



Equity Trustees Limited
ABN 46 004 031 298
Australian Financial Services
Licence No 240975

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28 September 2004

The Manager Company Announcements
Australian Stock Exchange Limited
P O Box H224
Australia Square
NSW 1213

Dear Sir

Re: Annual Financial Statements and Reports

In accordance with ASX Listing Rule 4.5.1, attached is a copy of the Annual Financial Statements and Reports for Equity Trustees Limited (EQT) as lodged with ASIC.

Yours faithfully

A handwritten signature in black ink, appearing to read "Terry Ryan", is positioned above the printed name and title.

Terry Ryan
Company Secretary

Encl.

EQUITY TRUSTEES LIMITED

**ABN 46 004 031 298
and Controlled Entities**

FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

EQUITY TRUSTEES LIMITED

ABN 46 004 031 298

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

The directors of Equity Trustees Limited submit herewith the annual financial report for the financial year ended 30 June 2004. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

PHILIP G MOLYNEUX

B.Econ, FCA

Aged 60

Appointed Chairman 1 January 2003

Non-Executive Director since 1992

- Chartered Accountant
- Partner, Ernst & Young, Melbourne 1980-96
- Director, Centre for Eye Research Australia Ltd
- Chairman, Anadis Ltd
- Director, Pro Medicus Ltd
- Director, Corps of Commissionaires (Victoria) Ltd
- Director, Australian National Academy of Music Ltd
- Relevant interest in shares held in Equity Trustees Limited: 5,543 shares

DAVID F GROVES

B.Com, M.Com.CA, FAICD

Aged 49

Non-Executive Director since 2000

Appointed Chairman of Audit & Compliance Committee 30 January 2003

- Director, Graincorp Ltd
- Executive Director of a number of private companies involved in agriculture, viticulture and investment
- Relevant interest in shares held in Equity Trustees Limited: 130,163 shares

JOHN R McCONNELL,

B.Com, FAICD, FAIM, FAIBF

Aged 64

Non-Executive Director since 2002

Member of Audit & Compliance Committee – Appointed 30 January 2003

- Held various executive and board roles within ANZ Banking Group
- Director, Carey Baptist Grammar School Ltd
- Director, Housewares International Ltd
- Member – Epworth Medical Foundation
- Relevant interest in shares held in Equity Trustees Limited: 15,567 shares

Barry J Jackson

B.Com (Hons), MAICD

Aged 59

Non-Executive Director – Appointed 26 September 2002

- Director, PaperlinX Limited
- Director, CSR Limited
- Director, Alesco Corporation Limited
- Director, St Vincent's Institute of Medical Research
- Formerly Managing Director of Pacifica Group Limited (1995 – 2001)
- Relevant interest in shares held in Equity Trustees Limited: 10,000 shares

JA (Tony) Killen

Dip.All, FAICD, FAIM

Aged 59

Non-Executive Director – Appointed 26 September 2002

- Chairman, Sisters of Charity Health Service Ltd.
- Director, IRESS Market Technology Ltd
- Director, Templeton Global Growth Fund Ltd.
- Director, Catholic Church Insurances Ltd
- Formerly CEO of the listed group AXA Asia Pacific Holdings Ltd (1998 – 1999)
- Formerly Chairman St Vincent's Hospital Melbourne Ltd
- Formerly Director St Vincent's Institute of Medical Research
- Past President of the WA Insurance Institute
- An alumnus of the Sloan School of Management, MIT, Boston, Mass.
- Relevant interest in shares held in Equity Trustees Limited: 3,039 shares

Peter J Williams

Dip.All, MAICD, FAIM

Aged 53

Managing Director – Appointed 27 February 2003

- Director, Victorian Baseball Association Inc since February 2002
- General Manager, Superannuation & Portfolio Services, Perpetual Trustees Australia (2000 – 2001)
- General Manager and CEO, AXA Trustees Limited (1996 – 2000)
- National Marketing Manager, National Mutual Funds Management (1993 – 1996)
- General Manager, National Mutual Asia Limited (1988 – 1993)
- Prior to 1988, Peter worked in various roles including Corporate Business Manager for WA, SA & NT, Superannuation Sales Consultant and Client Manager.
- Director – NM Superannuation Pty Ltd (1996 – 2000) including 2 years as Chairman
- National President, Trustee Corporations of Australia for a 2 year term, following a 2 year term as National Vice President.
- Director Austcham (Australian Chamber of Commerce) in Hong Kong from 1989 to 1993, including 2 years as Vice President.
- Relevant interest in shares held in Equity Trustees Limited: 1,014 shares

Ross A Illingworth

B.Bus (HR), GAICD, CFP

Aged 38

Non-Executive Director – Appointed 27 March 2003

Member of Audit & Compliance Committee – Appointed 24 April 2003

- Stockbroker with Bell Potter Securities Limited
- Member of Greater Melbourne Foundation and Lord Mayor's Charitable Fund (Investment Committee)
- Member of The Howard Florey Institute (Corporate and Major Gifts Committee)
- Director of The Sir Robert Menzies Memorial Foundation Limited
- Ross has had extensive experience in the stockbroking industry since 1986, involving institutional dealing, charitable foundations, investment companies, capital markets and private clients. He has held a number of senior positions in leading investment institutions in the securities industry.
- Relevant interest in shares held in Equity Trustees Limited: 40,529 shares

PRINCIPAL ACTIVITIES

The principal activities of the entities in the economic entity during the course of the financial year were the provision of services as trustee, executor, administrator, attorney and agent, tax agent, custodian, other fiduciary and agency services, and funds management, including superannuation.

REVIEW OF OPERATIONS

For a review of operations refer to the Managing Director's report.

CHANGES IN THE STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

There has not been any 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 consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

FUTURE DEVELOPMENTS

Apart from the introduction of International Financial Reporting Standards (IFRS) as outlined in note 40 to the financial statements, disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

DIVIDENDS

In respect of the financial year ended 30 June 2003, no interim or final dividend was paid.

In respect of the financial year ended 30 June 2004:

- i. An interim dividend of 10 cents per share franked to 100% at 30% corporate income tax rate was paid to holders of fully paid ordinary shares on 5 April 2004.
- ii. Subsequent to 30 June 2004, the directors declared a final dividend of 20 cents per share franked to 100% at 30% corporate income tax rate payable to holders of fully paid ordinary shares on 6 October 2004.

INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

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

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

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 14 board meetings, 9 committee of the board and 7 audit & compliance committee (A&CC) meetings were held.

Directors in Attendance	Board Meetings		Committee of the Board ¹		Audit & Compliance Committee	
	Eligible to Attend ²	Attended	Eligible to Attend ²	Attended	Eligible to Attend ²	Attended
PG Molyneux	14	14	5	5	-	-
DF Groves	14	13	1	1	7	7
JR McConnell	14	14	4	4	7	7
BJ Jackson	14	12	-	-	-	-
JA Killen	14	13	1	1	-	-
PJ Williams	14	14	9	9	7	6
RA Illingworth	14	14	4	4	7	6

¹ Committee of the board meetings are constituted by at least any two directors acting pursuant to the authority of the full board.

² Meetings held that the director was eligible to attend whilst holding office.

DIRECTORS' SHAREHOLDING

The following table sets out each director's relevant interest in shares. All shares are fully paid ordinary shares.

Director	Number of Shares held as at 30 June 2004
DF Groves	130,163
RA Illingworth	40,529
JR McConnell	15,567
BJ Jackson	10,000
PG Molyneux	5,543
JA Killen	3,039
PJ Williams	1,014

SHARE OPTIONS

No options over unissued shares were granted during the financial year and no options have been granted in the period between the end of the financial year and the date of this report.

DIRECTORS' AND EXECUTIVES REMUNERATION

Remuneration packages contain the following key elements:

- i. Salary / fees;
- ii. Benefits – including provision of motor vehicle, parking, superannuation; and
- iii. Performance incentives

The following table discloses the remuneration of the directors of the company.

Name	Fee / Salary	Benefits	Performance Incentive	Total
Non-executive directors				
PG Molyneux	55,000	4,950		59,950
DF Groves	39,000	3,510		42,510
JR McConnell	39,000	3,510		42,510
BJ Jackson	35,000	3,150		38,150
JA Killen	35,000	3,150		38,150
RA Illingworth	39,111	3,520		42,631
Executive Director				
PJ Williams	224,772	17,752	80,495	323,019

In addition to the remuneration outlined above, non-executive directors are entitled to a retiring allowance. Refer to Notes 1(f) and 23 to the Financial Statements.

The following table discloses the remuneration of the five highest remunerated executives of the company and consolidated entity:

Name	Fee / Salary	Benefits	Performance Incentive	Total
Company & Consolidated Entity				
IRM Morrison *	238,466	7,584		246,050
T Ryan	172,271	18,808	42,000	233,079
HH Kalman	169,761	18,587	42,000	230,348
RP Dillon	180,000		40,000	220,000
PM Maddox	160,713	18,755	13,011	192,479

*Includes termination benefits

During or since the financial year, no director of the company has received or become entitled to receive a benefit because of a contract that the director or a firm of which the director is a member or an entity in which the director has a substantial financial interest made with the company or an entity that the company controlled, or a body corporate that was related to the company, when the contract was made or the director received, or became entitled to receive the benefits except for a benefit included in the aggregate amount of emoluments received, or due and receivable by the director shown in Note 5 to the financial statements.

STATUTORY TRUSTEE

Equity Trustees Limited is authorised by the law of the state of Victoria to take in its name a Grant of Probate of the will of a deceased person. Assets and liabilities of trusts, estates and agencies for which the company acts as trustee, executor or agent, are not included in the company's financial statements.

RESERVE FUND

The provisions of the Trustee Companies Act 1984 which require the creation of a reserve fund to be set aside by statutory trustee companies have been complied with and are reflected in the company's financial statements.

Signed in accordance with a resolution of the directors made pursuant to Section 298(2) of the Corporations Act 2001.

On behalf of the directors



Peter J Williams
Managing Director

Dated 27/8/2004

EQUITY TRUSTEES LIMITED
ABN 46 004 031 298
Statement of Financial Performance
for the Financial Year Ended 30 June 2004

	<u>Note</u>	<u>Consolidated</u>		<u>Company</u>	
		<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Revenue from ordinary activities	2	19,621,667	16,348,999	16,767,633	14,987,109
Payroll expenses		(9,212,499)	(9,212,898)	(7,624,452)	(8,434,724)
Finance expenses		(292,079)	(665,883)	(231,808)	(635,604)
Insurance expenses		(740,173)	(663,620)	(650,292)	(612,288)
Professional service fees		(401,647)	(695,433)	(388,351)	(685,163)
Occupancy expenses		(1,084,793)	(1,183,552)	(905,174)	(1,092,017)
Advertising expenses		(452,623)	(617,853)	(431,847)	(608,257)
Computer expenses		(916,753)	(1,176,325)	(865,028)	(1,135,219)
General expenses		(589,304)	(1,538,023)	(462,486)	(1,489,999)
Writedown of goodwill		(44,282)	(386,813)	(44,282)	(386,813)
Value of fixed assets, building & shares sold		(2,182,346)	(2,367,882)	(2,182,346)	(2,367,882)
Writeback (writedown) of investments		58,000	(185,000)	58,000	(185,000)
Repayment of prior years management fees		-	(1,559,906)	-	(1,559,906)
Total Expenses		(15,858,499)	(20,253,188)	(13,728,066)	(19,192,872)
Profit / (Loss) From Ordinary Activities Before Income Tax Expense		3,763,168	(3,904,189)	3,039,567	(4,205,763)
Income tax benefit / (expense) relating to ordinary activities	4	(952,212)	845,019	(723,782)	937,126
Profit / (Loss) From Ordinary Activities After Related Income Tax Expense		2,810,956	(3,059,170)	2,315,785	(3,268,637)
Net Profit / (Loss) Attributable to Members of the Parent Entity		2,810,956	(3,059,170)	2,315,785	(3,268,637)
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners	29	2,810,956	(3,059,170)	2,315,785	(3,268,637)
Earnings per share					
- Basic (cents per share)	30	45.52	(52.08)		

Notes to the Financial Statements are included on pages 10 to 26

EQUITY TRUSTEES LIMITED
ABN 46 004 031 298
Statement of Financial Position
as at 30 June 2004

	<u>Note</u>	<u>Consolidated</u>		<u>Company</u>	
		<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Current Assets					
Cash		909,507	1,287,035	271,526	971,671
Receivables	9	2,651,448	2,867,913	2,501,527	2,458,997
Other financial assets	10	5,615,601	738,560	5,615,601	738,560
Total Current Assets		9,176,556	4,893,508	8,388,654	4,169,228
Non-Current Assets					
Receivables	11	256,930	276,130	2,762,333	2,471,541
Other financial assets	12	1,136,020	1,613,501	1,136,032	1,613,513
Property plant & equipment	15	1,023,426	605,939	980,259	603,187
Intangibles	16	5,193,050	5,237,332	-	44,282
Deferred tax assets	17	594,087	1,335,832	594,087	1,335,832
Total Non-Current Assets		8,203,513	9,068,734	5,472,711	6,068,355
Reserve Fund					
Financial assets	13 & 14	4,700,000	4,500,000	4,700,000	4,500,000
Total Reserve Fund		4,700,000	4,500,000	4,700,000	4,500,000
Total Assets		22,080,069	18,462,242	18,561,365	14,737,583
Current Liabilities					
Payables	18	1,516,582	1,100,619	1,361,681	962,472
Current tax liabilities	19	196,999	-	196,999	-
Provisions	20	501,387	499,039	457,928	468,026
Other	21	272,731	785,426	272,731	136,295
Total Current Liabilities		2,487,699	2,385,084	2,289,339	1,566,793
Non-Current Liabilities					
Deferred tax liabilities	22	-	4,102	-	4,102
Provisions	23	492,891	433,669	473,699	421,682
Other	24	2,631,520	2,631,520	124,502	36,102
Total Non-Current Liabilities		3,124,411	3,069,291	598,201	461,886
Total Liabilities		5,612,110	5,454,375	2,887,540	2,028,679
Net Assets		16,467,959	13,007,867	15,673,825	12,708,904
Equity					
Contributed equity	27	12,849,247	11,580,197	12,849,247	11,580,197
Reserves	28	1,754,201	1,754,201	1,754,201	1,754,201
Retained profits	29	1,864,511	(326,531)	1,070,377	(625,494)
Total Equity		16,467,959	13,007,867	15,673,825	12,708,904
		0.64	0	(0.40)	(0.61)

Notes to the Financial Statements are included on pages 10 to 26

EQUITY TRUSTEES LIMITED
ABN 46 004 031 298
Statement of Cash Flows
for the Financial Year Ended 30 June 2004

	Consolidated		Company	
	Inflow/(Outflow)		Inflow/(Outflow)	
	2004	2003	2004	2003
	\$	\$	\$	\$
<i>Cash Flows from Operating Activities</i>				
Fees and commissions received from customers	16,669,252	13,634,574	13,610,682	12,591,912
Payments to suppliers and employees	(13,212,433)	(16,683,642)	(11,162,805)	(15,747,045)
Dividends received	237,327	321,185	237,327	321,185
Interest received	387,420	454,779	370,566	450,568
Income tax (paid)/received	128,855	(1,286,808)	146,425	(1,286,305)
Net cash provided by/(used in) operating activities	38 (c) 4,210,421	(3,559,912)	3,202,195	(3,669,685)
<i>Cash Flows from Investing Activities</i>				
Payment for property, plant and equipment	(720,430)	(58,398)	(673,221)	(55,556)
Proceeds from sale of property, plant and equipment	5,268	26,250	5,268	26,250
Payment for investment securities	(755,336)	(2,000,000)	(755,336)	(2,000,000)
Proceeds on sale of investment securities	1,831,495	2,034,875	1,831,495	2,034,875
Payment for acquisition of business	-	(1,276,921)	-	-
Repayment of loans to company	28,095	139,603	28,095	139,603
Receipts (payments) of other loans	-	-	638,400	(1,396,955)
Net cash provided by/(used in) investing activities	389,092	(1,134,591)	1,074,701	(1,251,783)
<i>Cash Flows from Financing Activities</i>				
Dividends paid	(619,914)	(1,425,960)	(619,914)	(1,425,960)
Proceeds from issue of equity securities under the DRP	619,914	1,425,733	619,914	1,425,733
Net cash provided by/(used in) financing activities	-	(227)	-	(227)
Net Increase/(Decrease) in Cash Held	4,599,513	(4,694,730)	4,276,896	(4,921,695)
Cash at Beginning of Financial Year	4,225,595	8,920,325	3,910,231	8,831,926
Cash at End of Financial Year	38 (a) 8,825,108	4,225,595	8,187,127	3,910,231

Notes to the Financial Statements are included on pages 10 to 26

EQUITY TRUSTEES LIMITED
ABN 46 004 031 298
Notes to the Financial Statements
for the Financial Year Ended 30 June 2004

1 Summary of Accounting Policies

Financial Reporting Framework

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, applicable Accounting Standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative Amounts

Comparative amounts have, where appropriate, been reclassified in the notes to the financial statements in order to ensure compatibility with amended classifications in the current reporting period. The reclassification of comparative amounts has not resulted in a change to the aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities or equity, or the net profit/(loss) of the company or economic entity as reported in the prior financial report.

Significant Accounting Policies

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

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

(a) Accounts Payable

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

(b) Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

(c) Capital Gains Tax

No provision has been made for capital gains tax which may arise in the event of sale of revalued assets as no decision has been made to sell any of these assets.

(d) Depreciation

Depreciation is provided on property, plant and equipment. 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.

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

- Computers	4 years
- Computer Software & Development	2.5 years
- Office Furniture, & Equipment	3 - 11 years

(e) Estate and Trust Liabilities

Equity Trustees Limited is an entity specified in the Second Schedule to the *Trustee Companies Act 1984* and is also defined as an Authorised Trustee Corporation in Section 9 of the Corporations Act 2001 and was incorporated in Victoria. Pursuant to Class Order 98/105 dated 10th July 1998 made under sub-section 341 to the Corporations Act 2001, the parent entity is relieved from the requirements of paragraphs 4.1 to 6.6 of AASB 1033 'Presentation and Disclosure of Financial Instruments', paragraphs 4.1 to 5.3 and 7.1 to 8.4 of AASB 1040 'Statement of Financial Position' and paragraphs 4.1 to 6.6 of AASB 1034 'Information to be disclosed in Financial Reports' in relation to the disclosure in the Financial Statements or consolidated Financial Statements of:

- (a) Liabilities incurred by the parent entity whilst acting as trustee or in any representative capacity where the parent entity has a valid and subsisting right of indemnity out of any assets which are sufficient to satisfy such right of indemnity; and
- (b) Assets, consisting of the nature and amount from which the parent entity has a right of indemnity in respect of liabilities referred to in (a).

(f) Employee Benefits

Provision is made 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. Provisions made in respect of wages, salaries, annual leave and long service leave expected to be settled within 12 months are measured at their nominal values.

Provisions made in respect of long service leave which are not expected to be settled in 12 months are measured as the present value of the estimated future cash outflows to be made by the economic entity in respect of services provided by employees up to the reporting date.

The directors retirement allowance is calculated on the directors fees paid in the preceeding three years. A retirement benefit is provided for on a pro-rata basis up to the first five years of continuous service, after which the full benefit is payable to a maximum of three years retirement benefit.

EQUITY TRUSTEES LIMITED
ABN 46 004 031 298
Notes to the Financial Statements
for the Financial Year Ended 30 June 2004

Note 1 continued

(g) Financial Instruments

The economic entity does not enter into any derivative financial instruments. The economic entity invests in various financial instruments which attract a level of interest rate risk. Further details of financial instruments are disclosed in Note 39 to the financial statements.

(h) Income Tax

Tax effect accounting principles have been adopted whereby income tax (expense) / benefit has been calculated on pre-tax accounting profits / (loss) after adjustment for permanent differences. The tax effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at appropriate taxation rates in provision for deferred income tax and future income tax benefit, as applicable.

During the year ended 30 June 2003, the directors elected that all wholly-owned Australian entities would join a tax consolidated group. As a result, all income tax expenses, revenues, assets and liabilities of the members of the tax consolidated group are recognised in the financial statements of the parent entity. Due to the existence of a tax sharing agreement between the entities in the tax consolidated group, the income tax expense/revenue of the parent entity includes the tax contribution amounts paid or payable between the parent entity and subsidiary entities made in accordance with the agreement. Further information about the tax sharing agreement is detailed in Note 4 to the financial statements. The current and deferred tax assets and liabilities of the parent entity are not reduced by any amounts owing from or to subsidiary entities in accordance with the tax sharing agreement as these amounts are recognised as intercompany receivables and payables.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (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 statement of cash flows 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.

(j) Investments

Investments in controlled entities are recorded at cost.

Marketable securities held as Non-Current Assets or in the Reserve Fund are valued at cost less, where appropriate, a writedown to recoverable amount. In assessing the recoverability of these assets the Directors take into consideration the intention of the company to hold them on a long term basis. Marketable securities held as Current Assets for trading purposes are valued at current market value.

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on an accrual basis.

(k) Principles of Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the economic entity, being the company (the parent entity) and its controlled entities as defined in Accounting Standard AASB 1024 'Consolidated Accounts'. A list of controlled entities appears in note 35 to the financial statements. Consistent accounting policies have been employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances and transactions and unrealised profits arising within the economic entity are eliminated in full.

(l) Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

(m) Recoverable Amount of Non-Current Assets

Non-Current Assets are written down to recoverable amount when the carrying value of any non-current asset exceeds the recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted to their present value.

EQUITY TRUSTEES LIMITED
ABN 46 004 031 298
Notes to the Financial Statements
for the Financial Year Ended 30 June 2004

Note 1 continued

(n) Revenue Recognition

Corpus Commission

Subject to a grant of Probate, corpus commission is recognised as revenue based upon stage of completion.

Sale of Goods and Disposable Assets

Revenue from the sale of goods and disposal of other assets is recognised when the economic entity has passed control of the goods or other assets to the buyer.

Rendering of Services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Other Fees and Commissions

Revenue from fees and commissions are brought to account when legally due and are recognised on an accrual basis so as to reflect a full 12 months of transactions. Revenue not received at balance date is reflected in the balance sheet as a receivable.

(o) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable net assets acquired, is amortised on a straight line basis over a period not exceeding 20 years.

(p) Management Rights

Management rights relating to the acquisition of the Wealthpac mastertrust business are carried at cost as a non-current intangible asset.

The asset has an indefinite useful life and is accordingly not amortised but will be subject to an ongoing impairment test to confirm the carrying value.

(q) Leased Assets

A finance lease is one which effectively transfers from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property.

Leased assets classified as finance leases are capitalised as fixed assets. The amount initially brought to account is the present value of minimum lease payments.

Capitalised leases are amortised on a straight line basis over the estimated useful life of the asset.

Finance lease payments are allocated between interest expense and reduction of the lease liability over the term of the lease.

The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

Operating lease payments are recognised as an expense on a basis which reflects the pattern in which economic benefits from the leased asset are consumed.

(r) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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

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.

(s) Dividends

A provision is recognised for dividends when they have been declared, determined or publicly recommended by the directors before the reporting date.

(t) Changes in Accounting Policies (Prior year)

In accordance with Accounting Standard AASB 1044 'Provision, Contingent Liabilities and Contingent Assets', on 1 July 2002 the consolidated entity changed its policy for providing for dividends. Under the new policy a provision for dividend is recognised when the directors have declared, determined or publicly recommended the dividend before the reporting date. The effect of this change in accounting policy is to adjust opening retained profits for the consolidated entity and the company by the amount of the dividend provision at 30 June 2002 (\$1,425,960 and \$1,425,960 respectively). Refer to Notes 20, 26, 29 and 31.

(u) International Financial Reporting Standards (IFRS)

Refer to Note 40.

EQUITY TRUSTEES LIMITED
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Notes to the Financial Statements
for the Financial Year Ended 30 June 2004

2 Profit / (Loss) from Ordinary Activities

The profit / (loss) from ordinary activities before income tax includes the following items of revenue and expense:

(a) Operating Revenue

Revenue:

	Consolidated		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Commission and fees	16,022,336	13,420,638	13,250,642	12,094,118
Rental Income	65,486	37,097	-	5,938
Dividends received / receivable	296,462	326,651	296,462	326,651
Interest received / receivable	387,420	502,488	370,566	498,277
Total Operating Revenue	16,771,704	14,286,874	13,917,670	12,924,984

(b) Non-Operating Revenue

Proceeds from the sale of assets:

Non-current assets (note 3)

Plant and equipment	5,268	27,250	5,268	27,250
Investments in shares and managed funds	2,844,695	2,034,875	2,844,695	2,034,875
Total Non Operating Revenue	2,849,963	2,062,125	2,849,963	2,062,125

Total Revenue

19,621,667	16,348,999	16,767,633	14,987,109
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(c) Expenses

Depreciation of Plant and equipment	179,850	217,835	173,056	217,745
Written down value of fixed assets sold	23,507	39,612	23,507	39,612
Cost of shares and managed funds sold	2,158,839	2,328,270	2,158,839	2,328,270
Amortisation of non-current assets:				
Goodwill	-	18,198	-	18,198
Capitalised software development costs	95,473	104,463	95,473	104,463
Writedown to recoverable amount of:				
Investments	(58,000)	185,000	(58,000)	185,000
Goodwill	44,282	386,813	44,282	386,813
Doubtful debts	41,128	157,935	41,128	157,935
Bad debts	-	84,960	-	84,960
Net transfers to provisions:				
Annual leave	101,806	274,625	89,361	274,625
Long service leave	17,546	3,111	10,341	3,111
Repayment of prior years management fees *	-	1,559,906	-	1,559,906
Interest on repayment of prior years management fees *	-	157,564	-	157,564

* During the year ended 30 June 2003, Equity Trustees Limited made a net repayment to investors of \$2,857,467 in relation to management fees previously recognised, as follows:

- for the six months to 31 December 2002, \$1,139,997 - treated as a reduction in 2003 revenue
- prior years, \$1,559,906 - treated as an expense in 2003
- interest, \$157,564 - treated as an expense in 2003

EQUITY TRUSTEES LIMITED
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Notes to the Financial Statements
for the Financial Year Ended 30 June 2004

3 Sale of Assets

Sale of assets in the ordinary course of business have given rise to the following profits and losses:

Net Profits

Property, plant and equipment
Investments

Consolidated		Company	
2004	2003	2004	2003
\$	\$	\$	\$
4,115	1,157	4,115	1,157
685,856	-	685,856	-
689,971	1,157	689,971	1,157

Net Losses

Property, plant and equipment
Investments

22,354	13,519	22,354	13,519
-	293,395	-	293,395
22,354	306,914	22,354	306,914

4 Income Tax

The prima facie income tax benefit / (expense) on pre-tax accounting profit / (loss) reconciles to the income tax benefit / (expense) in the financial statements as follows:

Profit / (Loss) from Ordinary Activities

3,763,168	(3,904,189)	3,039,567	(4,205,763)
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Income tax benefit / (expense) calculated at 30% of profit / (loss) from ordinary activities

(1,128,950)	1,171,257	(911,870)	1,261,729
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Permanent differences:

Other non-allowable items
Writedown of investments
Franking Credit
Prior year adjustment

(82,289)	(209,185)	(70,939)	(207,550)
17,400	(55,500)	17,400	(55,500)
78,659	-	78,659	-
162,968	(61,553)	162,968	(61,553)
176,738	(326,238)	188,088	(324,603)

Income tax benefit / (expense) attributable to profit / (loss) from ordinary activities

(952,212)	845,019	(723,782)	937,126
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Tax Consolidation System

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was enacted in 2002. This legislation, which includes both mandatory and elective elements, is applicable to the company.

The directors elected for those entities within the consolidated entity that are wholly-owned Australian resident entities to be taxed as a single entity from 1 July 2002. The adoption of the tax consolidation system has been formally notified to the Australian Taxation Office. The head entity within the tax consolidated group for the purpose of the tax consolidation system is Equity Trustees Limited.

Entities within the tax consolidated group have entered into a tax-sharing agreement with the head entity. Under the terms of this agreement, Equity Trustees Limited and each of the entities in the tax consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the net accounting profit or loss of the entity and the current tax rate. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

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5 Directors' and Executives' Remuneration

The specified directors of Equity Trustees Limited during the year were:

P G Molyneux (Chairman, non-executive)
P J Williams (Managing Director)
D F Groves (Non-executive)
J R McConnell (Non-executive)
B J Jackson (Non-executive)
J A Killen (Non-executive)
R A Illingworth (Non-executive)

The specified executives of Equity Trustees Group during the year were:

T Ryan (Chief Financial Officer & Company Secretary)
H H Kalman (General Manager - Funds Management & Chief Investment Officer)
R P Dillon (Managing Director - Wealthpac Australia Limited)
P B Maddox (General Manager - Corporate Trusts & RE Services)
S R Manuell (General Manager - Private Clients)
G W Smith (General Manager - Operations)

Remuneration of all specified executives is reviewed on an annual basis and determined with regard to current market rates.

Where applicable, executive cash bonuses relating to the year ended 30 June 2004 were accrued at year end and were paid in August 2004. Bonuses are calculated by reference to agreed key performance indicators in relation to the group's trading performance for the year ended 30 June 2004. The grant date for executive bonus arrangements was 2 October 2003 and there were no alterations to terms or conditions since the grant date.

The remuneration of specified directors and executives for the year ended 30 June 2004 was as follows:

Primary			Post Employment	Equity	Total
Salary & Fees	Bonus	Non- monetary	Super- annuation	Shares*	
\$	\$	\$	\$	\$	\$

2004

Specified Directors

P G Molyneux	55,000	-	-	4,950	-	59,950
P J Williams	224,772	80,495	6,750	11,002	-	323,019
D F Groves	39,000	-	-	3,510	-	42,510
J R McConnell	39,000	-	-	3,510	-	42,510
B J Jackson	35,000	-	-	3,150	-	38,150
J A Killen	35,000	-	-	3,150	-	38,150
R A Illingworth	39,111	-	-	3,520	-	42,631
Total Specified Directors Remuneration	466,883	80,495	6,750	32,792	-	586,920

Specified Executives

T Ryan	172,271	42,000	6,810	11,002	996	233,079
H H Kalman	169,761	42,000	6,589	11,002	996	230,348
R P Dillon	180,000	40,000	-	-	-	220,000
P B Maddox	160,713	13,011	6,757	11,002	996	192,479
S R Manuell	134,045	25,000	6,421	11,002	996	177,464
G W Smith	132,308	25,000	6,300	11,908	996	176,512
Total Specified Executives Remuneration	949,098	187,011	32,877	55,916	4,980	1,229,882

*During the year, fully paid ordinary shares in Equity Trustees Limited were issued as part of the Employee Share Acquisition Plan. Directors do not participate in the plan. Refer to Note 7 for further details. Under the plan 138 shares (2003: 188) were issued to each specified executive, except to Mr. R P Dillon.

In addition to the remuneration for specified directors, excluding Mr. P J Williams, non-executive directors are entitled to a retiring allowance. Refer to Notes 1(f) and 23.

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Notes to the Financial Statements
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6 Related Party and Specified Executive Disclosures

(a) *Specified directors' and specified executives' remuneration and retirement benefits*

Details of directors remuneration and retirement benefits are disclosed in Notes 5 and 23 of the financial statements.

(b) *Specified directors' and specified executives' equity holdings*

The movement of shareholdings in Equity Trustees Limited during the year by specified directors' and specified executives, or their personally related entities was:

Holdings of Fully Paid Ordinary Shares					
Balance at 30-Jun-2003	Issued as Part Consideration for purchase of Wealthpac business	Issued under employee share acquisition plan	Issued under dividend reinvestment plan	Purchased (sold) during year	Balance at 30-Jun-2004

Specified Directors

P G Molyneux	5,500	-	-	43	-	5,543
P J Williams	1,000	-	-	-	14	1,014
D F Groves	72,314	-	-	1,680	56,169	130,163
J R McConnell	7,347	-	-	220	8,000	15,567
B J Jackson	10,000	-	-	-	-	10,000
J A Killen	3,000	-	-	39	-	3,039
R A Illingworth	22,000	-	-	575	17,954	40,529

Specified Executives

T Ryan	188	-	138	2	-	328
H H Kalman	188	-	138	2	302	630
R P Dillon	136,927	124,192	-	1,978	(124,192)	138,905
P B Maddox	188	-	138	-	-	326
S R Manuell	188	-	138	2	-	328
G W Smith	188	-	138	-	-	326

(c) *Other transactions with specified directors and specified executives*

There were no other transactions during the year ended 30 June 2004 with specified directors and specified executives, or their personally related entities.

(d) *Transactions with other related parties*

A controlled entity acts as trustee for the Wealthpac Super Access Fund from which it receives administration fees. These fees are contractually agreed with members based on a percentage of assets under administration.

During the year the following amounts were paid to an entity associated with R P Dillon, a director of a controlled entity:

- operating lease payments of \$56,173 (2003: \$28,087).
- interest paid/payable of \$141,936 (2003: \$64,658) relating to the acquisition of the Wealthpac business.

All related party transactions took place on normal commercial terms and conditions.

(e) *Controlling entities*

The parent entity in the economic entity is Equity Trustees Limited.

7 Employee Share Acquisition Plan

An employee share acquisition plan is in place to allow eligible employees to participate in share acquisitions and allotments as approved by the board on an on-going basis as deemed appropriate.

In accordance with the terms of the Employee Share Acquisition Plan, each eligible employee was offered 138 (2003: 188) ordinary fully paid shares in Equity Trustees Limited, representing a value not exceeding \$1,000.

The fair value of shares, \$87,680 (2003: \$85,690), was determined based on the Equity Trustee Limited share price (\$7.22) at 5pm on Friday 25 June 2004 and the shares were issued on 28 June 2004 for no consideration.

The total number of shares issued under the plan was 12,144 (2003: 16,168). Refer to Note 27.

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Notes to the Financial Statements
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8 Remuneration of Auditors

Auditing the financial report
Other services
Regulatory & statutory returns
Tax
Accounting advice

Consolidated		Company	
2004	2003	2004	2003
\$	\$	\$	\$
149,744	118,105	131,599	102,830
50,798	50,680	43,325	50,680
19,500	120,748	19,500	120,748
27,500	89,408	27,500	89,408
247,542	378,941	221,924	363,666

9 Current Receivables

Trade receivables
Provision for doubtful debts

Prepayments
Work In progress
Tax refund due
Corpus commission earned but not collected

1,854,552	2,317,323	1,746,159	1,956,868
(146,471)	(230,000)	(146,471)	(230,000)
1,708,081	2,087,323	1,599,688	1,726,868
360,631	271,830	319,103	223,369
-	13,676	-	13,676
-	146,425	-	146,425
582,736	348,659	582,736	348,659
2,651,448	2,867,913	2,501,527	2,458,997

10 Other Current Financial Assets

At cost:

Short term deposits

5,615,601	738,560	5,615,601	738,560
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11 Non-Current Receivables

Intercompany loans
Corpus commission earned but not collected

-	-	2,505,403	2,195,411
256,930	276,130	256,930	276,130
256,930	276,130	2,762,333	2,471,541

12 Other Non-Current Financial Assets

At cost :

Quoted investments
Provision for writedown to recoverable amount

Non-quoted investments - shares in controlled entities (Note 35)
Loans and mortgages

1,253,826	1,761,212	1,253,826	1,761,212
(127,000)	(185,000)	(127,000)	(185,000)
1,126,826	1,576,212	1,126,826	1,576,212
-	-	12	12
9,194	37,289	9,194	37,289
1,136,020	1,613,501	1,136,032	1,613,513

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Notes to the Financial Statements
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16 Intangibles

	Consolidated		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Management rights	5,193,050	5,193,050	-	-
Goodwill at recoverable amount	-	171,071	-	171,071
Accumulated amortisation	-	(126,789)	-	(126,789)
	<u>5,193,050</u>	<u>5,237,332</u>	<u>-</u>	<u>44,282</u>

The management rights acquired in 2003, as outlined in Note 37, have been carried at cost in accordance with the accounting policy outlined in Note 1(p).

During the year Equity Trustees' accounting practice was closed and the residual goodwill of \$44,282 written off.

17 Deferred Tax Assets

(a) Future Income Tax Benefit

Tax losses - revenue	-	677,004	-	677,004
Tax losses - capital	-	209,522	-	209,522
Timing differences attributable to:				
Parent entity	566,438	435,309	566,438	435,309
Entities in the tax consolidated group (i)	27,649	13,997	27,649	13,997
	<u>594,087</u>	<u>1,335,832</u>	<u>594,087</u>	<u>1,335,832</u>

(i) Entities in the tax consolidated group have entered into a tax sharing and contribution agreement. Refer to note 4.

(b) Future Income Tax Benefits not brought to account as an asset:

Tax losses - capital	<u>240,254</u>	<u>207,862</u>	<u>240,254</u>	<u>207,862</u>
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The taxation benefits of tax losses not brought to account will only be obtained if:

- a) assessable income is derived of a nature and amount sufficient to enable the benefit from the deductions to be realised;
- b) conditions for deductibility imposed by the law are complied with; and
- c) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

18 Current Payables

Trade payables	1,289,899	1,163,638	1,134,998	1,025,491
FBT payable	25,000	21,300	25,000	21,300
Goods and services tax (GST) payable/ (receivable)	<u>201,683</u>	<u>(84,319)</u>	<u>201,683</u>	<u>(84,319)</u>
	<u>1,516,582</u>	<u>1,100,619</u>	<u>1,361,681</u>	<u>962,472</u>

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19 Current Tax Liabilities

Income tax payable attributable to parent entity

Entities in the tax consolidated group have entered into a tax sharing agreement.

Refer to note 4.

Consolidated		Company	
2004	2003	2004	2003
\$	\$	\$	\$
196,999	-	196,999	-

20 Current Provisions

Dividends (Note 26)

Employee benefits (Note 25)

-	-	-	-
501,387	499,039	457,928	468,026
501,387	499,039	457,928	468,026

21 Other Current Liabilities

Deferred purchase consideration (Note 37)

Corpus commission collected but not earned

-	649,131	-	-
272,731	136,295	272,731	136,295
272,731	785,426	272,731	136,295

22 Deferred Tax Liabilities

Deferred income tax attributable to parent entity

Entities in the tax consolidated group have entered into a tax sharing agreement.

Refer to Note 4.

-	4,102	-	4,102
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23 Non-Current Provisions

Employee benefits (Note 25)

Directors' retiring allowance

211,097	256,023	191,905	244,036
281,794	177,646	281,794	177,646
492,891	433,669	473,699	421,682

24 Other Non-Current Liabilities

Amounts owing to controlled entity

Deferred purchase consideration (Note 37)

Corpus commission collected but not earned

-	-	89,507	1,107
2,596,525	2,596,525	-	-
34,995	34,995	34,995	34,995
2,631,520	2,631,520	124,502	36,102

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25 Employee Benefits

The aggregate employee benefits liability recognised and included in the financial statements is as follows:

Provision for employee benefits:

Current (Note 20)

	Consolidated		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
- Annual leave	436,449	439,884	392,990	408,871
- Long service leave	64,938	59,155	64,938	59,155
	501,387	499,039	457,928	468,026

Non-current (Note 23)

	2004	2003	2004	2003
	\$	\$	\$	\$
- Long service leave	211,097	256,023	191,905	244,036
	712,484	755,062	649,833	712,062

Number of employees at end of financial year

	Consolidated		Company	
	2004	2003	2004	2003
	No.	No.	No.	No.
	99	98	78	83

26 Provision for Dividends

	Consolidated		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Balance at beginning of financial year	-	1,425,960	-	1,425,960
Adjustment to retained profits on initial application of AASB 1044 (Note 1 (t))	-	(1,425,960)	-	(1,425,960)
Additional provision recognised	619,914	1,425,960	619,914	1,425,960
Reductions arising from payments / other sacrifices of future economic benefits	(619,914)	(1,425,960)	(619,914)	(1,425,960)
Balance at end of financial year	-	-	-	-

27 Contributed Equity

Fully Paid Ordinary Shares

	Consolidated		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Balance at beginning of financial year	11,580,197	9,505,333	11,580,197	9,505,333
Issue of shares under dividend reinvestment plan	619,914	1,425,733	619,914	1,425,733
Issue of shares in consideration for acquisition of business	649,136	649,131	649,136	649,131
Balance at end of financial year	12,849,247	11,580,197	12,849,247	11,580,197

Fully Paid Ordinary Shares

	2004		2003	
	Number	\$	Number	\$
Balance at beginning of financial year	6,074,935	11,580,197	5,703,838	9,505,333
Issue of shares under dividend reinvestment plan	89,583	619,914	218,002	1,425,733
Issue of shares in consideration for acquisition of business	124,192	649,136	136,927	649,131
Issue of shares under employee share acquisition plan (Note 7)	12,144	-	16,168	-
Balance at end of financial year	6,300,854	12,849,247	6,074,935	11,580,197

Fully Paid Ordinary Share Capital

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

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28 Reserves

Reserves comprise :

Capital profits reserve

General reserve

Consolidated		Company	
2004	2003	2004	2003
\$	\$	\$	\$
254,201	254,201	254,201	254,201
1,500,000	1,500,000	1,500,000	1,500,000
1,754,201	1,754,201	1,754,201	1,754,201

29 Retained Profits

Balance at beginning of financial year

(326,531) 2,732,639 (625,494) 2,643,143

Adjustments to opening retained profits on initial adoption of AASB 1044:

Provisions, contingent liabilities and contingent assets' (Note 1 (t))

Write-back of prior year dividend provision

- 1,425,960 - 1,425,960

Net profit

2,810,956 (3,059,170) 2,315,785 (3,268,637)

Dividends paid (Note 31)

(619,914) (1,425,960) (619,914) (1,425,960)

Balance at end of financial year

1,864,511 (326,531) 1,070,377 (625,494)

Consolidated	
2004	2003
cents per	cents per
share	share

30 Earnings Per Share

Basic earnings per share

45.52 (52.08)

No. of
shares

The weighted average number of ordinary shares on issue used in the calculation of basic earnings per share

6,175,732 5,874,389

Earnings used in the calculation of earnings per share

2,810,956 (3,059,170)

Diluted earnings per share is not calculated as no potential ordinary shares are dilutive.

The potential number of ordinary shares to be issued that are not dilutive is estimated as:

- 267,852 with respect to deferred purchase consideration. Refer to Note 24 (2003: 267,852)

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2004		2003	
Cents per share	\$	Cents per share	\$
10	619,914	-	-
-	-	-	-
	619,914		-
Consolidated		Company	
2004	2003	2004	2003
\$	\$	\$	\$
3,609,893	4,038,567	3,609,893	4,038,567

Due to the changes in Australian income tax legislation, from 1 July 2002 franking accounts are maintained on a 'tax paid' rather than an 'after tax distributable profits' basis.

32 Superannuation Plans

Name of Plans : The Equity Trustees Staff Retirement Plan and Wealthpac Access Superannuation Fund

During the year the assets of the Equity Trustees Staff Retirement Plan were consolidated into the Wealthpac Access Superannuation Fund.

Employees are eligible to participate in accumulation contribution superannuation plans operated by the consolidated entity.

Contributions charged to the Statement of Financial Performance for the year ended 30 June 2004 amounted to \$542,441 (2003: \$528,401).

Consolidated		Company	
2004	2003	2004	2003
\$	\$	\$	\$
1,026,620	1,243,553	888,573	1,022,591
2,788,883	2,965,185	2,788,883	2,965,185
330,463	1,028,449	330,463	1,028,449
4,145,966	5,237,187	4,007,919	5,016,225

33 Commitments for Expenditure

a) Operating Leases

Not longer than 1 year	1,026,620	1,243,553	888,573	1,022,591
Longer than 1 year and not longer than 5 years	2,788,883	2,965,185	2,788,883	2,965,185
Longer than 5 years	330,463	1,028,449	330,463	1,028,449
	4,145,966	5,237,187	4,007,919	5,016,225

Leasing Arrangements

- i) There are two non-cancellable property leases with rent payable in advance as follows:
1. Expiring 14 December 2009 with lease payment increases of 5% p.a and an option to renew at the end of the period for a further seven years.
 2. Expiring 22 April 2005 with lease payments based on fixed amounts.
- ii) A number of equipment leases are in existence with expiry dates to November 2006.

Sub Leases

A subsidiary has entered into a sub lease, where future minimum lease receipts are expected as follows:

Not longer than 1 year	(48,687)	(51,880)	-	-
Longer than 1 year and not longer than 5 years	-	-	-	-
Longer than 5 years	-	-	-	-
	(48,687)	(51,880)	-	-

b) Other Expenditure Commitments

Not longer than 1 year	-	245,412	-	245,412
Longer than 1 year and not longer than 5 years	-	-	-	-
Longer than 5 years	-	-	-	-
	-	245,412	-	245,412

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34 Contingent Liabilities

(i) A controlled entity has a contingent liability of \$20,000 relating to a bank guarantee for a performance bond in relation to the holding of a dealers' licence. The parent entity has a contingent liability of \$500,000 relating to a bank guarantee in relation to its non-broker participation with the Australian Stock Exchange.

(ii) The group has received claims in relation to errors or omissions which are covered by the group's insurance policies (excluding the excess payable). The directors consider any claims that may be settled to be minor.

Apart from the above and the deferred consideration, as outlined in Note 37, there are no contingent liabilities not otherwise disclosed in these financial statements.

35 Controlled Entities

Parent Entity

Equity Trustees Limited

ABN 46 004 031 298

(Incorporated in Australia)

Percentage of shares held

2004 2003

% %

Controlled Entities: (All incorporated in Australia)

Equity Nominees Limited

100

100

Equity Investment Management Limited

100

100

Instinct (Australia) Pty Ltd

0

100

Wealthpac Australia Limited

100

100

Instinct (Australia) Pty Ltd was deregistered during the year.

36 Segment Information

(a) Business Segments

Segment Revenues

Funds Management

Trustee Services

Total of all segments

Eliminations

Unallocated ¹

Consolidated

Total	
2004	2003
\$	\$
8,782,692	6,142,742
7,268,130	6,545,180
16,050,822	12,687,922
-	-
3,570,845	3,661,077
19,621,667	16,348,999

¹ Unallocated includes the following:

- Investments in shares

2,844,695

2,034,875

- Other

726,150

1,626,202

Total Unallocated

3,570,845

3,661,077

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Note 36 Continued

Segment Results

Funds Management	3,227,275	15,400
Trustee Services	3,647,535	2,359,382
Total of all segments	6,874,810	2,374,782
Eliminations	-	-
Unallocated ²	(3,111,642)	(6,278,971)
Profit / (loss) from ordinary activities before income tax expense	3,763,168	(3,904,189)
Income tax (expense)/benefit relating to ordinary activities	(952,212)	845,019
Profit / (loss) from ordinary activities after related income tax (expense)/benefit	2,810,956	(3,059,170)
Extraordinary items	-	-
Net profit / (loss)	2,810,956	(3,059,170)

² Unallocated includes the following:

- Writedown (write-back) of goodwill & investments	58,000	(571,813)
- Profit (loss) on sale of investments	685,856	(293,395)
- Other	(3,855,498)	(5,413,763)
Total Unallocated	(3,111,642)	(6,278,971)

Segment Assets & Liabilities

	Assets		Liabilities	
	2004	2003	2004	2003
	\$	\$	\$	\$
Funds Management	6,979,630	6,796,252	2,926,648	3,510,046
Trustee Services	1,836,544	1,421,463	862,464	660,316
Total of all segments	8,816,174	8,217,715	3,789,112	4,170,362
Eliminations	-	-	-	-
Unallocated	13,263,895	10,244,528	1,822,998	1,284,013
Consolidated	22,080,069	18,462,243	5,612,110	5,454,375

(b) Geographical Segments

The Group operates solely in Australia

37 Acquisition of Business

During the year ended 30 June 2004, there were no acquisitions or sales of businesses.

During the prior year, the consolidated entity completed the following acquisitions:

- (i) on 24 March 2003, purchased all of the shares in Wealthpac Australia Limited for \$120,034, representing the net assets of the company at the date of acquisition.
- (ii) effective 1 January 2003, acquired the management rights relating to the Wealthpac mastertrust business. The purchase price of the mastertrust business is payable by an initial tranche payment of cash and shares. Subsequent tranche payments, after the initial three year period, will depend on trading performance over the period. The performance criteria is based on profitability and growth in funds under management. At 30 June 2004 recognition was made of the first two tranche payments totalling \$5,193,050, on the basis that, at this stage, there is reasonable probability of these payments being made. Refer to Note 16. As the performance criteria is reassessed over the three year period it may be necessary to acknowledge an increase in the consideration payable, however at this stage such deferred consideration is not quantifiable. Equity Trustees can elect to settle subsequent tranche payments by a combination of cash and shares. The share component will not exceed 50% of each tranche payment.

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**38 Statement Of Cash Flows for the
Financial Year ended 30th June 2002**

(a) Reconciliation of Cash

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

	Consolidated		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Cash	909,507	1,287,035	271,526	971,671
Other Current Financial Assets - Short term deposits	5,615,601	738,560	5,615,601	738,560
Reserve Fund - Short term deposits	2,300,000	2,200,000	2,300,000	2,200,000
	<u>8,825,108</u>	<u>4,225,595</u>	<u>8,187,127</u>	<u>3,910,231</u>

(b) Business Acquired

During the prior year a business, including a new controlled entity, Wealthpac Australia Ltd, was acquired.

Details are as follows:

Consideration

Cash	-	1,396,955	-	-
Ordinary shares issued (Note 27)	-	649,131	-	-
Deferred purchase consideration - current (Note 21)	-	649,131	-	-
Deferred purchase consideration - non current (Note 24)	-	2,596,525	-	-
	<u>-</u>	<u>5,291,742</u>	<u>-</u>	<u>-</u>

Fair Value of Net Assets Acquired

Current assets:

Cash	-	120,034	-	-
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Non-current assets:

Management rights	-	5,193,050	-	-
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Non-current liabilities:

Payables		(21,342)	-	-
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Net assets acquired

	<u>-</u>	<u>5,291,742</u>	<u>-</u>	<u>-</u>
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Net Cash Outflow on Acquisition

Cash consideration	-	1,396,955	-	-
Less cash balances acquired	-	(120,034)	-	-
	<u>-</u>	<u>1,276,921</u>	<u>-</u>	<u>-</u>

(c) Reconciliation of Profit / (Loss) from Ordinary Activities after
Income Tax to Net Cash Flows from Operating Activities.

Profit / (loss) from ordinary activities after income tax	2,810,956	(3,059,170)	2,315,785	(3,268,637)
(Profit) / loss on sale of investments	(685,856)	-	(685,856)	-
Depreciation and amortisation of non-current assets	275,323	340,497	268,529	340,407
(Profit) / loss on sale of plant and equipment	18,239	301,742	18,239	301,742
Diminution of investments	(58,000)	185,000	(58,000)	185,000
Amounts written off:				
- Investments	-	-	-	-
- Intangibles	44,282	386,813	44,282	386,813
(Increase) / decrease in assets:				
Current receivables	335,762	214,944	(38,415)	856,833
Non-current receivables	(76,012)	-	23,119	(148,228)
Other non-current assets	534,229	(980,999)	534,229	(980,999)
Increase / (decrease) in liabilities:				
Current payables	(70,313)	302,185	19,789	160,727
Current provisions	(10,097)	(73,275)	(10,097)	(104,288)
Other current liabilities	718,574	(1,282,070)	718,574	(1,282,070)
Non-current payables	-	(2,908)	-	(2,908)
Non-current provisions	71,668	(102,090)	52,017	(114,077)
Other non-current liabilities	301,666	209,419	-	-
Net Cash Flows from Operating Activities	<u>4,210,421</u>	<u>(3,559,912)</u>	<u>3,202,195</u>	<u>(3,669,685)</u>

(d) Non-cash financing activities.

During the financial year the consolidated entity issued 124,192 (2003:136,927) new shares amounting to \$649,136 (2003: \$649,131) in relation to the acquisition of the Wealthpac business.

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39 Financial Instruments

(a) Significant Accounting Policies

Details of 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 assets, financial liability and equity investment are disclosed in Note 1 to the financial statements.

(b) Interest Rate Risk

The following table details the economic entity's exposure to interest rate risk as at the reporting date.

	Average Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate			Non Interest Bearing \$	\$
			Less than 1 Year \$	1 to 5 Years \$	More Than 5 Years \$		
2004							
<i>Financial Assets</i>							
Cash, short term deposits	5.60	8,825,108					8,825,108
Receivables - trade						1,708,081	1,708,081
Receivables - other						1,200,297	1,200,297
Quoted investments						3,526,826	3,526,826
Loans / mortgages	4.50		9,194			-	9,194
		8,825,108	9,194	-	-	6,435,204	15,269,506
<i>Financial Liabilities</i>							
Trade payables						1,289,899	1,289,899
Other payables						731,408	731,408
Amount owing on purchase of controlled entity	5.60	2,596,525				-	2,596,525
Employee entitlements						712,484	712,484
Directors entitlements						281,794	281,794
		2,596,525	-	-	-	3,015,585	5,612,110
2003							
<i>Financial Assets</i>							
Cash, short term deposits	4.90	4,225,595					4,225,595
Receivables - trade						2,087,323	2,087,323
Receivables - other						1,056,720	1,056,720
Quoted investments						3,876,212	3,876,212
Loans / mortgages	4.50		5,980	16,754	14,555	-	37,289
		4,225,595	5,980	16,754	14,555	7,020,255	11,283,139
<i>Financial Liabilities</i>							
Trade payables						1,163,638	1,163,638
Other payables						108,271	108,271
Amount owing on purchase of controlled entity	5.00	2,596,525				649,131	3,245,656
Employee entitlements						755,062	755,062
Directors entitlements						177,646	177,646
		2,596,525	-	-	-	2,853,748	5,450,273

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the economic entity. The economic entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial losses from defaults. The economic entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the economic entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(d) Net Fair Value

Except as detailed in the following table, the carrying amount of the financial assets and liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

The net fair value of financial assets in the following table has been determined with reference to the quoted market prices of quoted investments as at the reporting date net of transaction costs;

	Note	Carrying Amount		Net Fair Value	
		2004 \$	2003 \$	2004 \$	2003 \$
<i>Financial Assets</i>					
Quoted investments*	12 & 14	3,526,826	3,876,212	7,076,159	7,481,126

* In accordance with the accounting policy as outlined in Note 1(j), marketable securities are valued at cost less, where applicable, a writedown to recoverable amount. At 30 June 2004, the net fair value exceeded cost by \$3,549,333.(2003: \$3,604,914). During the year, a pre-tax capital profit was realised amounting to \$685,856. (2003:loss \$293,395).

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Notes to the Financial Statements
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40 International Financial Reporting Standards

For reporting periods commencing on or after 1 January 2005 the consolidated entity must comply with the International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board ("A-IFRS").

In accordance with AASB 1047: "Disclosing the Impacts of Adopting A-IFRS" the consolidated entity is required to disclose in the financial report for the year ended 30 June 2004 an explanation of how the transition to A-IFRS is being managed and a narrative explanation of the key differences in accounting policies that are expected to arise from adopting A-IFRS.

Transition to A-IFRS

Regulatory bodies that promulgate Australian Generally Accepted Accounting Principles (GAAP) and IFRS have a number of ongoing projects that could affect the differences described below between Australian GAAP and IFRS, and the impact of these differences on the consolidated entity's future financial reports. The potential impacts of the adoption of A-IFRS on the consolidated entity's financial performance and financial position, including system upgrades and other implementation costs which may be incurred, have not been quantified as the actual impact will depend on the particular circumstances prevailing on adoption of A-IFRS in the financial reports for the year ending on 30 June 2006.

Accordingly, there can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be different if determined in accordance with A-IFRS. However, while the A-IFRS accounting requirements may change the consolidated entity's reported results, this should not represent a material change in the strength of the underlying business.

Upon adoption of A-IFRS for the year ending 30 June 2006 there will be a requirement to restate comparative figures. Adjustments arising from restatements will be reflected against opening retained earnings. At this stage, we do not believe there will be a detrimental impact on the ability to pay dividends.

Management has commenced a scoping exercise to determine the changes required to adopt A-IFRS and to develop an implementation plan. As the A-IFRS adoption plan is developed and implemented the impact of adoption of A-IFRS on the financial reports will be quantified and communicated.

Key differences in accounting policies that are expected to arise on adoption of A-IFRS

The differences between Australian GAAP and A-IFRS identified to date as potentially having a significant effect on the consolidated entity's financial performance and financial position are summarised below. This summary should not be taken as an exhaustive list of all the differences between Australian GAAP and A-IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The key potential implications of the conversion to A-IFRS specific to the consolidated entity are as follows:

Financial assets and liabilities

Under current Australian GAAP, financial assets and financial liabilities are recognised at cost, at fair value, or at net market value. On adoption of A-IFRS, under AASB 139, the consolidated entity will be required to classify these financial instruments into various specified categories.

The consolidated entity holds marketable securities classified as either Non-Current Assets or as a Reserve Fund in the financial statements. Those assets are currently valued at cost less, where appropriate, a write down to recoverable amount. Under A-IFRS, the majority of these securities would be valued at Fair Value and any movement reflected against reported profit or reserves, dependent on the classification.

Impairment of assets

Under the current accounting policy, non-current assets, including those with an indefinite life, such as the management rights relating to the acquisition of Wealthpac, are carried at cost. In the event that the recoverable amount falls below the asset's carrying value, the asset would be written down to the recoverable amount.

Under A-IFRS, both current and non-current assets, including management rights and plant & equipment, will be checked for impairment using a prescriptive impairment test.

Property, plant and equipment

On transition to A-IFRS, the consolidated entity has several options in the determination of the cost of each tangible asset, and can also elect to use the cost or fair value basis for the measurement of each class of property, plant and equipment after transition. It is likely that the consolidated entity will elect to use the cost basis.

Under current Australian GAAP, revaluation increments and decrements within a class of assets must be set-off, however, A-IFRS requires revaluations to be tracked on an individual asset-by-asset basis. This change in accounting policy may result in the recognition of impairment losses in the profit and loss even though the class of assets has increased in value.

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Notes to the Financial Statements
for the Financial Year Ended 30 June 2004

Note 40 continued

Off-balance sheet financial assets and liabilities

A-IFRS requires the recognition of all financial assets and financial liabilities, including all derivatives and embedded derivatives, some of which may not be recognised under current Australian GAAP.

Accordingly, recognition of these financial assets and liabilities may change the net asset position of the consolidated entity, however the impact of the change will not be known until all financial instruments, including any embedded derivatives, are identified, measured and recognised in accordance with the new requirements.

An embedded derivative will have to be separately recognised at fair value from its host contract unless certain conditions are met. Changes in the fair value of the derivative are to be recognised in the statement of financial performance unless specific hedging criteria are met. The process of reviewing all contracts (e.g. lease and supplier contracts) for the existence of such derivatives is yet to be undertaken.

Income taxes

The consolidated entity currently recognises deferred taxes by accounting for the differences between accounting profits and taxable income, which give rise to 'permanent' and 'timing' differences.

Under A-IFRS, deferred taxes are measured by reference to the difference between the carrying amount and tax base of assets and liabilities recognised in the balance sheet.

Because A-IFRS has a wider scope, it is likely that the amount of deferred taxes recognised in the balance sheet will increase. The consolidated entity also has carried forward tax losses which have not been recognised as a deferred tax asset as they do not satisfy the 'virtually certain' criteria under current Australian GAAP. Under A-IFRS, it may be easier to recognise these tax losses as deferred tax assets as they are recognised based on a 'probable' recognition criteria.

Adjustments to the recognised amounts of deferred taxes will also result as a consequence of adjustments to the carrying amounts of assets and liabilities resulting from the adoption of other A-IFRS. The likely impact of these changes on deferred tax balances has not currently been determined.

Share-based payments

As disclosed in Notes 5 and 7, share-based compensation has formed part of the remuneration of employees of the consolidated entity for each of the years ended 30 June 2003 and 30 June 2004. The consolidated entity has not recognised an expense for this share-based compensation.

Under A-IFRS, the company and consolidated entity will be required to recognise an expense for such share-based compensation. In addition, AASB1 may result in the consolidated entity restating the share based payments previously made.

The restatement of share based payments will decrease the consolidated entity's opening retained earnings on initial adoption of A-IFRS and increase issued share capital by the same amount.

Employee Benefits

Under current accounting policies, provision is made for benefits accruing to employees in respect of annual leave and long service leave. Long service leave is discounted to present values, however annual leave is measured at nominal values.

Under A-IFRS annual leave liabilities that are expected to be settled beyond twelve months from balance date are required to be discounted to present values, where those liabilities are material.

The likely impact is not expected to be material.

Depreciation

Under current Australian GAAP, the consolidated entity's property, plant and equipment is depreciated to the extent of its depreciable amount, determined as the difference between carrying amount and residual value. The residual amount used in the determination of recoverable amount is estimated at the date of acquisition and is not subsequently increased for changes in prices, except where the asset had been revalued.

Under A-IFRS, the residual amount is reviewed at each balance date and revised to the current net amount expected from the disposal of the asset if it were already at the age and condition expected at the end of its useful life. Accordingly, changes to the residual value may introduce additional profit volatility.

Proceeds from sale of investments and assets

The current definition of revenue requires proceeds on sale of non-current assets and investments to be included as revenue, which has the effect of 'grossing up' revenue in the statement of financial performance.

Under A-IFRS, only the net gain or loss from the sale will be recognised in the statement of financial performance. Consequently, there will be no net profit impact on the statement of financial performance.

EQUITY TRUSTEES LIMITED

ABN 46 004 031 298

DIRECTORS' DECLARATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

The directors declare that:

- a) the attached financial statements and notes thereto comply with accounting standards;
- b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company and the consolidated entity;
- c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- d) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the directors.



Peter J Williams
Managing Director
Melbourne, 27/8/2004

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF EQUITY TRUSTEES LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cashflows, accompanying notes to the financial statements, and the directors' declaration for both Equity Trustees Limited (the company) and the consolidated entity, for the financial year ended 30 June 2004 as set out on pages 7 to 30. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Equity Trustees Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.


DELOITTE TOUCHE TOHMATSU



PA Caldwell
Partner
Chartered Accountants

Melbourne, 27 August 2004