any receivable in the financial statements due to the uncertainty of timing and quantum of amounts to be received.

24. Remuneration of auditors

	Consolidated		Parent Entity	
	2013	2012	**2013**	2012
	$	$	**$**	$
Total remuneration paid or payable to the auditors, Deloitte Touche Tohmatsu, of the parent entity and its controlled entities is as follows:				
Auditing the financial report	**463,450**	533,400	**301,100**	350,900
Audit of The New Zealand Guardian Trust Company	**122,200**	145,250	**-**	-
Taxation	**50,000**	35,000	**50,000**	35,000
Other services	**-**	8,000	**-**	8,000
Total charged to Statement of Comprehensive Income	**635,650**	721,650	**351,100**	393,900
Audit of Trust Schemes and Funds - Australia and New Zealand	**667,350**	558,350	**-**	-
Total fees paid	**1,303,000**	1,280,000	**351,100**	393,900

25. Key management personnel compensation

The aggregate compensation of the key management personnel of the consolidated entity and the Parent Entity is set out below:

	Consolidated		Parent Entity	
	2013	2012	**2013**	2012
	$	$	**$**	$
Short-term employment benefits	**2,951,070**	3,244,999	**2,951,070**	3,244,999
Post employment benefits	**157,896**	193,623	**157,896**	193,623
Share-based payments	**281,981**	607,088	**281,981**	607,088
	3,390,947	4,045,710	**3,390,947**	4,045,710

26. Incentive plans

(a) Long Term Incentive plan

The Group's Long Term Incentive ('LTI') plan seeks to reward eligible employees for creating strong shareholder value over the medium and longer term relative to the general share market. It is only when shareholders benefit from above average returns that employees benefit from this plan.

The first LTI Plan commenced in February 2001. The current LTI plan is a Performance Rights plan, offered to KMP and other key staff members. The LTI plan seeks to align rewards for key staff with shareholders' interest and it rewards high performance and improvements to support business plans and corporate strategies.

Performance rights are granted to eligible employees which, subject to vesting conditions, entitle the employee to shares. Eligibility is determined at the beginning of the Group's financial year, based on role importance and individual performance. The quantum or dollar amount of the LTI is set each year at the beginning of the Group's financial year. The CEO nominates the participants of the LTI plan to the People and Remuneration Committee, who approve the participants.

The performance period for the LTI plan is three consecutive financial years. The performance hurdles are as follows:

• Total Shareholder Return ('TSR') of The Trust Company compared to the TSR of the comparator group companies, comprising the constituent companies of the S&P/ASX 200 index, and;

• completion of continuous employment service with the Group, commencing on the first day of the period and ending on the last day of the vesting period.

TSR is the total returns on investment a shareholder receives over a specified period of time, including dividends and share price movements. The group of constituent companies in the comparator group is defined at the commencement of the LTI Performance Period.

The table below outlines the performance thresholds of TSR used in the LTI plan:

Ranking of The Trust Company's TSR against TSR of comparator group	Proportion of Performance Rights vesting
Lower than 55th percentile	Nil
At 55th percentile	10%
Higher than 55th percentile but lower than 75th percentile	Proportion of TSR grant vesting increases in a straight line between 10% and 100%
75th percentile or higher	100%

26. Incentive plans (cont'd)

(a) Long Term Incentive plan (cont'd)

A performance right represents a right to acquire a fully paid ordinary share in The Trust Company at the end of the vesting period. Performance rights may only vest if performance hurdles and employment tenure conditions are satisfied in the vesting period. The number of performance rights is determined by dividing the LTI plan dollar amount by the volume weighted average price ('VWAP') of The Trust Company's shares traded on the ASX during the first five days immediately following the day on which The Trust Company announces its results for the financial year preceding the performance period, less the final dividend for that year.

The award of performance rights is divided into three equal tranches over a three year period, commencing from the end of the performance period. The first tranche of performance rights vests at the end of the three year performance period. The second tranche vests in the following year, and the third tranche vests in the year thereafter.

The participant is not entitled to shares in The Trust Company before the performance rights vest. The participant therefore cannot use the rights to vote or receive dividends. Once the performance rights vest, shares of The Trust Company will be transferred to the participant. Once vested, the performance rights do not expire.

Under amendments made to the plan in 2009, participants are not permitted to hedge their exposure to movements in The Trust Company's share price.

Details of share performance rights for all employees under the LTI plan are as follows:

Grant Date	**Performance Period**	**Vesting date** (ii)	**VWAP** (i)	**No. of performance rights** (i)	**Weighted average fair value at grant date**
16 January 2010	1 March 2009 to 29 February 2012	May 2012, March 2013, March 2014	$4.94	259,322	$3.31
22 July 2010	1 March 2010 to 28 February 2013	May 2013, March 2014, March 2015	$6.00	269,947	$2.84
29 December 2011	1 March 2011 to 28 February 2014	May 2014, March 2015, March 2016	$6.33	344,608	$2.34
26 November 2012	1 March 2012 to 28 February 2015	May 2014, March 2015, March 2016	$5.05	402,768	$1.40

(i) The quantum or dollar amount of the LTI is set each year at the beginning of the Group's financial year. The number of performance rights is determined by dividing the set dollar amount by the VWAP of The Trust Company's shares traded on the ASX during the first five days immediately following the day on which The Trust Company announces its results for the financial year preceding the performance period.

(ii) Subject to vesting of the performance rights, shares awarded under the LTI plan carry a seven year trading restriction, commencing from the date performance rights were granted to the participant.

Details of movements in the number of performance rights outstanding are as follows:

		2013 No.	2012 No.
Balance at the beginning of the year		**668,527**	443,357
Granted during the financial year		**421,484**	344,608
Vested during the financial year		**-**	-
Forfeited during the financial year		**(246,221)**	(119,438)
Balance at the end of the financial year	**(i)**	**843,790**	668,527

(i) 173,082 performance rights relating to the 2010-2013 plan expired unvested in March 2013.

(b) Short Term Incentive plan

The STI plan is part of the overall remuneration strategy of The Trust Company Group. The STI plan is a performance-based plan designed as an incentive to participants in the organisation to create new business or strengthen or improve our existing business. Eligibility is determined at the beginning of The Trust Company Group's financial year, based on role importance and individual performance. To encourage and reward high performance in achieving objectives aligned to The Trust Company Group's strategic plan, all eligible, permanent employees are invited to participate in the STI plan. Each participant is measured against performance hurdles, with a minimum threshold necessary to qualify for an award and a maximum upper limit applicable where targets have been exceeded.

Performance hurdles

Participants in the STI plan are measured against financial and non-financial targets. Depending on a participant's role in the organisation, the financial targets of the potential STI is dependent on The Trust Company Group's overall performance, and the non-financial target is dependent on key performance indicators, linked to The Trust Company Group's strategic plan. The Trust Company Group's financial performance hurdles are based on targeted earnings before interest, tax, depreciation and amortisation and earnings per share. Individual performance hurdles are specific to the participant's key performance indicators.

Schemes

The STI Plan is comprised of two schemes, a Management Scheme for Managers and Executives and a general cash based scheme for all other eligible staff.

Participants in the management scheme could elect whether to receive:

- 100% of their STI in performance rights; or
- 50% of their STI in cash and 50% in performance rights.

For FY14, it is intended that the STI scheme be comprised of 100% cash only for all employees.

26. Incentive plans (cont'd)

(b) Short Term Incentive plan (cont'd)

A performance right represents a right to acquire a fully paid ordinary share in The Trust Company at the end of the vesting period. Performance rights may only vest if performance hurdles and employment tenure conditions are satisfied in the vesting period. The number of performance rights is determined by dividing the STI dollar amount by the volume weighted average price of The Trust Company's shares traded on the ASX during the first five days immediately following the day on which The Trust Company Group announces its results for the financial year preceding the performance period, less the final dividend for that year.

For the Management scheme, the award of performance rights is divided into two equal tranches over a two year period, commencing from the end of the performance period. The first tranche of performance rights vests at the end of the performance period and the second tranche vests in the following year. Both tranches are conditional on the continued satisfactory performance of the participant and will not vest if the participant has exposed The Trust Company to any unintended risks. Allocation of the award over a two year period helps to align short term objectives with longer term strategy and also serves as a retention incentive.

Subject to vesting of the performance rights, for Australian participants, shares allocated under the STI plan carry a seven year trading restriction, commencing from the date on which performance rights were granted to the participant. In New Zealand, 30% of shares allocated are released immediately on vesting and the remaining 70% of shares allocated are subject to a 7 year trading restriction.

Details of share performance rights for all employees under the STI plan are as follows:

Grant Date	**Performance Period**	**Vesting date** (ii)	**VWAP** (i)	**No. of performance rights** (i)
2013				
10 September 2012	1 March 2012 to 28 February 2014	May 2013, May 2014	$5.05	217,994
2012				
19 December 2011	1 March 2011 to 29 February 2013	May 2012, May 2013	$6.33	217,401

(i) The dollar amount of the STI is set each year at the beginning of the Group's financial year. The number of performance rights is determined by dividing the dollar amount of the STI by the VWAP of The Trust Company's shares traded on the ASX during the first five days immediately following the day on which The Trust Company announces its results for the financial year proceeding the performance period, less the final dividend for that year. Expenses for the STI are recognised based on the dollar amount set.

(ii) Subject to vesting of the performance rights, shares awarded under the STI plan carry a seven year trading restriction, commencing from the date on which performance rights were granted to the participant.

Details of movements in the number of performance rights outstanding are as follows:	**2013 No.**	2012 No.
Balance at the beginning of the year	**-**	-
Granted during the financial year	**217,994**	217,401
Awarded during the financial year	**(73,546)**	(167,192)
Forfeited during the financial year	**(144,448)**	(50,209)
Balance at the end of the financial year	**-**	-

A portion of the performance rights which have been awarded during the financial year will vest in subsequent financial years, as discussed above.

27. Related party disclosures

(a) Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 29 to the financial statements.

(b) Key management personnel compensation

Details of key management personnel compensation are disclosed in the Remuneration Report within the Directors' Report and Note 25 to the financial statements.

(c) Loans to key management personnel

No amounts were owed to the Group by key management personnel for the financial years ended 28 February 2013 or 29 February 2012.

27. Related party disclosures (cont'd)

(d) Key management personnel equity holdings

During the financial year ended 28 February 2013, the following share movements in the Company were transacted by key management personnel in fully paid ordinary shares.

2013	Balance at the beginning of the financial year No.	Net purchases/ (sales) No.	Balance at the end of the financial year No.
Non-Executive Directors			
Bruce Corlett	218,875	-	218,875
John Macarthur-Stanham	821,395	-	821,395
Roger Davis	8,000	-	8,000
James King	12,995	17,005	30,000
Warren McLeland	19,515	-	19,515
Josephine Sukkar	4,700	-	4,700
Catherine McDowell (appointed 2 April 2013)	-	-	-
Executive Director			
John Atkin (resigned effective 15 April 2013)	59,405	35,005	94,410
Other key management personnel			
Shailendra Singh (interim CEO appointed 2 April 2013)	-	-	-
David Grbin	2,093	7,742	9,835
Simon Lewis	12,418	4,817	17,235
Andrea Free	3,615	4,929	8,544
Sally Ascroft (resigned 2 May 2012)	3,188	-	3,188
Cathy Stephenson	-	-	-
Ray Gould	-	-	-

No shares were granted as compensation or options to non-executive directors during the financial year ended 28 February 2013. All acquisitions and disposals of shares in the Company, made by the directors or their related parties, were conducted at arm’s length.

During the financial year ended 29 February 2012, the following share movements in the Company were transacted by key management personnel in fully paid ordinary shares.

2012	Balance at the beginning of the financial year No.	Net purchases/ (sales) No.	Balance at the end of the financial year No.
Non-Executive Directors			
Bruce Corlett	203,875	15,000	218,875
Roger Davis	2,500	5,500	8,000
James King	10,000	2,995	12,995
John Macarthur-Stanham	809,415	11,980	821,395
Warren McLeland	16,520	2,995	19,515
Josephine Sukkar	-	4,700	4,700
Executive Director			
John Atkin	20,907	38,498	59,405
Other key management personnel			
David Grbin	-	2,093	2,093
Simon Lewis	3,843	8,575	12,418
Andrea Free	-	3,615	3,615
Sally Ascroft	1,594	1,594	3,188
Myles Orsler	-	-	-
Cathy Stephenson	-	-	-
John Botica	-	-	-
Ray Gould	-	-	-

No shares were granted as compensation or options to non-executive directors during the financial year ended 29 February 2012. All acquisitions and disposals of shares in the Company, made by the directors or their related parties, were conducted at arm’s length.

27. Related party disclosures (cont'd)

(f) Transactions within the wholly-owned group

The wholly-owned group includes the Company and its wholly-owned controlled entities as shown in Note 29 to the financial statements.

The aggregate amount of investments held by the Company in entities within the wholly owned group are disclosed at Note 7 and Note 29 to the financial statements.

Details of amounts receivable and payable between members of the wholly-owned group are disclosed at Notes 6(a) and 14 to the financial statements. Amounts payable to, or receivable from controlled entities are recorded at an amount equal to the net amounts payable or receivable. Interest is neither accrued nor charged.

Details of revenue and expense during the financial year where these are between companies in the wholly-owned group are disclosed in Note 2 to the financial statements and in this note as above.

(g) Other transactions with key management personnel

In the ordinary course of business, key management personnel may have small APRA superannuation funds where the Company, through its 100% owned subsidiary The Trust Company (Superannuation) Limited, is the trustee of the superannuation fund.

During the year, key management personnel and their personally related entities have entered into transactions with the Group. All such transactions have occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect The Trust Company would have adopted if dealing at arm's length with an unrelated individual. These transactions include:

- normal personal estate administration services;
- the participation in The Trust Company investment products;
- financial services; and
- community and philanthropic services.

(h) Holding of units in schemes where The Trust Company Limited is the responsible entity

The Company is the responsible entity of various managed funds. Directors' holdings in these managed funds during the financial year ended 28 February 2013 are:

2013	Balance at beginning of financial year No. of units	Net applications/ (redemptions) No. of units	Balance at end of financial year No. of units
John Macarthur-Stanham	750,702	(49,893)	700,809

Transactions with related parties have taken place at arm's length and in the ordinary course of business.

The Company is the responsible entity of various managed funds. Directors' holdings in these managed funds during the financial year ended 29 February 2012 are:

2012	Balance at beginning of financial year No. of units	Net applications/ (redemptions) No. of units	Balance at end of financial year No. of units
John Macarthur-Stanham	1,046,468	(295,766)	750,702

Transactions with related parties have taken place at arm's length and in the ordinary course of business.

28. Segment reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Product and services from which reportable segments derive their revenues

Corporate Client Services

Corporate Client Services in Australia and Singapore include Responsible Entity, Property and Infrastructure Custody, Superannuation Compliance and Trustee, Structured Finance Trustee and REIT Trustee services. In New Zealand we offer trustee services for Debt Securities, Securitisation, Unit Trusts, Superannuation and KiwiSaver.

Personal Client Services

Across the Group we provide wide-ranging advice and expertise in Personal Client Services including Estate Planning and Administration, Lifestyle and Executor Assist, Financial Planning, Personal Trusts, Charitable Trusts, Wealth Management and Health and Personal Injury services.

The following is an analysis of the Group's revenue and profit by reportable segment:

	Segment revenue		**Segment profit**	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Corporate Client Services	**34,644**	32,344	**16,239**	14,201
Personal Client Services	**50,365**	49,657	**5,174**	8,524
Unallocated fee and commission income	**519**	843	**-**	-
Total	**85,528**	82,844	**21,413**	22,725
Unallocated executive and legal expenses			**(4,758)**	(4,262)
Dividend income			**1,038**	1,075
Net Interest income/(expense)			**(201)**	(120)
Depreciation and amortisation expense			**(3,098)**	(2,604)
Other recoveries			**1,550**	1,008
Profit before tax			**15,944**	17,822
Income tax expense			**(4,200)**	(5,222)
Profit after tax			**11,744**	12,600

The revenue and results for the year ended 28 February 2013 consist of the Company and its controlled entities as outlined in Note 29 to the financial statements.

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the period.

Segment profit represents profit earned by each segment without allocation of executive and legal expenses, dividend income, interest income, depreciation and amortisation expense, impairment of fixed assets, claim recoveries, acquisition costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

28. Segment reporting (cont'd)

The following is an analysis of the Group's revenue from its major products and services.

	2013 $000	2012 $000
Revenue by product and service		
Funds management	**16,399**	15,546
Custody	**16,977**	15,323
Supervision of funds	**17,671**	17,022
Fee for other fiduciary services	**34,481**	34,953
Total revenue	**85,528**	82,844

No single customer accounts for 10% or more of the Group's revenue.

Geographical information

The Company and its controlled entities operate in two principal geographical areas - Australia and New Zealand. The Singapore operation is not material.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from external customers		Non-current assets	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Australia	**57,870**	54,898	**67,980**	68,291
New Zealand	**27,658**	27,946	**37,477**	38,391
	85,528	82,844	**105,457**	106,682

Non-current assets exclude financial instruments and deferred tax assets.

29. Details of controlled entities

	Note	Country of incorporation	Ownership interest 2013 %	2012 %
Parent entity				
The Trust Company Limited	(a)	Australia		
Controlled entities				
Banano Pty Limited	(b)	Australia	**100**	100
GPTA-750 Collins Street Pty Ltd	(b)	Australia	**100**	100
Henty Real Estate (NSW) Pty Limited		Australia	**100**	100
Henty Real Estate (Qld) Pty Limited		Australia	**100**	100
The New Zealand Guardian Trust Company Limited		New Zealand	**100**	100
NZGT Holding Company Limited		New Zealand	**100**	100
PRE Services Limited	(b)	Australia	**100**	100
Real Estate Capital Partners Managed Investments Limited	(b)	Australia	**-**	100
The Trust Company (Asia Holdings) Pte. Ltd.		Singapore	**100**	100
TCL Legal Services (Vic) Pty Limited		Australia	**-**	100
The Trust Company (Asia) Limited		Singapore	**100**	100
The Trust Company (Australia) Limited		Australia	**100**	100
The Trust Company (FCNL) Pty Limited		Australia	**100**	100
Trust Company (Hong Kong) Limited		Hong Kong	**100**	100
The Trust Company (Legal Services) Pty Limited		Australia	**100**	100
The Trust Company (Nominees) Limited		Australia	**100**	100
The Trust Company (PTAL) Limited		Australia	**100**	100
The Trust Company (PTCCL) Limited		Australia	**100**	100
The Trust Company (Real Estate) Pty Limited		Australia	**100**	100
The Trust Company (RE Services) Limited		Australia	**100**	100
The Trust Company (Superannuation) Limited		Australia	**100**	100
The Trust Company (UTCCL) Limited		Australia	**100**	100
Trust Company Responsible Entity Services Limited		Australia	**100**	100

29. Details of controlled entities (cont'd) Controlled entities (cont'd)	Note	Country of incorporation	Ownership interest 2013 %	2012 %
The New Zealand Guardian Trust Limited wholly owned subsidiaries:				
AAI Nominees Limited	(b)	New Zealand	**100**	-
AMP KiwiSaver Scheme Nominees Limited	(b)	New Zealand	**100**	100
BNZ Investment Services Nominees Limited	(b)	New Zealand	**100**	100
BTNZ Kiwisaver Nominees Limited	(b)	New Zealand	**100**	100
BTNZ Unit Trusts Nominees Limited	(b)	New Zealand	**100**	100
Cash Unit Trust Nominees Limited	(b)	New Zealand	**100**	100
Customhouse Nominees Limited	(b)	New Zealand	**100**	100
Customhouse Nominees No. 2 Limited	(b)	New Zealand	**100**	100
Diversified Nominees Limited	(b)	New Zealand	**100**	100
Foundation Nominees Limited	(b)	New Zealand	**100**	100
Fund Nominees Limited	(b)	New Zealand	**100**	100
GT Nominees Limited	(b)	New Zealand	**100**	100
Guardian Nominees Limited	(b)	New Zealand	**100**	100
Guardian Nominees No. 2 Limited	(b)	New Zealand	**100**	100
Guardian Trust Fidelity Nominees Limited	(b)	New Zealand	**100**	100
Guardian Trust Fund Nominees Limited	(b)	New Zealand	**100**	100
Guardian Trust Nominees Limited	(b)	New Zealand	**100**	100
Home Loan Nominees Limited	(b)	New Zealand	**100**	100
Home Mortgage Nominees Limited	(b)	New Zealand	**100**	100
Argosy Property Nominees Limited	(b)	New Zealand	**100**	100
Investment Suite Nominees Limited	(b)	New Zealand	**100**	100
Heartland PIE Nominees Limited	(b)	New Zealand	**100**	100
NZGT LIC Nominees Limited	(b)	New Zealand	**100**	100
NZGT Nominees Limited	(b)	New Zealand	**100**	100
NZGT Trust Management Limited	(b)	New Zealand	**100**	100
Pageant Limited	(b)	New Zealand	**100**	100
PMIT Nominees Limited	(b)	New Zealand	**100**	100
Premier Nominees Limited	(b)	New Zealand	**100**	100
Private Portfolio Service Nominees Limited	(b)	New Zealand	**100**	100
Propertyfinance Funding Nominees Limited	(b)	New Zealand	**100**	100
TIM Nominees Limited	(b)	New Zealand	**100**	100
TSB PIE Limited	(b)	New Zealand	**100**	100
WINZ Nominees Limited	(b)	New Zealand	**100**	100
Guardian Trust Investment Nominees (RWT) Limited	(b)	New Zealand	**100**	100
Guardian Trust Investment Nominees Limited	(b)	New Zealand	**100**	100
NZGT (Aurora) Security Trustee Limited	(b)	New Zealand	**100**	100
NZGT (FP) Trustee Limited	(b)	New Zealand	**100**	100
NZGT (GMT) Security Trustee Limited	(b)	New Zealand	**100**	100
NZGT (GR Media) Security Trustee Limited	(b)	New Zealand	**100**	-
NZGT (Highbrook) Security Trustee Limited	(b)	New Zealand	**100**	100
NZGT (IF) Trustee Limited	(b)	New Zealand	**100**	-
NZGT (KB)Security Trustee Limited	(b)	New Zealand	**100**	100
NZGT (Kingfisher) Security Trustee Limited	(b)	New Zealand	**100**	100
NZGT (Montebello) Security Trustee Limited	(b)	New Zealand	**100**	100
NZGT (NZ Finance) Security Trustee Limited	(b)	New Zealand	**100**	100
NZGT (NZF) Servicer Nominees Limited	(b)	New Zealand	**100**	100
NZGT (PFS) Security Trustee Limited	(b)	New Zealand	**100**	100
NZGT (Portfolio Group) Security Trustee Limited	(b)	New Zealand	**100**	100
NZGT (PSIS) Security Trustee Limited	(b)	New Zealand	**100**	100
NZGT (Rembrandt) Security Trustee Limited	(b)	New Zealand	**100**	100
NZGT (RFS) Security Trustee Limited	(b)	New Zealand	**100**	100
NZGT(Scottish Pacific) Security Trustee Limited	(b)	New Zealand	**100**	100
NZGT Security Trustee Limited	(b)	New Zealand	**100**	100
NZGT (Te Rau Aroha Security Trustee) Limited	(b)	New Zealand	**100**	100
NZGT (WNZ) Security Trustee Limited	(b)	New Zealand	**100**	100
NZGT (WNZCB) Security Trustee Limited	(b)	New Zealand	**100**	100
NZGT (YPG) Directors LTI Nominee Limited	(b)	New Zealand	**100**	100
NZGT (YPG) Equity Nominee Limited	(b)	New Zealand	**100**	100
NZGT (YPG) Management LTI Nominee Limited	(b)	New Zealand	**100**	100
Guardian Trust Registry Services Limited	(b)	New Zealand	**100**	100
Guardian Trust Superannuation Trustees Limited	(b)	New Zealand	**100**	100
NZ International Trustee Company Limited	(b)	New Zealand	**100**	100
NZGT Financial Services Limited	(b)	New Zealand	**100**	100
NZGT Superannuation Trustees Limited	(b)	New Zealand	**100**	100
The New Zealand Guardian Trust Funds Management Limited	(b)	New Zealand	**100**	100

Notes

(a) The parent entity is a body corporate, incorporated and operating in Australia.
(b) Special Purpose Vehicles for clients.

	Consolidated		Parent Entity	
	2013	2012	**2013**	2012
30. Notes to the Cash Flow Statement	**$000**	$000	**$000**	$000
(a) Reconciliation of profit after income tax expense to net cash provided by operating activities:				
Net profit after income tax expense	**11,744**	12,600	**28,045**	16,623
Depreciation, amortisation and impairment	**3,098**	2,604	**682**	954
Share-based payments	**626**	262	**626**	262
Dividend income	**(1,038)**	(1,075)	**(28,501)**	(18,000)
Interest income	**(387)**	(1,012)	**(1,318)**	(1,328)
Changes in net assets and liabilities:				
Decrease/(increase) in assets:				
Current receivables	**(1,111)**	(193)	**15,202**	3,492
Non-current receivables	**79**	(448)	**(2,549)**	2,402
Deferred tax assets	**821**	243	**(183)**	314
Increase/(decrease) in liabilities:				
Current payables	**(1,172)**	1,721	**(5,137)**	(7,796)
Current provisions	**(1,581)**	(2,429)	**(919)**	(1,187)
Current tax liabilities	**(570)**	395	**(856)**	(855)
Non-current provisions	**(102)**	(92)	**(181)**	(165)
Net cash provided by/(used in) operating activities	**10,407**	12,576	**4,911**	(5,284)
(b) Stand-by credit arrangements				
Amount of credit facility available and unused	**5,000**	6,500	**5,000**	6,500
	5,000	6,500	**5,000**	6,500
(c) Reconciliation of cash and cash equivalents				
Cash and cash equivalents at the end of the financial year comprises:				
Cash and cash equivalents at bank and on hand	**19,485**	17,656	**9,204**	5,419
Cash and cash equivalents at the end of the financial year	**19,485**	17,656	**9,204**	5,419

31. Financial instruments

(a) Financial risk management objectives

The Group seeks to minimise the effects of financial risk relating to the operations of the Group. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

31. Financial instruments (cont'd)

(c) Categories of financial instruments

	Consolidated		Parent Entity	
	2013	2012	**2013**	2012
	$000	$000	**$000**	$000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**42,867**	35,589	**40,634**	33,778
Financial assets at fair value	**20,297**	16,118	**-**	-
Total	**63,164**	51,707	**40,634**	33,778
Financial liabilities				
Trade and other payables	**(4,977)**	(6,115)	**(5,201)**	(7,873)
Borrowings	**(10,000)**	(8,500)	**(10,000)**	(8,500)
Total	**(14,977)**	(14,615)	**(15,201)**	(16,373)

(d) Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group has not entered into any forward foreign exchange contracts to limit its exposure to adverse movements in foreign exchange rates.

(e) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

The liquidity and interest risk table on the next page summarises the liquidity of financial assets and liabilities.

(f) Interest rate risk exposures

The Group is exposed to interest rate risk through primary financial assets and liabilities.

At the reporting date, if interest rates had been 100 basis points higher/lower throughout the year and all other variables were held constant, the Group's net profit before tax would be increased/decreased by $95,000 (2012: increased/decreased by $92,000) mainly as a result of the interest on cash balances.

At the reporting date, if interest rates had been 100 basis points higher/lower throughout the year and all other variables were held constant, the Company's net profit after tax would have increased/decreased by $200,000 (2012: increased/decreased by $182,000) mainly as a result of the interest on cash balances.

The following table summarises interest rate risk for the Group, together with effective interest rates as at balance sheet date.

31. Financial instruments (cont'd)

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

Consolidated — Liquidity and interest risk tables maturing in

	Weighted average effective interest rate %	Less than 1 month $000	1-3 months $000	3 months to 1 year $000	1-5 years $000	5+ years $000	Total $000
2013							
Financial assets							
Non-interest bearing	-	43,223	-	-	456	-	**43,679**
Variable interest rate	2.86%	19,485	-	-	-	-	**19,485**
		62,708	**-**	**-**	**456**	**-**	**63,164**
Financial liabilities							
Non-interest bearing	-	4,977	-	-	-	-	**4,977**
Variable interest rate	5.92%	-	-	-	10,000	-	**10,000**
		4,977	**-**	**-**	**10,000**	**-**	**14,977**
2012							
Financial assets							
Non-interest bearing	-	33,417	-	-	634	-	**34,051**
Variable interest rate	3.20%	17,656	-	-	-	-	**17,656**
		51,073	**-**	**-**	**634**	**-**	**51,707**
Financial liabilities							
Non-interest bearing	**-**	6,115	-	-	-	-	**6,115**
Variable interest rate	6.94%	-	-	-	8,500	-	**8,500**
		6,115	**-**	**-**	**8,500**	**-**	**14,615**

Parent Entity — Liquidity and interest risk tables maturing in

	Weighted average effective interest rate %	Less than 1 month $000	1-3 months $000	3 months to 1 year $000	1-5 years $000	5+ years $000	Total $000
2013							
Financial assets							
Non-interest bearing	-	10,134	-	-	456	-	**10,590**
Variable interest rate	5.49%	9,204	-	-	-	20,840	**30,044**
		19,338	**-**	**-**	**456**	**20,840**	**40,634**
Financial liabilities							
Non-interest bearing	-	5,201	-	-	-	-	**5,201**
Variable interest rate	5.92%	-	-	-	10,000	-	**10,000**
		5,201	**-**	**-**	**10,000**	**-**	**15,201**
2012							
Financial assets							
Non-interest bearing	-	6,526	-	-	574	-	**7,100**
Variable interest rate	5.35%	5,419	-	-	-	21,259	**26,678**
		11,945	**-**	**-**	**574**	**21,259**	**33,778**
Financial liabilities							
Non-interest bearing	**-**	7,873	-	-	-	-	**7,873**
Variable interest rate	6.94%	-	-	-	8,500	-	**8,500**
		7,873	**-**	**-**	**8,500**	**-**	**16,373**

31. Financial instruments (cont'd)
(g) Credit risk exposures

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. The Group, while exposed to credit related losses in the event of non-performance by counter-parties to financial instruments, does not expect any counter-parties to fail to meet their obligations. The majority of receivables are largely indemnified by the priority payment status given by most trust deeds to reimbursement of trustee/custodian fees and expenses.

The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk without taking account of the priority payment status given to the majority of receivables. Credit risk associated with trade receivables and other receivables is considered minimal.

As at 28 February 2013, there is no significant credit risk exposure to any single counter-party or any Group counterparties having similar characteristics.

The following table summarises the age of financial assets that are past due at reporting date.

Consolidated	Greater than 30 days $'000	Greater than 60 days $'000	Greater than 90 days $'000	Total $'000
2013				
Trade receivables	559	128	536	**1,223**
2012				
Trade receivables	816	129	790	1,735

The allowance for doubtful debts of $435,733 (2012: $1,003,000) forms part of the greater than 90 day balance, with the remainder determined as still collectable. The factors considered when determining impairment were the age and likelihood of collectability. Refer to Note 6(a).

(h) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and meet its regulatory requirements while maximising the return to stakeholders. Legislative capital requirements are monitored on an ongoing basis to ensure that each of the companies in the Group complies.

The capital structure of the Group consists of net debt (borrowings as detailed in Note 18 offset by cash and bank balances) and equity attributable to equity holders of the parent entity, comprising issued capital, reserves and retained earnings.

(i) Fair value of financial assets and liabilities

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;
- where the fair value is below cost, and the investment is determined to be impaired, the diminution in value is expensed in the Statement of Comprehensive Income.

The table disclosed above in Note 31(f), sets out the carrying amounts of financial assets and liabilities.

(j) Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates (refer Note 31(f)).

32. Business combinations

Subsidiaries acquired

Effective from 1 March 2011, the Company gained control of 100% of the equity in The New Zealand Guardian Trust Company Limited, a New Zealand based trustee business, for consideration of NZ$42 million.

The New Zealand Guardian Trust Company Limited was acquired so as to continue the expansion of the Group's regional business activities.

Although control to govern the financial and operating policies of The New Zealand Guardian Trust Company Limited was achieved on 1 March 2011, legal ownership of The New Zealand Guardian Trust Company Limited did not transfer to the Company until 14 March 2011. This was due to a delay in receiving regulatory approval for the acquisition by a local New Zealand authority.

This acquisition was provisionally accounted for in the Company's 2012 financial statements and detailed information of the acquisition is obtained in the 2012 Annual Report. The Trust Company finalised its purchase price allocation in the August 2012 half year financial report as follows.

Goodwill arising on acquisition	**NZD $'000**	**AUD $'000**
Consideration transferred	42,000	31,632
Less: fair value of identifiable net assets acquired	(14,586)	(10,794)
Less: fair value adjustment from finalisation of purchase price accounting	(1,934)	(1,502)
Foreign exchange movement	-	1,288
Goodwill arising on acquisition	**25,480**	**20,624**
Allocated to the following cash generating units:		
Corporate Services	10,105	8,180
Personal Services	15,375	12,444
	25,480	**20,624**

Refer to Note 12 for analysis of goodwill impairment.

In March 2013 the completion accounts for Guardian Trust and warranty matters related to the acquisition were successfully resolved by between the Company and Suncorp which involved a payment by Suncorp to the Company of NZ$3,700,000 and confirmation of the Company’s contractual rights of recovery.

33. Subsequent events

A final dividend of 18 cents per share fully franked is expected to be declared on 15 April 2013 and to be paid on 17 May 2013.

On 21 February, Equity Trustees Limited announced its offer to acquire all of the shares in The Trust Company Limited (Offer) and formal documentation of the Offer was provided to shareholders in a Bidder's Statement. In consultation with its legal and financial advisers, the Directors of The Trust Company have assessed the Offer and have recommended that shareholders reject the Offer. Information on the Directors' recommendation can be found in The Trust Company's Target's Statement and a copy will soon be sent to shareholders.

John Atkin resigned as Chief Executive Officer of The Trust Company Group effective 15 April 2013.

Shailendra Singh was appointed interim Chief Executive Officer of The Trust Company Group on 2 April 2013.

Catherine McDowell was appointed to the board of The Trust Company Group on 2 April 2013 as an independent non-executive director.

On 25 February 2013 Roger Davis, Kerryn Downey and Richard Wilks were appointed as Directors to The New Zealand Guardian Trust Company Limited Board and Christopher Darlow, John Avery, Michael Reed, Tim Shaw and David Grbin resigned as Directors. On 25 March 2013 Shailendra Singh was appointed as a Director. On 2 April 2013 Catherine McDowell was appointed as a Director and Chair. On 15 April 2013 John Atkin resigned as a Director.

There has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group.