THE TRUST COMPANY CASH FUND

Annual Financial Report for the reporting period ended 31 May 2014
ARSN 093 105 358

THE TRUST COMPANY
Part of Perpetual

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ARSN 093 105 358

ANNUAL FINANCIAL REPORT FOR THE REPORTING PERIOD ENDED 31 MAY 2014

Contents

DIRECTORS' REPORT

The directors of The Trust Company (RE Services) Limited ABN 45 003 278 831, the Responsible Entity of The Trust Company Cash Fund, present their report together with the financial statements of the The Trust Company Cash Fund ("the Scheme") for the reporting period ended 31 May 2014 ("the reporting period").

The Scheme is an Australian registered scheme.

Principal activities

The principal activity of the Scheme is to invest funds in accordance with its investment strategy and guidelines as set out in the current product disclosure statement ("PDS") and in accordance with the provisions of the Constitution.

A copy of the PDS can be obtained from the Responsible Entity's website www.thetrustcompany.com.au.

The Scheme did not have any employees during the reporting period.

The Constitution authorises investments in money market securities and fixed interest securities and other investments suitable for the Scheme.

There have been no significant changes in the activities of the Scheme during the reporting period.

Directors

The following persons held office as directors of the Responsible Entity during the reporting period or since the end of the reporting period and up to the date of this report:

Andrew Cannane (Director) (Appointed 23 December 2011)
Anna O'Sullivan (Alternate Director to Chris Green) (Appointed 7 March 2014)
Chris Green (Director) (Appointed 7 March 2014)
Gillian Larkins (Director) (Appointed 7 March 2014)
Glenn Foster (Alternate Director to Gillian Larkins) (Appointed 7 March 2014)
Joanne Hawkins (Alterate Director to Gillian Larkins) (Appointed 7 March 2014)

David Grbin (Director) (Resigned 7 March 2014)
John Atkin (Director) (Resigned 18 December 2013)
Rupert Smoker (Director) (Resigned 7 March 2014)

Review and results of operations

There have been no significant changes to the operations of the Scheme during the reporting period. The Scheme continued to invest funds in accordance with the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The performance of the Scheme, as represented by the results of its operations, was as follows:

	For the reporting period ended	
	31 May 2014	31 May 2013
	$'000	$'000
Profit before finance costs attributable to unitholders	**8,666**	11,513
Distribution paid and payable	**8,666**	11,513

Indirect Cost Ratio (ICR)

The indirect cost ratio (ICR) represents the costs incurred in the running of the Scheme, such as the Management Fee, Expense Reimbursement Fee and the Custody Fee. Costs attributable directly to investors, such as Transaction Costs are not included in the ICR. The ICR takes into account the net effect of the Goods and Services Tax (GST) and the benefits of Reduced Input Tax Credits (RITC).

The ICR of the Scheme is shown in the following table for the past three years.

	For the reporting period ended		
	31 May 2014	31 May 2013	31 May 2012
ICR related expenses incurred by the Scheme ($'000)	**4,151**	4,023	3,877
ICR %	**1.072**	1.051	1.137

DIRECTORS' REPORT (continued)

Unit price history

The Scheme is a $1.00 stable fund.

Performance

The table below demonstrates the performance of the Scheme as represented by the total return, which is calculated as the aggregation of the percentage capital growth and percentage distribution of income. The total annual return is shown for the past five years to 31 May 2014 and assumes that all distributions were re-invested during that period. These are calculated in accordance with FSC Standard 6.0 Product Performance - calculation and presentation of returns.

	2014	**2013**	**2012**	**2011**	**2010**
Total Return% (per annum)	2.25%	3.05%	4.27%	4.22%	2.68%

Interest paid and payable on deposits during the twelve months ended 31 May 2014 represented an average return to unitholders investing for that full reporting period of 2.25% per annum compared to 3.05% per annum for the full preceding reporting period. This decrease in return to unitholders reflects a lower average interest rate secured on investments over the reporting period.

Consistent with our statements in the governing documents of the Scheme, future performance is not guaranteed. Investors should exercise care in using past performance as a predictor of future performance.

Significant changes in state of affairs

On 28 November 2013 shareholders of The Trust Company Limited (the then ultimate parent of The Trust Company (RE Services) Limited, the Responsible Entity of the Scheme) voted to accept a proposal from Perpetual Limited for it to acquire 100% of The Trust Company Limited by way of a Scheme of Arrangement. On 18 December 2013, the Scheme of Arrangement was formally implemented and The Trust Company Limited became wholly owned by Perpetual Limited.

Likely developments and expected results of operations

The Scheme will continue to be managed in accordance with its investment strategy and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Constitution.

Further information on likely developments in the operations of the Scheme and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Scheme.

Indemnification of Officers of the Responsible Entity and Auditors

No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of The Trust Company (RE Services) Limited or the auditors of the Scheme. So long as the officers of The Trust Company (RE Services) Limited act in accordance with the Scheme's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme. The auditors of the Scheme are in no way indemnified out of the assets of the Scheme.

Fees paid to and interests held in the Scheme by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Scheme property during the reporting period are disclosed in note 11 to the financial statements.

No fees were paid out of the Scheme property to the directors of the Responsible Entity during the reporting period.

The number of units in the Scheme held by the Responsible Entity or its associates as at the end of the reporting period are disclosed in note 11 to the financial statements.

Environmental regulation

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

DIRECTORS' REPORT (continued)

Events occurring after the reporting period

Except as disclosed in note 13, no other matter or circumstance has arisen since 31 May 2014 that has significantly affected, or may significantly affect:

(i) the operations of the Scheme in future reporting periods, or
(ii) the results of those operations in future reporting periods, or
(iii) the state of affairs of the Scheme in future reporting periods.

Rounding of amounts to the nearest thousand dollars

The Scheme is an entity of the kind referred to in Class Order 98/0100 (as amended) issued by the ASIC relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and financial statements have been rounded to the nearest thousand dollars in accordance with the Class Order, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the directors of the Responsible Entity.

On behalf of the Directors

Director

Sydney
25 July 2014

Deloitte Touche Tohmatsu
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The Board of Directors
The Trust Company (RE Services) Limited
Level 15 20 Bond Street
SYDNEY NSW 2000

25 July 2014

Dear Board Members

The Trust Company Cash Fund

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of The Trust Company (RE Services) Limited as the Responsible Entity of The Trust Company Cash Fund.

As lead audit partner for the audit of the financial statements of The Trust Company Cash Fund for the financial year ended 31 May 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Declan O'Callaghan

Declan O'Callaghan
Partner
Chartered Accountants

STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the reporting period ended 31 May 2014 $'000	31 May 2013 $'000
Investment income			
Interest income	3	**12,817**	15,536
Total investment income		**12,817**	15,536
Expenses			
Management fees		**3,962**	3,902
Auditor's remuneration	4	**36**	43
Other expenses		**153**	78
Total expenses		**4,151**	4,023
Profit before finance costs attributable to unitholders		**8,666**	11,513
Finance costs attributable to unitholders			
Distributions to unitholders	5	**8,666**	11,513
Profit/(loss) for the reporting period		**-**	-
Other comprehensive income for the reporting period attributable to unitholders		-	**-**
Total comprehensive income for the reporting period attributable to unitholders		-	**-**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 May 2014 $'000	31 May 2013 $'000
Assets			
Cash and cash equivalents	7	**41,818**	54,993
Investments held to maturity	8	**297,879**	386,874
Receivables	9	**116**	159
Total assets		**339,813**	442,026
Liabilities			
Distribution payable	5	**1,777**	2,683
Audit remuneration payable		**25**	36
Payables	10	**3,259**	2,101
Total liabilities (excluding net assets attributable to unitholders)		**5,061**	4,820
Net assets attributable to unitholders - liability	6	**334,752**	437,206

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

	For the reporting period ended	
	31 May 2014 $'000	31 May 2013 $'000
Total equity at the beginning of the reporting period	**-**	-
Profit/(loss) for the reporting period attributable to unitholders	**-**	-
Other comprehensive income for the reporting period attributable to unitholders	**-**	-
Total comprehensive income for the reporting period attributable to unitholders	**-**	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the reporting period	**-**	-

In accordance with AASB 132 *Financial Instruments: Presentation* , net assets attributable to unitholders is classified as a liability rather than equity. As a result, there was no equity at the beginning and the end of the reporting period.

Changes in net assets attributable to unitholders are disclosed in note 6.

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

STATEMENT OF CASH FLOWS

		For the reporting period ended	
		31 May 2014	31 May 2013
	Notes	**$'000**	$'000
Cash flows from operating activities			
Interest received		**13,452**	16,213
Reduced input tax credit received		**292**	281
Payment of expenses		**(4,438)**	(4,443)
Net cash inflow from operating activities	7(b)	**9,306**	12,051
Cash flows from investing activities			
Net cash flow to acquire investments		88,402	(45,225)
Net cash inflow/(outflow) from investing activities		**88,402**	(45,225)
Cash flows from financing activities			
Net cash flow from unitholders		**(101,311)**	79,826
Distributions paid	5	**(9,572)**	(12,050)
Net cash (outlfow)/inflow frorm financing activities		**(110,883)**	67,776
Net (decrease)/increase in cash and cash equivalents held		**(13,175)**	34,602
Cash and cash equivalents at the beginning of the reporting period		**54,993**	20,390
Cash and cash equivalents at the end of the reporting period	7(a)	**41,818**	54,993

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

1. General information

These financial statements cover The Trust Company Cash Fund ("the Scheme") as an individual entity.

The Responsible Entity of the Scheme is The Trust Company (RE Services) Limited ("the Responsible Entity"). The Responsible Entity's registered office is Level 15, 20 Bond Street, Sydney, NSW, 2000.

The Responsible Entity of the Scheme is incorporated and domiciled in Australia.

The financial statements are presented in the Australian currency.

The financial statements are for the period 1 June 2013 to 31 May 2014 ("the reporting period").

These financial statements were authorised for issue by the directors on 23 July 2014. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all reporting periods presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The Scheme is a for-profit entity for the purposes of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

Compliance with Australian Accounting Standards and International Financial Reporting Standards

The financial statements of the Scheme comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

New and amended standards adopted by the Scheme

The Scheme has applied the following major accounting standards and amendments (to the extent that is relevant to the Scheme) for the first time for the reporting period:

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

AASB 13 establishes a single source of guidance under Australian Accounting Standards for all fair value measurements and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. AASB 13 does not change when an entity is required to use fair value but rather provides guidance on how to measure fair value when it is required or permitted. The application of AASB 13 has not materially impacted the Scheme's financial statements for the reporting period.

AASB 2011-4 Amendments to Australian Accounting Standards to remove Individual Key Management Personnel Disclosure Requirements

AASB 124 Related Party Disclosures was amended whereby the individual key management personnel disclosures are no longer required. Therefore the Scheme has no longer disclosed these disclosures in its financial statements for the reporting period.

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities

The Scheme has applied the amendments to AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current period. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The amendments have been applied retrospectively. As the Scheme does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

New and revised Standards on consolidation, joint arrangements, associates and disclosures.

In August 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising AASB 10 ‘Consolidated Financial Statements’, AASB 11 ‘Joint Arrangements’, AASB 12 ‘Disclosure of Interests in Other Entities’, AASB 127 (as revised in 2011) ‘Separate Financial Statements’ and AASB 128 (as revised in 2011) ‘Investments in Associates and Joint Ventures’. Subsequent to the issue of these standards, amendments to AASB 10, AASB 11 and AASB 12 were issued to clarify certain transitional guidance on the first-time application of the standards. In the current period, the Scheme has applied for the first time AASB 10, AASB 11, AASB 12, AASB 127 (as revised in 2011) and AASB 128 (as revised in 2011) together with the amendments to AASB 10, AASB 11 and AASB 12 regarding the transitional guidance. The impact of the application of these standards is set out below:

AASB 10 Consolidated Financial Statements and AASB 2011-7 Amendments to Australian Accounting

Standards arising from the consolidation and Joint Arrangements standards’ AASB 10 replaces the parts of AASB 127 ‘Consolidated and Separate Financial Statements’ that deal with consolidated financial statements and Interpretation 112 ‘Consolidation – Special Purpose Entities’. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee; b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee. Some guidance included in AASB 10 that deals with whether or not an investor that owns less than 50 per cent of the voting rights in an investee and has control over the investee is relevant to the Scheme. The Scheme does not have any subsidiaries, as such the adoption of this standard does not have any material impact on the financial statements.

AASB 11 Joint Arrangements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards

AASB 11 replaces AASB 131 ‘Interests in Joint Ventures’, and the guidance contained in a related interpretation, Interpretation 113 ‘Jointly Controlled Entities – Non-Monetary Contributions by Venturers’, has been incorporated in AASB 128 (as revised in 2011). AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, AASB 131 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under AASB 131 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

The Scheme does not have any joint arrangements in place, therefore the adoption of this standard does not have any material impact on the financial statements

AASB 12 Disclosure of Interests in Other Entities and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 does not have any material impact on the financial statements.

2. Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Classification

The Scheme's investments are categorised as follows:

• *Investments held to maturity*

Financial assets designated as held to maturity are non derivative assets with fixed or determinable payments and a fixed maturity date that the Scheme has a positive intent and ability to hold to maturity.

• *Loans and receivables/payables*

Loans and receivables/payables are non derivative financial assets/liabilities with fixed or determinable payments that are not quoted in an active market. This category includes short term receivables/payables.

(ii) Recognition/derecognition

The Scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Scheme retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' agreement; or
- the Scheme has transferred its rights to receive cash flows from the asset and either:
  (a) has transferred substantially all the risks and rewards of the asset; or

  (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

(iii) Measurement

• Investments held to maturity

Investments held to maturity are measured at amortised cost using the effective interest method less any impairment.

• Loans and receivables

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment for example when there has been a significant or prolonged decline in the fair value below cost.

If evidence of impairment exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(c) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(d) Interest income

Interest from fixed interest and discount securities is recognised on a time proportionate basis taking into account the effective yield on the financial assets. Interest on cash on deposit is recognised in accordance with the terms and conditions which apply to the deposit.

(e) Income tax

Under current income tax legislation the Scheme is not subject to income tax as unitholders are presently entitled to the income of the Scheme. There is no income of the Scheme to which the unitholders are not presently entitled and additionally, the Scheme Constitution requires the distribution of the full amount of the net income of the Scheme to the unitholders each period.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Scheme is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Scheme to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

(f) Distributions

In accordance with the Scheme's Constitution, the Scheme fully distributes its distributable income to unitholders by way of cash or reinvestment. The distributions are payable quarterly each year in February, May, August and November. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

(g) Goods and Services Tax

Expenses of various services provided to the Scheme by third parties such as custodial services and investment management fees etc are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the expense in the statement of comprehensive income.

Accounts payable and receivable are stated inclusive of the GST receivable and payable. The net amount of GST recoverable from, or payable to, the taxation authority is included in receivables or payables in the statement of financial position.

Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(h) Receivables

Receivables include such items as Reduced Input Tax Credits (RITC) and amounts for interest where settlement has not yet occurred. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(d). Amounts are generally received within 30 days of being recorded as receivables.

(i) Payables

Payables include liabilities and accrued expenses owing by the Scheme which are unpaid as at the end of the reporting period.

Trades are recorded on trade date, and normally settled within three business days. Purchases of financial instruments that are unsettled at the end of each reporting period are included in payables.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income under the Scheme's Constitution.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

(j) Use of estimates

The Scheme makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next reporting period. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and accounts payable, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

(k) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 May 2014 reporting periods and have not yet been applied in the financial statements. The directors' assessment of the impact of these new standards (to the extent relevant to the Scheme) and interpretations is set out below:

(i) AASB 9 Financial Instruments (2009 or 2010 version), AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures and AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

AASB 9 Financial Instruments addresses the classification, measurement, recognition and derecognition of financial assets and financial liabilities. It has now introduced revised rules around hedge accounting. The Standard is not applicable until 1 January 2017 but is available for early adoption. The Scheme does not expect this to have a significant impact on the recognition and measurement of the Scheme's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not been changed from the previous requirements, and the Scheme does not apply hedge accounting. The Scheme does not intend to early adopt AASB 9.

(ii) AASB 1031 Materiality and AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments, Part B Materiality (effective 1 January 2014)

The AASB decided to withdraw AASB 1031. Part B of AASB 2013-9 deletes references to AASB 1031 in various Australian Accounting Standards (including Interpretations). Once all references to AASB 1031 have been deleted from all Australian Accounting Standards, AASB 1031 will be withdrawn. The adoption of the new rules will not impact the financial statements of the Scheme. Early adoption is not permitted.

(iii) AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities. (effective for periods beginning on or after 1 January 2014 and will be applied for the reporting period ended 31 May 2015)

(l) Rounding of amounts

The Scheme is an entity of the kind referred to in Class Order 98/0100 (as amended), issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand, unless otherwise indicated.

(m) Comparatives

Where necessary, comparative information has been reclassified to be consistent in disclosure with current period amounts and other disclosures.

3. Interest income

	For the reporting period ended	
	31 May 2014 $'000	31 May 2013 $'000
Interest income	**12,817**	15,536

NOTES TO THE FINANCIAL STATEMENTS

4. Auditor's remuneration

During the reporting period, the following fees were paid for services provided by the auditor of the Scheme:

	For the reporting period ended	
	31 May 2014	31 May 2013
	$	$
Deloitte Touche Tohmatsu Australian Firm		
Audit and other assurance services		
Audit and review of financial statements	**27,000**	33,000
Audit of compliance plan	**9,000**	10,000
Total remuneration for audit and other assurance services	**36,000**	43,000

5. Distributions to unitholders

The distributions for the reporting period were as follows:	For the reporting period ended	
	31 May 2014	31 May 2013
	$'000	$'000
Balance at the beginning of the reporting period	**2,683**	3,220
Additional provisions for distributions recognised	**8,666**	11,513
Reductions arising from distribution payments		
May	**(2,683)**	(3,220)
August	**(2,495)**	(2,927)
November	**(2,187)**	(2,990)
February	**(2,016)**	(2,820)
May	**(191)**	(93)
Balance at end of reporting period payable	**1,777**	2,683

6. Net assets attributable to unitholders

As stipulated within the Scheme Constitution, each unit represents a right to an individual share in the Scheme and does not extend to a right to the underlying assets of the Scheme. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Scheme.

Movements in number of units and net assets attributable to unitholders during the reporting period were as follows:

	For the reporting period ended			
	31 May 2014	31 May 2013	**31 May 2014**	31 May 2013
	No. '000	No. '000	**$'000**	$'000
Opening balance	**437,206**	357,200	**437,206**	357,200
Net applications/(redemptions)	**(102,454)**	80,006	**(102,454)**	80,006
Closing balance	**334,752**	437,206	**334,752**	437,206

Capital risk management

The capital structure of the Scheme consists of cash and cash equivalents, investments held to maturity and the proceeds from the issue of the units of the Scheme.

The Responsible Entity aims to ensure that there is sufficient capital for possible redemptions by unitholders by maintaining all investments in either cash and cash equivalents or short term fixed interest instruments.

The Scheme has no restrictions or specific capital requirements on the application and redemption of units. The Scheme's overall investment strategy remains unchanged from the prior year.

The investment strategy of the scheme is detailed in the PDS which can be obtained from the Responsible Entity's website www.thetrustcompany.com.au.

NOTES TO THE FINANCIAL STATEMENTS

7. Notes to the statement of cash flows

(a) Reconciliation of cash

	For the reporting period ended	
	31 May 2014	31 May 2013
Cash at the end of the reporting period comprises:	**$'000**	$'000
Cash at bank	**41,818**	54,993
Total cash and cash equivalents	**41,818**	54,993

(b) Reconciliation of net cash inflow from operating activities to net operating profit

	For the reporting period ended	
	31 May 2014	31 May 2013
	$'000	$'000
Net operating profit	**8,666**	11,513
Increase / (decrease) in payables	**4**	(135)
Increase in income receivable	**636**	673
Net cash provided by operating activities	**9,306**	12,051

8. Fair value of financial instruments carried at amortised cost

	As at	
	31 May 2014	31 May 2013
Financial assets	**$'000**	$'000
Held to maturity assets:		
- Negotiable certificate of deposits	**61,761**	72,595
- Term deposits	**236,118**	310,288
- Bank bills	**-**	3,991
	297,879	386,874

9. Receivables

	As at	
	31 May 2014	31 May 2013
	$'000	$'000
Accrued income	**116**	159

10. Payables

	As at	
	31 May 2014	31 May 2013
	$'000	$'000
Management fee payable	**20**	13
Other payables	**98**	90
Redemptions payable	**3,141**	1,998
	3,259	2,101

11. Related party transactions

Responsible Entity

The Responsible Entity of The Trust Company Cash Fund is The Trust Company (RE Services) Limited.

Key management personnel

(a) Directors

Key management personnel includes persons who were directors or officers in The Trust Company (RE Services) Limited at any time during the reporting period and up to date of this report.

11. Related party transactions (continued)

Key management personnel (continued)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly during the reporting period:

Steven Marsh (General Manager Group Investment Management)

Oher transactions within the Scheme

From time to time directors of the Responsible Entity, or their director related entities, may invest in or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other Scheme investors.

Responsible Entity's / manager's fees

Pursuant to the terms of the Scheme's Constitution, the net management fees paid to the Responsible Entity of the Scheme is 1.025% per annum (2013: 1.025%) of the net asset value of the Scheme, and is assessed and payable on a daily basis. Management fees are separately disclosed in the statement of comprehensive income.

The transactions during the reporting period and amounts payable outstanding at the end of the reporting period between the Scheme and the Responsible Entity were as follows:

	As at	
	31 May 2014	31 May 2013
	$	$
Management fees for the reporting period paid by the Scheme to the Responsible Entity	**3,962,000**	3,902,000
Management fees payable to the Responsible Entity at the end of the reporting period	**20,000**	13,000

Related party scheme's unitholding

The Scheme contains unitholders who are clients of The Trust Company where The Trust Company acts in a Trustee capacity for their portfolio. Transactions with related parties have taken place at arms length and in the ordinary course of business.

Parties related to the Scheme (including The Trust Company (RE Services) Limited, its related parties and other schemes managed by The Trust Company (RE Services) Limited), held units in the Scheme as follows:

Holdings by related parties

	No. of units held opening	**No. of units held closing**	**Fair value of investment**	**Interest held**	**Distributions paid/payable**
	No '000	No '000	$'000	%	$'000
31 May 2014					
The Trust Company Bond Fund	6,803	8,881	8,881	2.61	176
The Trust Company Philanthropy Fund	7,914	6,930	6,930	2.04	164
The Trust Company Australian Share Fund	2,955	1,375	1,375	0.40	54
The Trust Company Income Fund	1,609	1,011	1,011	0.30	18
The Trust Company Diversified Property Fund	1,786	946	946	0.28	27
The Trust Company Share Imputation Fund	976	879	879	0.26	44
Trust General Equity Fund VE8*	20	-	-	-	-
Permanent Australian Share Fund CTF4*	462	-	-	-	2
Equity Common Fund QE1*	297	-	-	-	2

* During the period, these schemes were terminated and no longer held a position in the Scheme at the reporting period end.

11. Related party transactions (continued)

Holdings by related parties (continued)

	No. of units held opening No '000	No. of units held closing No '000	Fair value of investment $'000	Interest held %	Distributions paid/payable $'000
31 May 2013					
The Trust Company Philanthropy Fund	11,589	7,914	7,914	1.79	85
The Trust Company Bond Fund	7,644	6,803	6,803	1.54	48
The Trust Company Australian Share Fund	4,453	2,955	2,955	0.67	28
The Trust Company Share Imputation Fund	1,072	976	976	0.22	9
Trust General Equity Fund VE8	774	20	20	-	-
The Trust Company Income Fund	438	1,609	1,609	0.36	6
The Trust Company Diversified Property Fund	312	1,786	1,786	0.40	12
Permanent Australian Share Fund CTF4	296	462	462	0.10	3
Equity Common Fund QE1	179	297	297	0.07	2

At 31 May 2014 no investments were held in related parties (2013: Nil)

12. Financial risk management

(a) Objectives, strategies, policies and processes

The Scheme's activities may expose it to a variety of financial risks; market risk (price risk and interest rate risk), credit risk and liquidity risk.

The Scheme's overall risk management program focuses on ensuring compliance with the Scheme's governing documents and seeks to maximise the returns derived for the level of risk to which the Scheme is exposed. Financial risk management is carried out by an Investment Manager ("the Investment Manger") under policies approved by the Board of Directors of the Responsible Entity ("the Board").

The Scheme uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ratings analysis for credit risk.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: price risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

(i) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. There is no significant direct price risk in this Scheme.

The Scheme invests mainly into direct money market securities. The primary risks associated with these securities are disclosed under

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in interest rates can have a direct or indirect impact on the investment value and/or returns of all types of assets.

Investments can be made in bank accepted bills of exchange, term deposits and negotiable certificate of deposits issued by a bank and government guaranteed securities with a maturity date of two years or less. While liquid assets such as these are not guaranteed by The Trust Company (RE Services) Limited, they are regarded as one of the most secure asset classes.

NOTES TO THE FINANCIAL STATEMENTS

12. Financial risk management (continued)

(ii) Interest rate risk (continued)

The table below summarises the Scheme's exposure to interest rate risks. It includes the Scheme's assets and liabilities at fair values, categorised by the maturity dates together with the weighted average interest rate of the assets held at the reporting period end date.

31 May 2014	Weighted average interest rate %	Floating interest rate $'000	Fixed interest rate 3 months or less $'000	Fixed interest rate 4 to 12 months $'000	Non-interest bearing $'000	Total $'000
Net receivables / liabilities		-	-	-	(4,945)	(4,945)
Cash and cash equivalents	2.50	41,818	-	-	-	41,818
Fixed interest rate instruments	3.24	-	287,425	10,454	-	297,879
		41,818	287,425	10,454	(4,945)	334,752
31 May 2013						
Net receivables / liabilities		-	-	-	(4,661)	(4,661)
Cash and cash equivalents	2.75	54,993	-	-	-	54,993
Fixed interest rate instruments	3.71	-	372,092	14,782	-	386,874
		54,993	372,092	14,782	(4,661)	437,206

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Scheme's net assets would be impacted as follows:

	As at 31 May 2014		As at 31 May 2013	
	Increased by 50 basis points $'000	**Decreased by 50 basis points $'000**	Increased by 50 basis points $'000	Decreased by 50 basis points $'000
Net assets attributable to unitholders and profit before finance costs attributable to unitholders	**1,699**	**(1,699)**	2,211	(2,211)

These changes are calculated on an undiscounted basis. The analysis is performed on the same basis for 2014 and 2013.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from investments in debt securities. Other credit risk arises from cash and cash equivalents, and deposits with banks and other financial institutions.

The Scheme has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as means of mitigating the financial risk of financial loss from default. The Scheme measures credit risk on a fair value basis.

The Scheme aims to manage risks by diversification, investing in quality securities and setting appropriate investment guidelines for the management of the Scheme's assets.

The credit quality of financial assets is managed by the Scheme using Standard & Poor's rating categories, in accordance with the investment mandate of the Scheme. The Scheme's exposure in each grade is monitored on a daily basis. This review process allows the Responsible Entity to assess the potential loss as a result of risks and take corrective action. The table below shows the credit quality by class of assets:

	A2 $'000	**A1 $'000**	**A1+ $'000**
31 May 2014			
Fixed interest rate instruments	28,872	102,632	166,375
31 May 2013			
Fixed interest rate instruments	40,686	125,231	220,957

NOTES TO THE FINANCIAL STATEMENTS

12. Financial risk management (continued)

(d) Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. This risk is controlled through the Scheme's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Scheme maintains sufficient cash and cash equivalents to meet normal operating requirements.

In accordance with the Scheme's policy, the Responsible Entity monitors the Scheme's liquidity position on a regular basis. This information and the compliance with the Scheme's policy are reported to the relevant parties on a regular basis as deemed appropriate such as the compliance manager, other key management personnel and ultimately the Board.

The table below analyses the liabilities of the Scheme into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

31 May 2014	**Less than 1 month $'000**	**1-3 months $'000**	**3-12 months $'000**	**More than 12 months $'000**
Distribution payable	(1,777)	-	-	-
Audit Remuneration	(25)	-	-	-
Payables*	(3,259)	-	-	-
Net assets attributable to unitholders **	(334,752)			
	(339,813)	-	-	-

31 May 2013	**Less than 1 month $'000**	**1-3 months $'000**	**3-12 months $'000**	**More than 12 months $'000**
Distribution payable	(2,683)	-	-	-
Audit Remuneration	(36)	-	-	-
Payables*	(2,101)	-	-	-
Net assets attributable to unitholders **	(437,206)			
	(442,026)	-	-	-

* Payables are due on demand

** Net assets attributable to unitholders are due on demand, however they are not expected to be called.

(e) Estimation of fair values of financial assets and financial liabilities

The carrying amounts of all the Scheme’s financial assets and financial liabilities at the end of the reporting period approximated their fair values.

The Scheme's investments are held in cash or cash equivalent investments and short term fixed interest instruments. Accordingly the value of these is subject to movements in market interest rates.

The Scheme does not have significant holdings of investments which are not readily traded on original markets in standardised form or for which prices are not publicly available.

13. Events occurring after the reporting period

No other significant events have occurred since the end of the reporting period which would impact on the financial position of the Scheme disclosed in the statement of financial position as at 31 May 2014 or on the results and cash flows of the Scheme for the reporting period ended on that date.

14. Contingent assets and contingent liabilities and or commitments

There are no outstanding contingent assets, contingent liabilities or commitments as at 31 May 2014 (2013: nil).

15. Additional information

Registered office
Level 15, 20 Bond Street
Sydney, NSW 2000
Australia

Principal place of business
Level 15, 20 Bond Street
Sydney, NSW 2000
Australia

DIRECTORS' DECLARATION

The directors of The Trust Company (RE Services) Limited, the Responsible Entity of The Trust Company Cash Fund, declare that in their opinion:

(a) The financial statements and notes set out on pages 11 to 21 are in accordance with the *Corporations Act 2001* , including:

   (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) Giving a true and fair view of the Scheme's financial position as at 31 May 2014 and of its performance, as represented by the results of its operations and cash flows, for the reporting period ended on that date.

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

(c) The financial statements are in accordance with the Scheme's Constitution.

(d) Note 2 confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.303(5) of the *Corporations Act 2001.*

Director

Sydney
25 July 2014

Deloitte.

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Independent Auditor's Report
to the unitholders of The Trust Company Cash Fund

We have audited the accompanying financial report of The Trust Company Cash Fund, which comprises the statement of financial position as at 31 May 2014, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 6 to 22.

Directors' Responsibility for the Financial Report

The directors of The Trust Company (RE Services) Limited (the "Responsible Entity") are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Deloitte.

Auditor's Independence Declaration

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

Opinion

In our opinion:

(a) the financial report of The Trust Company Cash Fund is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the fund's financial position as at 31 May 2014 and of its performance for the year ended on that date; and

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

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Declan O'Callaghan
Partner
Chartered Accountants
Sydney, 25 July 2014

CONTACT US

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