Sandhurst Trustees Limited

ABN 16 004 030 737

AFSL 237906

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 2021

The Directors present the financial report of Sandhurst Trustees Limited (the Company) and its controlled entities for the year ended 30 June 2021.

Directors

The names of Directors of the Company in office during the financial year and until the date of this report are:

Jennifer Dawson	Chair, Non-executive Director
Richard Baker	Non-executive Director
Deborah Radford (resigned 1 January 2021)	Non-executive Director
Paul Rohan	Executive Director
Anthony Hodges (appointed 2 January 2021, resigned 24 March 2021)	Non-executive Director
Alexandra Tullio (appointed 9 March 2021)	Non-executive Director

The name of the Company Secretary at the end of the financial year and at the date of this report is:
Rochelle Parker

Corporate structure

Sandhurst Trustees Limited (STL) is a public company limited by shares that is incorporated and domiciled in Australia. Its ultimate parent entity is Bendigo and Adelaide Bank Limited (BEN).

Principal activities

The principal activities of the economic entity during the year were:
- Responsible entity for managed investment schemes;
- Corporate trustee and custodial services provider; and
- Registrable superannuation entity licensee of superannuation funds.

At 30 June 2021, there were 57 (2020: 61) full time equivalent employees employed by Bendigo and Adelaide Bank Limited to undertake the above activities.

Operating Results

Economic entity results in brief:	2021 $	2020 $
Profit before income tax	23,403,863	23,701,300
Profit after income tax	16,393,722	16,509,276

Dividends

A $15m (2020:nil) dividend was declared by the Board on the 27th September 2021.

Share options

No options for shares in the Company have been granted during the year and there were no options outstanding at the end of the financial year.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the economic entity that occurred during the financial year.

COVID-19

In March 2020 the World Health Organisation (WHO) declared COVID-19 a global pandemic, and the impact of this resulted in unprecedented circumstances that affected the financial markets and economy more widely. Last financial year, our operating results were impacted by COVID-19 as a result of reduced market value of managed investment scheme and superannuation fund assets. The financial market & economy has largely recovered, however there continues to be uncertainty in the market due to another wave of infections resulting in extended lockdowns driven by new COVID-19 variants, slow vaccine rollout and international borders not being fully reopened.

Review of operations

The economic entity achieved a profit after income tax expense of $16,393,722. This represents a small decrease from the $16,509,276 profit from ordinary activities after income tax expense for 2020. Profit before income tax expense was $23,403,863 compared to $23,701,300 for 2020.

Legislation has been introduced requiring the Company to provide a clear separation between our Registrable Superannuation Entity Licensee (RSE) obligations and all other duties. APRA has granted an extension to the Company for compliance with this legislation by 30 June 2022. It is expected that the obligations of the Company as a Registrable Superannuation Entity Licensee will be transferred to another wholly owned subsidiary of Bendigo and Adelaide Bank Limited by that date.

Funds management and superannuation

Total funds under management for our funds management and superannuation business increased for the year to $6.90 billion at 30 June 2021 (2020: $6.20 billion).

Funds management and superannuation (cont.)

Funds under management and superannuation summary:	2021 $m	2020 $m
Income and Mortgage Funds (formerly Common Funds)	2,608	2,288
Diversified Funds	2,036	1,882
Bendigo SmartStart Super	1,629	1,334
Adelaide CMT	202	184
Sandhurst Industrial Share Fund	162	178
Bendigo SmartOptions Super	-	116
Sandhurst Strategic Income Fund	89	95
Bendigo Income Generation Fund	101	50
Bendigo Diversified Fixed Interest Fund	31	40
Bendigo Socially Responsible Growth Fund	31	23
Sandhurst Future Leaders Fund	14	12
Bendigo Global Share Fund	-	4

Overall, superannuation and funds management activities have increased by approximately 11% over the course of the financial year. During the period Bendigo SmartOptions Super was closed and members were transferred to Bendigo SmartStart Super to improve member outcomes. Bendigo Global Share Fund was also closed during the year.

Corporate trustee and custodial services

Revenue from corporate trustee and custodial services increased by approximately 14% during the financial year.

Significant events after the balance date

A $15m dividend was declared by the Board on the 27th September 2021.

There has not been any other matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in future financial years.

Likely developments and expected results

In the opinion of the Directors, disclosure of information on the likely developments in the operations of the economic entity, including the transfer of the RSE function, in future years and the expected results of those operations, is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

Indemnification and insurance of officers and auditors

The constitution provides that the Company is to indemnify each officer or employee of the Company against liabilities incurred by an officer or employee in or arising out of the conduct of the business of the Company or arising out of the discharge of the officer's or employee's duties.

To the extent permitted by law, the Company must indemnify each officer or employee for liabilities including costs and expenses incurred in defending any proceedings or appearing before any court, tribunal, government authority or other body, except where the liability arises from conduct involving lack of good faith.

During or since financial year end, each Director and Officer of the Company and related bodies corporate were insured against liabilities for costs and expenses incurred by them in defending any legal action arising out of their conduct while acting in their various capacities.

This insures against certain liability (subject to specified exclusions) for persons who are or have been Directors or executive officers of the Company.

The Company has not provided any insurance for an auditor of the Company or a related body corporate.

Statutory trustee

The Company is an authorised trustee corporation. Assets and liabilities of trusts and funds for which the Company acts as trustee, responsible entity, responsible superannuation entity, or custodian are not included in the Company's financial statements.

Environmental regulation and performance

The Company’s operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

The Directors received an Independence Declaration from the Auditors of Sandhurst Trustees Limited, a copy of which is attached to the Directors Report.

Signed in accordance with a resolution of the board of Directors.

Director

Jenny Dawson

Jennifer Dawson

Date: 18 October 2021

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Auditor's independence declaration to the Directors of Sandhurst Trustees Limited

As lead auditor for the audit of the financial report of Sandhurst Trustees Limited for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sandhurst Trustees Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

T M Dring
Partner
18 October 2021

SANDHURST TRUSTEES LIMITED AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 $	2020 $
Revenue			
Revenues	4	37,390,045	40,437,656
Other income	4	14,685	77,111
Total revenue		37,404,730	40,514,767
Expenses			
Fees and commissions	5	5,185,774	7,254,080
Staff and related costs	5	6,559,586	7,518,332
Other operating expense	5	2,255,507	2,041,055
Total expenses		14,000,867	16,813,467
Profit before income tax		23,403,863	23,701,300
Income tax expense	6	7,010,141	7,192,024
Profit after income tax		16,393,722	16,509,276
Other comprehensive income			
Revaluation gain/(loss) on debt instruments at fair value through other comprehensive income		678,630	(388,487)
Revaluation loss on property		-	(633,901)
Tax effect on items taken directly to or transferred from equity		(203,589)	306,716
Net gain/(loss) recognised directly in equity		475,041	(715,672)
Total comprehensive income for the year		16,868,763	15,793,604

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTE	2021 $	2020 $
Current assets			
Cash and cash equivalents	7	9,784,202	9,764,740
Trade and other receivables	8	80,565,878	63,805,552
Total current assets		90,350,080	73,570,292
Non current assets			
Financial assets - amortised cost	9	6,866,074	6,664,099
Financial assets - fair value through other comprehensive income (FVOCI)	10	9,352,135	8,673,505
Property, plant and equipment and right of use assets		833	8,594
Intangible assets	11	79,338	100,976
Total non current assets		16,298,380	15,525,054
Total assets		106,648,460	89,095,346
Current liabilities			
Trade and other payables	12	4,281,904	3,728,249
Total current liabilities		4,281,904	3,728,249
Non current liabilities			
Deferred tax liability	6	232,337	23,761
Total non current liabilities		232,337	101,641
Total liabilities		4,514,241	3,829,890
Net assets		102,134,219	85,265,456
Equity			
Contributed equity	14	5,000,000	5,000,000
Retained earnings	15	92,119,887	75,734,204
Reserves	16	5,014,332	4,531,252
Total Equity		102,134,219	85,265,456

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

SANDHURST TRUSTEES LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Issued Capital $	Asset Revaluation Reserve - Property $	Asset Revaluation Reserve - Units $	Operational Risk Reserve $	Retained Earnings $	Total $
At 1 July 2020	5,000,000	-	296,452	4,234,800	75,734,204	85,265,456
Other Comprehensive Income	-	-	475,041	-	-	475,041
Profit for the period	-	-	-	-	16,393,722	16,393,722
Total Comprehensive income for the period	-	-	475,041	-	16,393,722	16,868,763
Increase Operational Risk Reserve	-	-	-	8,039	(8,039)	-
Transfer from Property Revaluation Reserve	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
At 30 June 2021	5,000,000	-	771,493	4,242,839	92,119,887	102,134,219
At 1 July 2019	5,000,000	1,265,396	568,393	3,880,383	58,757,680	69,471,852
Other Comprehensive Income	-	(443,731)	(271,941)	-	-	(715,672)
Profit for the period	-	-	-	-	16,509,276	16,509,276
Total Comprehensive income for the period	-	(443,731)	(271,941)	-	16,509,276	15,793,604
Increase Operational Risk Reserve	-	-	-	354,417	(354,417)	-
Transfer from Property Revaluation Reserve	-	(821,665)	-	-	821,665	-
Dividends paid	-	-	-	-	-	-
At 30 June 2020	5,000,000	-	296,452	4,234,800	75,734,204	85,265,456

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 $	2020 $
Cash flows from operating activities			
Management fees and commissions received		36,644,689	50,687,105
Payments to suppliers and employees		(13,927,411)	(16,962,287)
Income tax paid		(6,376,549)	(3,380,710)
Distributions received		162,465	350,613
Interest received		57,307	149,736
Net cash flows from operating activities	17 (b)	16,560,501	30,844,457
Cash flows from investing activities			
Proceeds from property, plant and equipment		7,850	16,555
Payments for purchase of intangibles		-	(108,189)
Other cash flows (used in)/from investing activities		(201,975)	1,663,775
Sale of financial assets fair value through other comprehensive income (FVOCI)		-	(448,877)
Net cash flows (used in)/from investing activities		(194,125)	1,123,264
Cash flows from financing activities			
Provision of funding to parent entity		(16,346,914)	(31,395,104)
Net cash flows used in financing activities		(16,346,914)	(31,395,104)
Net increase in cash and cash equivalents		19,462	572,617
Cash and cash equivalents at the beginning of the year		9,764,740	9,192,123
Cash and cash equivalents at the end of the year	17 (a)	9,784,202	9,764,740

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

Note 1 - Corporate Information

The financial report of Sandhurst Trustees Limited for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 11 October 2021.

The financial report covers Sandhurst Trustees Limited and controlled entities as a group (the Group). Sandhurst Trustees Limited is a public company limited by shares, incorporated and domiciled in Australia.

The nature of the operations and principal activities of Sandhurst Trustees Limited are described in the Directors' Report.

Note 2 - Summary of significant accounting policies

(a) Basis of accounting

This financial report is a general purpose financial report that has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards, including the application of ASIC Class Order 10/654.

ASIC Class Order 10/654 allows entities to include the parent entity financial statements as part of the consolidated financial statements if they wish to do so. Accordingly, the financial statements illustrated in this financial report do not include the separate financial statements of the parent and only include the limited disclosures required by Reg. 2M.3.01 of the Corporations Regulations 2001. Refer to Note 24 for parent entity financial information.

The financial report is presented in Australian dollars.

The financial report is prepared on a historical cost basis except for land and buildings and available-for-sale assets which have been measured at their fair value.

(b) Changes in accounting policies

The accounting policies are consistent with those applied in the previous financial year.

(c) Recently issued or amended standards not yet effective

The following amendments, effective 1 January 2022, have not been early adopted by the Group and are not expected to result in significant changes to the Group's accounting policies:

AASB 2020-3 Amendments to AASs – Annual Improvements 2018–2020 and Other Amendments:
> Amendment to AASB 1, Subsidiary as a First-time Adopter
> Amendments to AASB 3, Reference to the Conceptual Framework
> Amendment to AASB 9, Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
> Amendments to AASB 116, Property, Plant and Equipment: Proceeds before Intended Use
> Amendments to AASB 137, Onerous Contracts – Cost of Fulfilling a Contract
AASB 2020-1 Amendments to AASs – Classification of Liabilities as Current or Non-current
AASB 2021-2 Amendments to AASs – Disclosure of Accounting Policies and Definition of Accounting Estimates:
> Amendments to AASB 7, Financial Instruments: Disclosures
> Amendments to AASB 101, Presentation of Financial Statements
> Amendments to AASB 108, Accounting Policies, Changes in Accounting Estimates and Errors
> Amendments to AASB 134, Interim Financial Reporting
The Standard also makes amendments to AASB Practice Statement 2 Making Materiality Judgements.
These amendments arise from the issuance by the International Accounting Standards Board (IASB) in February 2021 of the following International Financial Reporting Standards:
> Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); and
> Definition of Accounting Estimates (Amendments to IAS 8)
AASB 2021-5 Amendments to AASs – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

(d) Principles of consolidation

The consolidated financial statements are the financial statements of Sandhurst Trustees Limited and all of its controlled entities. A list of controlled entities is contained in Note 21 of the financial statements.

Controlled entities prepare financial reports for consolidation in conformity with the Group accounting policies.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions between entities in the Group have been eliminated on consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Note 2 - Summary of significant accounting policies (cont.)

(e) Significant accounting judgements, estimates & assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of assets

The Group has to make a judgement as to whether an impairment trigger is evident at each reporting date. If a trigger is evident, the asset must be tested for impairment, which requires the estimation of future cash flows and the use of an appropriate discount rate.

Managed investment funds

The Group acts as a responsible entity for certain managed investment funds. The decision-making rights of the fund are restricted to the Product Disclosure Statements. The fees received by STL are commensurate with the services provided and are consistent with similar funds in the market. Where STL holds investments in the funds, the Company assessed its power over the relevant activities of the entity and the significance of its exposure to variable returns to determine whether the Managed Investment Fund should be consolidated.

COVID-19

During 2020 and 2021, the COVID-19 pandemic has had severe consequences for communities worldwide. The global economic disruption and financial market volatility caused by the COVID-19 pandemic has created uncertainty about future economic and market conditions. While measures have been put in place by governments, regulators and the central banks to mitigate the impacts of COVID-19 on the economy, there is still uncertainty as to whether these measures will be sufficient. In preparing the financial statements for the year ended 30 June 2021, the Company has considered the impact of COVID-19 on critical judgements, estimates and assumptions.

(f) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise of cash at bank and on hand and short-term investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value.

Cash on hand and at bank and short-term investments are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, short-term money market investments readily convertible into cash within 2 business days, net of outstanding bank overdrafts.

(g) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less an allowance for credit losses. The effective interest rate calculation includes the contractual terms of the loan together with all fees, transaction costs and other premiums or discounts.

Debts that are known to be uncollectible are written off when identified. An allowance for expected credit loss is recognised when there is quantitative and qualitative evidence that there is doubt over the Group's ability to recover the debt.

(h) Investments and other financial assets

As of 1st July 2018, upon the adoption of AASB 9 *Financial Instruments*, the Group classifies its financial assets into the following measurement categories:
> Fair value through profit or loss (FVTPL);
> Amortised cost; or
> Fair value through other comprehensive income (FVOCI).

In order to determine the classification and measurement of a financial asset, with the exception of equity instruments and derivatives, the Group performs an assessment of the business model in which the asset is managed and the cash flow characteristics of the asset.

Business Model Test

The business model reflects how the Group manages the assets in order to generate cashflows.

The Group's objective will be either to:
> solely collect the contractual cash flows of principal and interest;
> collect both the contractual cash flows of principal and interest and those cash flows arising from the assets disposal; or
> hold for trading purposes.

Various factors are considered by the Group in determining the appropriate business model for a Company of assets including past experience on how cash flows are managed and how the performance of the asset Group is measured and reported to key management personnel.

Solely payment of principal and interest test

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows by both holding and subsequently selling the asset, the Group is required to determine if the cashflows represent solely payments of principal and interest. This assessment considers whether the cash flows represent consideration for: time value of money, lending risks and other elements which are consistent with a basic lending arrangement (e.g. fees to recover administrative costs).

Note 2 - Summary of significant accounting policies (cont.)

(h) Investments and other financial assets (cont.)

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

(i) Property, plant and equipment

Plant and equipment are carried at historical cost less accumulated depreciation, and any impairment losses.

Revaluations

Fair value is determined by reference to market-based evidence, which is the amount which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the Statement of Financial Position unless it reverses a revaluation decrease of the same asset previously recognised in the Statement of Comprehensive Income.

Any revaluation deficit is recognised in the Statement of Comprehensive Income unless it directly offsets a previous surplus of the same asset recognised in the asset revaluation reserve.

In addition, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Depreciation/Amortisation

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Asset category	2021	2020
Office furniture & equipment	5	5
Computer hardware	3	3
Motor vehicles	5	5

Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For property, plant and equipment, impairment losses are recognised in the Statement of Comprehensive Income. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the item) is included in the statement of comprehensive income in the period the item is derecognised.

(j) Trustee and funds management activities

The Company acts as trustee and/or responsible entity for a number of funds. The assets and liabilities of these funds are not included in the consolidated financial statements. An assessment of each fund has occurred as per AASB 10 *Consolidated Financial Statements*. Note 23 provides the relevant information regarding the unstructured entities. Commissions and fees generated by the fund management activities are brought to account on an accruals basis when earned.

(k) Accrued expenses

Expenses are accrued for, once realised, and are classified as accrued expenses if the following criteria are met:
- the amount can be accurately calculated,
- the period they belong to can be determined, and
- the period they will be paid is known.

(l) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Note 2 - Summary of significant accounting policies (cont.)

(l) Revenue recognition (cont.)

Interest, fees and commissions

Interest, fee and commission revenue in respect of services are recognised as the right to consideration accrues through the performance of each distinct service obligation to the customer.

The arrangements are generally contractual and the cost of providing the service is incurred as each service is performed. The price is usually fixed and always determinable.

Distributions

Revenue is recognised when the right to receive consideration for the investment in assets is attained, evidenced by the declaration of distributions by the investee.

(m) Income tax

The income tax for the period is the tax payable on the current period's taxable income based on the notional income tax rate, adjusted for changes in deferred tax assets and liabilities and unused tax losses.

The Group has adopted the Statement of Financial Position liability method of tax effect accounting, which focuses on the tax effects of transactions and

other events that affect amounts recognised in either the Statement of Financial Position or a tax-based statement of financial position.

Deferred tax assets and liabilities are recognised for temporary differences, except where the deferred tax asset/liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in the Statement of Comprehensive Income.

Sandhurst Trustees Limited and the controlled entities are part of the Bendigo and Adelaide Bank Limited tax consolidated group. The tax consolidated group continue to account for their own current and deferred tax amounts. The Bendigo and Adelaide Bank Limited group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

(n) Goods and Services Tax (GST)

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

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(o) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and paid within 30 days of recognition.

Liabilities for trade creditors and other amounts are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. Payables to related parties are carried at the principal amount.

(p) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction, net of tax, of the share proceeds received.

(q) Comparative figures

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

Note 2 - Summary of significant accounting policies (cont.)

(r) Right Of Use Assets
The Company is a lessee and leases motor vehicles. These motor vehicle leases are recorded as right-of-use assets (ROUA) and lease liabilities unless they are of a short-term or low-value nature whereby the lease payments are expensed on a straight line basis. The ROUA and lease liability are calculated by discounting the future lease payments using the incremental borrowing rate or rate implicit in the lease contract, which represents the net present value of future lease payments.

Note 3 - Financial risk management objectives and policies

The management of risk is an essential element of Sandhurst Trustees Limited's strategy and profitability and the way it operates as a wholly owned subsidiary of Bendigo and Adelaide Bank Limited.

The Board of Sandhurst Trustees Limited is ultimately responsible for risk management associated with its business activities and has established an integrated governance and accountability framework, policies and controls to identify, assess, monitor and manage risk. As a member of the Bendigo and Adelaide Bank Limited group, Sandhurst Trustees Limited is also required to adhere to the Bendigo and Adelaide Limited Bank's risk management framework.

The risk management strategy of Sandhurst is based upon risk principles approved by the Board and is underpinned by a system of delegations, passing from the Board through Board committees, management committees to the various risk, support and business units of Sandhurst and to the broader Bendigo and Adelaide Bank Limited group.

Further, the Board of Sandhurst Trustees Limited has established additional governance and compliance frameworks to satisfy its specific obligations as, a RSE licensee, a responsible entity and a holder of an Australian Financial Services Licence (AFSL).

A structured framework has been established to ensure that risk management is linked to the Company's operations. The risk management framework is also underpinned by an integrated framework of responsibilities and functions driven from the Board level down to operational levels, covering all aspects of risk.

The Company's principal financial instruments comprise of cash, short term deposits, managed funds and share investments.

The main purpose of these financial instruments is to underpin the financial stability of the Company's operations and to meet the minimum net tangible asset position as required by regulatory requirements The Company has other various financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and liability are disclosed in Note 2(e) and 2(l) to the financial statements.

The main risks arising from the Company's financial instruments are interest rate risk, market risk, liquidity risk and credit counterparty risk.

Interest rate risk
The Company's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

Market risk
Market risk is the risk that changes in market prices, such as equity prices, will affect the Company's income and the value of its financial instruments.

The Company holds investments in various unlisted investments. The value of these investments will fluctuate over time consistent with the financial performance of the underlying investment.

Liquidity risk
Liquidity risk is the inability to access funds, both anticipated and unforeseen, which may lead to the Company being unable to meet its obligations in an orderly manner as they arise or forgoing investment opportunities.

Counterparty credit risk
Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss.

With respect to credit risk arising from the financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statement of Financial Position.

This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

The Company holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated.

Note 3 - Financial risk management objectives and policies (cont.)

The Company trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables.

The table below shows the maximum exposure to credit risk for the components of the Statement of Financial Position.

	2021 $	2020 $
Cash and cash equivalents	9,784,202	9,764,740
Trade and other receivables	80,565,878	63,805,552
Financial assets - amortised cost	6,866,074	6,664,099
Financial assets - fair value through other comprehensive income (FVOCI)	9,352,135	8,673,505
	106,568,289	88,907,896

Note 4 - Revenues

Revenues:	2021 $	2020 $
Commission and management fees received	37,151,449	39,953,474
Interest	76,131	133,569
Managed investment schemes distributions	162,465	350,613
	37,390,045	40,437,656
Other income:		
Other income	14,685	77,111
	14,685	77,111

Note 5 - Expenses

Fees and commissions:	2021 $	2020 $
Adviser and agency commissions	2,382,991	4,404,294
Community Bank commissions	2,802,783	2,849,786
	5,185,774	7,254,080
Staff and related costs*:		
Salaries and wages recharge	5,562,477	6,405,197
Superannuation contributions recharge	608,945	653,651
Payroll costs recharge	370,492	419,771
Other recharge	17,672	39,713
	6,559,586	7,518,332
Other operating expenses:		
Communications, postage and stationery expense	47,606	63,463
Marketing and sponsorship	131,043	85,251
Legal expense	157,791	135,561
Depreciation expense	6,171	31,859
Computer systems and software costs	304,877	331,597
Accounting expenses	262,860	409,889
Travel expenses	2,759	64,934
Research	301,916	196,782
Directors fees	210,192	175,719
Other	830,292	546,000
	2,255,507	2,041,055

*Employees are employed by Bendigo and Adelaide Bank Limited to undertake activities on behalf of Sandhurst Trustees Limited. The employment costs are passed on to Sandhurst Trustees Limited.

Note 6 - Income tax expense	2021 $	2020 $
Major components of income tax expense are:		
Income Statement		
Current income tax:		
Current income tax charge	6,992,750	7,481,811
Imputation credits		
Adjustments in respect of current income tax of previous years	12,404	(2,581)
Deferred income tax:		
Adjustments in respect of deferred income tax of previous years	(25,625)	(63,347)
Relating to origination and reversal of temporary differences	30,612	(223,859)
Income tax expense reported in the income statement	7,010,141	7,192,024
Statement of Changes in Equity		
Deferred income tax related to items charged or credited directly in equity		
Net (gain)/loss on financial assets fair value through other comprehensive income (FVOCI)	(203,589)	116,546
Net gain/(loss) on revaluation of land and buildings	-	190,170
Income tax expense reported in equity	(203,589)	306,716

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

Income tax expense attributable to:	2021 $	2020 $
Accounting profit before income tax	23,403,863	23,701,300
The income tax expense comprises amounts set aside as:		
Provision attributable to current year at statutory rate, being		
Prima facie tax on accounting profit before tax	7,021,159	7,110,390
Over provision in prior years	(13,221)	(65,928)
Expenditure not allowable for income tax purposes	2,203	670
Other	-	146,892
Income tax expense reported in the consolidated income statement	7,010,141	7,192,024

Deferred income tax

Deferred income tax at 30 June relates to the following:

Gross deferred tax assets		
Plant & equipment	34,769	35,596
Accrued Expenses	-	42,284
Other	22,727	-
Gross deferred tax assets	57,496	77,880
Set-off of deferred tax assets and deferred tax liabilities	(57,496)	(77,880)
Net deferred tax assets	**-**	**-**
Gross deferred tax liabilities		
Available-for-sale financial assets		
Financial assets fair value through other comprehensive income (FVOCI)	330,640	127,052
Revaluation of land & buildings to fair value	-	-
Plant, furniture, fittings, office equipment & vehicles	(2,007)	(12,044)
Other	(38,800)	(13,367)
Gross deferred tax liabilities	289,833	101,641
Set-off of deferred tax assets and deferred tax liabilities	(57,496)	(77,880)
Net deferred tax liabilities	**232,337**	**23,761**
Income tax payable		
Tax payable attributable to members of the tax consolidated group		
	3,630,799	**3,002,227**

At 30 June 2021, there is no unrecognised deferred income tax liability (2020: Nil) for taxes that would be payable on the unremitted earnings of certain subsidiaries or joint ventures of the Group, as the Group has no liability for additional taxation should such amounts be remitted.

Recognition and measurement

Current taxes

The income tax for the period is the tax payable on the current period's taxable income based on the national income tax rate, adjusted for changes in deferred tax assets and liabilities and unused tax losses.

Note 6 - Income tax expense (cont.)

Deferred Taxes

The Group has adopted the Balance Sheet liability method of tax effect accounting, which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Balance Sheet or a tax-based Balance Sheet.
Deferred tax assets and liabilities are recognised for temporary differences, except where the deferred tax asset/liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
For amounts recognised directly in equity, the associated current and deferred tax balances are also recognised directly in equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax balances are reviewed annually to determine whether they should be recognised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Tax Consolidation

Bendigo and Adelaide Bank Limited and its 100% owned subsidiaries form the tax consolidated Group. Members of the Group entered into a tax sharing agreement to allocate income tax liabilities to the wholly-owned subsidiaries should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated Group is Bendigo and Adelaide Bank Limited.

Members of the tax consolidated Group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated Group on a group allocation method based on a notional stand alone calculation, while deferred taxes are calculated by members of the tax consolidated Group in accordance with AASB 112 *Income Taxes*.

Note 7 - Cash and cash equivalents

	2021	2020
	$	$
Cash at bank	9,784,202	9,764,740
	9,784,202	9,764,740

Deposits at short call are made for varying periods and earn interest at the respective distribution rate.

Note 8 - Trade and other receivables

	2021	2020
Current	$	$
Sundry debtors and accrued income	3,714,059	3,300,647
Amounts receivable from ultimate parent entity	76,851,819	60,504,905
	80,565,878	63,805,552

All current receivables are non-interest bearing. Sundry debtors and accrued interest generally have payment terms of between 30 and 90 days.

Amount receivables from parent are non-interest bearing and are available at call.

Note 9 - Financial assets - amortised cost

	2021	2020
	$	$
Investments in common funds	6,866,074	6,664,099
	6,866,074	6,664,099

A financial asset is measured at amortised cost only if both of the following conditions are met:
> the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
> the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income from these financial assets is included in interest income using the effective interest rate method.

Note 10 - Financial assets - fair value through other comprehensive income (FVOCI)

	2021	2020
Non-current	$	$
Units - In managed investment schemes at fair value	9,352,135	8,673,505
	9,352,135	8,673,505

The Company has irrevocably elected to measure all equity investments that are not held for trading at fair value through other comprehensive income. Subsequent changes to the fair value are recognised in other comprehensive income and are not transferred to the profit or loss, including upon disposal. Dividend income is recognised in profit or loss unless the dividend represents a recovery of part of the cost of the investment.

Note 11 - Intangible assets

	2021 $	2020 $
Intangible software	694,745	694,745
Accumulated amortisation	(615,407)	(593,769)
	79,338	100,976

Reconciliation

Carrying amount at beginning	100,976	-
Additions	-	108,189
Amortisation expense	(21,638)	(7,213)
	79,338	100,976

Note 12 - Trade and other payables

	2021 $	2020 $
Trade creditors and accrued expenses (a)	648,708	726,055
Lease liability	2,397	-
Income tax due to parent	3,630,799	3,002,194
	4,281,904	3,728,249

Terms and conditions:

(a) Trade creditors and accrued expenses are non-interest bearing and are normally settled on commercial 30 day terms.
(b) The amounts payable to the ultimate parent entity are non-interest bearing and at call.

Note 13 - Financial Risk Management

The Group has exposure to credit risk, liquidity risk and market risk (including interest rate and equity price risk) from their use of financial instruments.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processed for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

a. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group's exposure to credit risk is limited to Australia by geographic area.

The carrying amount of financial assets recorded in the Statement of Financial Position, net of any provisions for credit losses, represents the Group's maximum exposure to credit risk.

None of the assets of the Group are past due (2020: Nil past due) and based on historic default rates, the Group believes that no impairment allowance is necessary in respect of assets not past due.

b. Liquidity risk

Liquidity risk is the inability to access funds, both anticipated and unforeseen, which may lead to the Group being unable to meet its obligations in an orderly manner as they arise or forgoing investment opportunities.

Management monitors liquid funds on a monthly basis, and ensures funds are sufficient to meet upcoming commitments. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments:

	Carrying Amount $	1 year or less $	1 to 5 years $	more than 5 years $	Total $
30 June 2021					
Trade and other payables	4,281,904	4,281,904	-	-	4,281,904
Deferred tax liability	232,337	-	232,337	-	232,337
Total financial liabilities	4,514,241	4,281,904	232,337	-	4,514,241
30 June 2020					
Trade and other payables	3,728,249	3,728,249	-	-	3,728,249
Deferred tax liability	101,641	-	101,641	-	101,641
Total financial liabilities	3,829,890	3,728,249	101,641	-	3,829,890

Note 13 - Financial Risk Management (cont.)

c. Market Risk

(i) Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

Management monitors the exposure to interest rate risk on a monthly basis. Management monitors the exposure to interest rate risk on a monthly basis.

Financial assets and trade and other receivables are non-interest earning. Trade and other receivables are generally settled within 12 months.

Trade and other payables are non-interest bearing and generally mature within 30 days.

Sensitivity analysis for fixed and variable rate instruments

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's Statement of Comprehensive Income and Statement of Changes In Equity.

	2021	2020
Post tax profit	$	$
+ 0.25% (25 Basis points)	24,461	24,412
- 0.25% (25 Basis points)	(24,461)	(24,412)
Equity		
+ 0.25% (25 Basis points)	24,461	24,412
- 0.25% (25 Basis points)	(24,461)	(24,412)

(ii) Equity price risk

Equity price risk is the risk that the fair value of available-for-sale financial assets will fluctuate because of changes in market prices.
The Group reviews the exposure to equity price risk on a regular basis.

(iii) Fair value sensitivity analysis for financial assets at fair value through other comprehensive income (FVOCI)

The following table demonstrates a reasonably possible change in FVOCI asset prices at the reporting date, with reference to benchmarking to an average of the 5 year standard deviation of the following indices; S&P/ASX 300 TR Index, MSCI World ex Australia NR Index (unhedged), UBS Composite Bond Index, Barclays Global aggregate Bond index (Unhedged). This would have increased/(decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2020.

	Profit or loss		Equity	
	10% increase	10% decrease	10% increase	10% decrease
	$	$	$	$
30 June 2021				
FVOCI with recycling	-	-	935,213	(935,213)
30 June 2020				
Available-for-sale financial assets	-	-	867,350	(867,350)

d. Net fair values

All assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value, unless otherwise stated in the applicable notes. There have been no transfers between levels during the financial year.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 - The fair value is calculated using quoted prices in active markets.

Level 2 - The fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - The fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Year ended 30 June 2021				Year ended 30 June 2020			
	Quoted market price (level 1)	Valuation technique market observable inputs (level 2)	Valuation technique non market observable inputs (level 3)	Total	Quoted market price (level 1)	Valuation technique market observable inputs (level 2)	Valuation technique non market observable inputs (level 3)	Total
Financial assets								
Financial assets fair value through other comprehensive income	-	9,352,135	-	9,352,135	-	8,673,505	-	8,673,505
	-	9,352,135	-	9,352,135	-	8,673,505	-	8,673,505

The managed investment scheme value is determined by Net Asset Value provided by the fund manager as published through the respective fund manager's website.

Note 13 - Financial Risk Management (cont.)

e. Capital Management

Sandhurst Trustees Limited is a wholly owned subsidiary of the Bendigo and Adelaide Bank Limited. Sandhurst Trustees Limited manages and maintains capital to meet regulatory requirements.

Note 14 - Contributed equity

	2021 $	2020 $
Issued capital: 10,000,000 ordinary shares fully paid	5,000,000	5,000,000
	5,000,000	5,000,000

All shares are fully owned by Bendigo and Adelaide Bank Limited.

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Note 15 - Retained earnings

Movements in retained earnings were as follows:	2021 $	2020 $
Retained profits at the beginning of the financial year	75,734,204	58,757,680
Net profit attributable to members of the Company	16,393,722	16,509,276
Transfer from property revaluation reserve	-	821,665
Transfer to operational risk reserve	(8,039)	(354,417)
	92,119,887	75,734,204

Note 16 – Reserves

	2021 $	2020 $
Asset revaluation reserves - Property & Units	771,493	296,452
Operational risk reserve	4,242,839	4,234,800
	5,014,332	4,531,252

Note 17 - Cash flow information

(a) Reconciliation of cash

Cash at end of the financial year as shown in the Statement of Cashflow is reconciled to the related items in the Statement of Financial Position as follows:

	2021 $	2020 $
Cash and Cash Equivalents	9,784,202	9,764,740
	9,784,202	9,764,740

(b) Reconciliation of net profit after tax to net cash flows from operations

	2021	2020
Net profit after income tax	16,393,722	16,509,276
Adjustments:		
Depreciation	6,171	31,859
Amortisation	21,638	7,213
Property, plant and equipment (profit)/loss	(3,866)	26,039
Tax effect on revaluations	(203,589)	306,716
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(413,412)	10,976,749
(Increase)/decrease in deferred tax assets	-	(40,438)
Increase/(decrease) in deferred tax liability	208,576	(553,482)
Increase/(decrease) in accounts payable	-	(254,510)
Increase/(decrease) in accrued expenses	(77,344)	(263,483)
Increase/(decrease) in tax payable	628,605	4,098,518
	16,560,501	30,844,457

(c) Non-cash financing and investing activities

During the financial year no non-cash financing and investing activities occurred.

Note 18 - Related party disclosures

The Directors of Sandhurst Trustees Limited during the financial year are disclosed in the Directors' report.
(a) The ultimate parent entity of Sandhurst Trustees Limited is Bendigo and Adelaide Bank Limited.
(b) There is an interest free receivable from the ultimate parent of the Company which has no fixed repayment date, and may be recalled at any time.

	Receipts and fees received from Bendigo and Adelaide Bank Ltd	Supplies, Fixed Assets and service fees charged by Bendigo and Adelaide Bank Ltd	Net Amount due from Bendigo and Adelaide Bank Ltd
	$	$	$
2021	37,243,828	20,887,922	86,660,852
2020	55,678,341	23,675,314	70,304,946

(c) Sandhurst Trustees Limited holds investments in the Sandhurst Select Mortgage Fund, valued at $6,866,074 at 30 June 2021 (2020: $6,664,099).
(d) Sandhurst Trustees Limited holds other managed fund investments in funds issued by Sandhurst Trustees Limited valued at $9,352,135 at 30 June 2021 (2020: $8,673,505).
(e) Sandhurst Trustees Limited has received $162,465 (2020: $350,613) in distributions from the managed fund investments it holds in funds issued by Sandhurst Trustees Limited.
(f) The parent entity provides a Guarantee of $500,000 (2020: $500,000) under normal commercial terms and conditions.
(g) The Directors of Sandhurst Trustees Limited may invest in funds managed by Sandhurst Trustees Limited from time to time. All investments are held on commercial terms and are at an arm’s length basis.
(h) The Directors of Sandhurst Trustees Limited may have a loan with a mortgage fund issued by Sandhurst Trustees Limited from time to time. All loans held are on commercial terms and are at an arm’s length basis.
(i) Sandhurst Trustees Limited holds a bank account with the parent, this holding had on deposit $9,784,202 at 30 June 2021 (2020: $9,764,740).

Note 19 - Director and executive disclosures

(a) Details of key management personnel

Jennifer Dawson	Chair, Non-executive Director
Richard Baker	Non-executive Director
Deborah Radford (resigned 1 January 2021)	Non-executive Director
Paul Rohan	Executive Director
Anthony Hodges (appointed 2 January 2021, resigned 24 March 2021)	Non-executive Director
Alexandra Tullio (appointed 9 March 2021)	Non-executive Director

(b) The compensation of key management personnel

Key management personnel are employed and paid by Bendigo and Adelaide Bank Limited.

Remuneration of Directors is paid directly by Bendigo and Adelaide Bank Limited, the ultimate parent entity of Sandhurst Trustees Limited. The Directors do not receive any remuneration directly from Sandhurst Trustees Limited.
The Non-executive Director fees are summarised in the table below.

		2021	2020
		$	$
Jennifer Dawson	Annual base fee	85,000	85,000
	Superannuation	8,075	8,075
Richard Baker	Annual base fee	50,000	44,973
	Superannuation	4,750	4,272
Deborah Radford	Annual base fee including committee chair fee	31,846	47,541
	Superannuation	3,025	4,516
Anthony Hodges	Annual base fee	11,154	-
	Superannuation	1,060	-
Alexandra Tullio	Annual base fee	16,923	-
	Superannuation	1,608	-

Note 20 - Economic dependence

Sandhurst Trustees Limited is a controlled entity of Bendigo and Adelaide Bank Limited. Sandhurst Trustees Limited has entered into a service arrangement with its parent entity and is dependent upon the parent entity for provision of administration and support.

Note 21 - Controlled entities

Sandhurst Trustees Limited is the parent entity of Sandhurst Nominees (Victoria) Limited which is a wholly-owned subsidiary incorporated in Australia.

Note 22 - Contingent liabilities and assets

From time to time, Sandhurst Trustees Limited may be subject to material litigation, regulatory actions, legal or arbitration proceedings and other contingent liabilities which, if they crystallise, may adversely affect the financial position or the performance of the Company. For litigation exposures where loss is probable and can be reliably estimated an appropriate provision is made.

Note 23 – Involvement in unconsolidated entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual arrangements. Involvement with structured entities varies and includes debt financing of these entities as well as other relationships. In accordance with Note 2, it is established whether the involvement with these entities results in significant influence, joint control or control over the structured entity. There are no structured entities over which control can be exercised and therefore are not consolidated. The Group has no contractual arrangements that would require it to provide financial or other support to an unconsolidated structured entity. The Group has not previously provided financial support to an unconsolidated structured entity, and has no current intentions to provide such support.

Interests in unconsolidated structured entities

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the Group
Managed investment funds	To generate: > a range of investment opportunities for external investors; and > fees from managing assets on behalf of third party investors for the Group	Investment in units issued by the funds Management fees

Risks associated with unconsolidated structured entities

The following table summarises the carrying values recognised in the balance sheet in relation to unconsolidated structured entities as of 30 June 2021:

	$
FVOCI with recycling	9,352,135

Maximum exposure to loss

The maximum exposure to loss is the current carrying value of these interests representing the amortised cost at reporting date. The following table summarises the Group's maximum exposure to loss from its involvement at 30 June 2021 and 30 June 2020 with structured entities.

	Carrying amount		Maximum loss exposure	
	2021	2020	2021	2020
	$	$	$	$
FVOCI with recycling	9,352,135	8,673,505	9,352,135	8,673,505
Financial asset at amortised cost	6,866,074	6,664,099	6,866,074	6,664,099

Significant restrictions

There are no significant restrictions imposed by any unconsolidated structured entity on the Group's ability to access or use its assets or settle its liabilities.

Note 24 - Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 2 for a summary of the significant accounting policies relating to the Group.

	2021 $	2020 $
Financial position		
Assets		
Current assets	90,350,080	73,570,287
Non-current assets	16,298,380	15,525,059
Total assets	106,648,460	89,095,346
Liabilities		
Current liabilities	4,281,904	3,728,249
Non-current liabilities	232,337	101,641
Total liabilities	4,514,241	3,829,890
Equity		
Contributed equity	5,000,000	5,000,000
Retained earnings	92,119,887	75,734,204
Reserves	5,014,332	4,531,252
Total equity	102,134,219	85,265,456

	2021 $	2020 $
Financial performance		
Revenue	37,404,730	40,514,767
Expenses	14,000,867	16,813,467
Profit for the year after tax	16,393,722	16,509,276
Other comprehensive income	475,041	(715,672)
Total comprehensive income	16,868,763	15,793,604

Note 25 - Subsequent events

A $15m dividend was declared by the Board on the 27th September 2021.

There has not been any other matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in future financial years.

Note 26 - Auditors remuneration

The auditor of Sandhurst Trustees Limited is Ernst & Young.

All audit fees in relation to this Company are borne by the parent company.

In accordance with a resolution of the Directors of Sandhurst Trustees Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the *Corporations Act 2001 (Cth)*, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2021 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulation 2001;

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

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

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2021.

On behalf of the Board

Director

Jenny Dawson

Jennifer Dawson

Date: 11 October 2021

Directors

Jennifer Dawson	Chair, Non-executive Director
Richard Baker	Non-executive Director
Deborah Radford (resigned 1 January 2021)	Non-executive Director
Paul Rohan	Executive Director
Anthony Hodges (appointed 2 January 2021, resigned 24 March 2021)	Non-executive Director
Alexandra Tullio (appointed 9 March 2021)	Non-executive Director

Company Secretaries
Rochelle Parker

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BENDIGO Victoria 3550

Principal Business Address
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Independent auditor's report to the members of Sandhurst Trustees Limited

Opinion

We have audited the financial report of Sandhurst Trustees Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information is the Directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

T M Dring
Partner
Melbourne
18 October 2021