

# **AB Management Pty Ltd**

**Subsidiary of Bendigo and Adelaide Bank Limited**

**ABN 75 070 500 855**

**The Bendigo Centre**

**22-24 Bath Lane**

**BENDIGO VIC 3550 Australia**

**Telephone: +61 8 8300 6686**

25 October 2023

Market Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 200

Dear Sir/Madam

## **Torrens Series 2014-2 Trust Financial Report for the year ended 30 June 2023**

AB Management Pty Ltd as the Trust Manager for the Torrens Series 2014-2 Trust (ASX code TOZ) advises the market that the financial report for the Trust for the year ended 30 June 2023 is appended.

Approved for release by the: Board of AB Management Pty Ltd

# **Torrens Series 2014-2 Trust**

## **Financial Report 2023**

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# Trust Manager's Report

In accordance with the Series Supplement, the Directors of AB Management Pty Ltd, the Trust Manager of the Torrens Series 2014-2 Trust ("the Trust"), submit their report for the year ended 30 June 2023.

## Trust Information

The Trust is an Australian registered Trust, constituted on 3 December 2014.

### Trust Manager ("the Manager")

AB Management Pty Ltd (ABN 75 070 500 855)  
The Bendigo Centre,  
22-44 Bath Lane,  
Bendigo, Victoria, 3550.

### Trustee

Perpetual Corporate Trust Ltd  
Level 18, 123 Pitt Street  
Sydney NSW 2000

## Directors

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

- A Battilana (appointed 2 July 2023)
- L Davidson (appointed 8 August 2022)
- W M Rayner (resigned 29 July 2022)
- B J Speirs (resigned 3 July 2023)

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

## Nature of operations and principal activities

The principal activity of the Trust during the year was the holding of loan receivables from the Bank and the issue of notes to fund these assets. There were no significant changes in the nature of these activities during the financial year.

## Financial results

The performance of the Trust for the year ended 30 June 2023 as represented by the results of its operations, was as follows:

	\$000
Net assets:	-
Total interest income and other revenue:	1,013
Total operating profit:	692

The total value of assets held by the Torrens Series 2014-2 Trust as at 30 June 2023 was \$75,393,287 (2022: \$93,430,818).

Management fees paid to AB Management Pty Ltd during the financial year were \$22,229 (2022: \$28,438).

## Units on issue

1 Capital unit and 1 Income unit of the Trust were on issue as at 30 June 2023 (2022: 1 Capital & 1 Income).

## Distributions

A distribution to ordinary Unitholders of \$692,397 (2022: Distribution \$588,622) was made during the year.

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Trust that occurred during the period.

## Significant events after balance date

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

### Likely developments

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

### Environmental regulation

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

### Insurance and Indemnification

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

### Indemnification of Auditors

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

### Rounding

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

### Key Management Personnel

#### (i) Directors

The Directors of AB Management Pty Ltd are considered to be Key Management Personnel of the Trust.

The Directors of AB Management Pty Ltd in office during the financial period and up to the date of this report, unless otherwise stated are:

- A Battilana - Executive Director of AB Management Pty Ltd (appointed 2 July 2023)
- L Davidson - Executive Director of AB Management Pty Ltd (appointed 8 August 2022)
- W M Rayner - Executive Director of AB Management Pty Ltd (resigned 29 July 2022)
- B J Speirs - Executive Director of AB Management Pty Ltd (resigned 3 July 2023)

#### (ii) Compensation of Key Management Personnel

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

Signed for and on behalf of AB Management Pty Ltd as Manager of the Torrens Series 2014-2 Trust.



L Davidson

17 October 2023

# Statement of comprehensive income

For the year ended 30 June 2023

	Note	June 2023 \$000's	June 2022 \$000's
<b>Net interest income</b>			
Interest on loans		3,320	2,956
Interest on bank account		83	2
Swap receipts		590	-
Interest expense to noteholders		(3,100)	(1,163)
<b>Total net interest income</b>		<b>893</b>	<b>1,795</b>
<b>Other revenue</b>			
Fee revenue		120	160
<b>Total other revenue</b>		<b>120</b>	<b>160</b>
<b>Total interest income and other revenue</b>		<b>1,013</b>	<b>1,955</b>
<b>Expenses</b>			
Swap payments		-	988
Management fee		22	28
Servicing fee		185	237
Trustee fee		29	36
Other trust expenses		85	77
<b>Total expenses</b>		<b>321</b>	<b>1,366</b>
<b>Operating profit before distribution to unitholders</b>		<b>692</b>	<b>589</b>
<b>Financing cost - Distribution to unitholders</b>		<b>(692)</b>	<b>(589)</b>
<b>Total profit attributable to unitholders</b>		<b>-</b>	<b>-</b>

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

# Statement of financial position

As at 30 June 2023

	Note	June 2023 \$000's	June 2022 \$000's
<b>Assets</b>			
Cash and cash equivalents	3	3,613	4,933
Trade and other receivables	4	189	44
Loans and receivables	5	71,591	88,454
<b>Total assets</b>		<b>75,393</b>	<b>93,431</b>
<b>Liabilities</b>			
Trade and other payables	6	2,890	3,052
Borrowings	7	72,503	90,379
<b>Total liabilities excluding net assets attributable to unitholders</b>		<b>75,393</b>	<b>93,431</b>
<b>Net assets attributable to unitholders</b>		<b>-</b>	<b>-</b>

# Statement of changes in Net Assets attributable to Unitholders

For the year ended 30 June 2023

	Note	June 2023 \$000's	June 2022 \$000's
<b>Net assets attributable to unitholders at the beginning of the year</b>		<b>-</b>	<b>-</b>
Net profit attributable to unitholders		692	589
Distributions to unitholders	8	(692)	(589)
<b>Net assets attributable to unitholders at the end of the year</b>		<b>-</b>	<b>-</b>

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

# Statement of cash flows

For the year ended 30 June 2023

	Note	June 2023 \$000's	June 2022 \$000's
<b>Cash flows from operating activities</b>			
Interest on loans		3,253	3,022
Interest on collections		84	3
Fee revenue		120	160
Swap receipts/(payments)		541	(1,058)
Payment to noteholders		(3,000)	(1,132)
Management fee		(22)	(29)
Servicing fee		(189)	(242)
Trustee fee		(29)	(37)
Other trust expenses		(87)	(92)
<b>Net cash flows from operating activities</b>	9	<b>671</b>	<b>595</b>
<b>Cash flows from investing activities</b>			
Loan repayments		23,204	32,971
Loan redraws		(6,273)	(7,767)
<b>Net cash flows from investing activities</b>		<b>16,931</b>	<b>25,204</b>
<b>Cash flows from financing activities</b>			
Principal payments to noteholders		(17,976)	(25,811)
Distribution to unitholders	8	(601)	(678)
Payment to related parties		(111)	(3)
Payments for liquidity deposit		(234)	(336)
<b>Net cash flows used in financing activities</b>		<b>(18,922)</b>	<b>(26,828)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,320)</b>	<b>(1,029)</b>
<b>Cash and cash equivalents held at the beginning of the financial year</b>		<b>4,933</b>	<b>5,962</b>
<b>Cash and cash equivalents held at the end of the financial year</b>	3	<b>3,613</b>	<b>4,933</b>

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



# Notes to the Financial Statements

This section describes the Trust's significant accounting policies that relate to the financial statements and notes of the accounts. This section also details new accounting standards, amendments and interpretations, and whether they are effective in 2023 or later years. We explain how these changes are expected to impact the financial position and performance of the Trust.

## 1 Trust Information

The Torrens Series 2014-2 Trust ("the Trust") was constituted on 3 December 2014 under the Torrens Series 2014-2 Trust Series Supplement.

The Trust Series Supplement was executed between AB Management Pty Ltd (the "Trust Manager" or "the Manager"), and Perpetual Corporate Trust Limited as trustee of the Torrens Series 2014-2 Trust (the "Trustee"), and Bendigo and Adelaide Bank Limited ("BEN" or "the Bank" or "the Parent").

The Trust is an Australian registered Trust. The registered office of the Trust Manager, AB Management Pty Ltd, is The Bendigo Centre, 22-44 Bath Land, Bendigo, Victoria, 3550.

The financial report of the Trust for the period ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors of the Trust Manager on 17 October 2023.

The ultimate parent entity of the Manager and the Trust is Bendigo and Adelaide Bank Limited.

## 2 Summary of significant accounting policies

### (a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the Series Supplement dated 3 December 2014, and Australian Accounting Standards - Simplified Disclosures.

The Trust has reassessed its reporting obligations under the revised AASB 1053 Application of Tiers to Australian Accounting Standards and concluded the Trust is a for-profit private sector entity that does not have public accountability and therefore is able to prepare general purpose financial statements under the Tier 2 framework – Simplified Disclosures.

The report is prepared in Australian Dollars, which is the functional currency of the Trust, with all values rounded to the nearest thousand dollars (\$'000s) (where rounding is applicable).

Comparative figures represent the prior year results and where necessary, presents reclassified comparatives for consistency with current year disclosures.

### Basis of measurement

The financial report has been prepared on a historical cost basis, except for certain assets and liabilities as described in the accounting policies below, if applicable.

### Going concern

The Trust Manager is responsible for assessing the ability of the Trust to continue as a going concern and disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

### Balance sheet presentation

Assets and liabilities have been presented in order of liquidity on the face of the balance sheet.

## 2 Summary of significant accounting policies (continued)

### (b) Changes in accounting policies

Where there have been changes in accounting policy, comparatives have been updated accordingly.

The impact of any new accounting standards on the Trust is not material.

### Recently issued or amended standards not yet effective

Amendments to existing standards that are not mandatorily effective for the reporting period ending 30 June 2023 and have not been early adopted, are not likely to result in a material impact on the Trust's financial statements.

### (c) Significant accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Trust's accounting policies and the reported amounts of assets, liabilities, revenues, expenses and the accompanying disclosures, as well as the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis.

### (d) Cash and cash equivalents

Cash comprises of cash at bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings as liabilities in the Statement of Financial Position.

### (e) Financial assets at amortised cost

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.

## 2 Summary of significant accounting policies (continued)

### (f) Loans and receivables

Loans and receivables are financial assets that have fixed and determinable payments that are not quoted in an active market. Loans and other receivables are initially recognised at fair value plus direct and incremental transaction costs on settlement date, and are subsequently measured at amortised cost using the effective interest method less any allowances for credit losses.

#### Derecognition

Under Australian Accounting Standards, the underlying loans originated by the Bank and held by the Trust do not meet the derecognition criteria as specified by AASB 9 *Financial Instruments*. This is due to the transaction structure resulting in the Bank retaining substantially all the risk and rewards associated with the underlying mortgage loans.

As a result, the underlying loans remain on the Bank's Balance Sheet and the Trust has recognised a receivable from the Bank, representing the contractual cash flows owing under the arrangement.

#### Effective interest method

Interest on loans is recognised using the effective interest method. The estimated future cash flows used in the calculation of the effective interest rate include those determined by the contractual term of the asset, and includes all fees, transaction costs and all other premiums or discounts.

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

#### Impairment of financial assets

AASB 9 *Financial Instruments* requires the Trust to recognise a provision for expected credit losses for all debt instruments. Management has considered whether a provision for expected credit losses is required and concluded that no provision is required to be recognised on the basis of it not being material to the individual Trust's financial statements.

### (g) Trade and other receivables

Trade and other receivables, which are generally received within 30 days, are recognised and carried at original invoice amount. Bad debts are written off when identified.

Any impairment losses are recorded in line with the AASB 9 expected credit loss model.

### (h) Borrowings

Financial liabilities, including borrowings, are initially measured at fair value, less directly attributable transaction costs. Financial liabilities, including borrowings, are subsequently measured at amortised cost, with interest expense recognised using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial liability or a shorter period, where appropriate, to the net carrying amount of the financial liability.

### (i) Trade and other payables

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

### (j) Derivative financial instruments

The Trust holds derivative financial instruments that comprise of interest rate swaps to manage exposure to interest rate risk. As detailed in note 2(f) the underlying mortgage loans held by the Trust are not permitted to be derecognised from the Bank's Balance Sheet as the Bank retains exposure to substantially all the risks and rewards of the underlying loans, in part, because the Bank provides interest rate swaps to the Trust.

Therefore, in accordance with AASB 9 *Financial Instruments*, the Bank and the Trust cannot separately recognise the fair value of the interest rate swaps in their respective Balance Sheets. Interest rate swaps and associated payments/receipts are treated as part of imputed loans and interest.

## 2 Summary of significant accounting policies (continued)

### (k) Revenue recognition

Fee revenue is recognised at an amount that reflects the consideration to which the Trust expects to be entitled, once the fee can be reliably measured and any underlying performance obligations are satisfied.

### (l) Interest income

Interest income or expense on financial instruments that are recognised at amortised cost or fair value through other comprehensive income are measured using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial instrument.

Calculation of the effective interest rate takes into account fees receivable (i.e. origination and application fees) or payable that are an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are an integral part of the instrument's yield, premiums or considered when estimating future cash flows.

### (m) Distributions/Contributions

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

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

### (n) Income tax

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

### (o) Goods & Services Tax (GST)

Expenses incurred by the Trust are recognised net of the amount of GST that can be recovered from the Australian Taxation Office (ATO). Amounts recognised as receivables and payables at balance date include the amount of GST payable.

Reduced input tax credits (RITC) recoverable by the Trust from the ATO are recognised as receivables in the Statement of Financial Position.

### (p) Units on issue

#### Residual capital units

Each unit issued confers upon the unitholder an equal interest in the Trust, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Trust.

Unitholders have various rights under the Trust documentation, including the right to:

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

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

### 3 Cash and cash equivalents

	June 2023 \$000's	June 2022 \$000's
Bank deposit	3,613	4,933
<b>Total cash and cash equivalents</b>	<b>3,613</b>	<b>4,933</b>

### 4 Trade and other receivables

	June 2023 \$000's	June 2022 \$000's
<b>Due from related entities</b>		
Mortgage collections and other receivables - Bendigo and Adelaide Bank Ltd	153	42
Swap receivable - Bendigo and Adelaide Bank Ltd	36	-
<b>Due from other entities</b>		
Goods and services tax receivable	-	2
<b>Total trade and other receivables</b>	<b>189</b>	<b>44</b>

Mortgage collections receivable represent principal and interest payments from mortgages that have been received by BEN but not yet paid to the Trust. These payments are transferred to the Trust on a monthly basis, the day before the distribution date.

Other receivables are accrual balances attributable to the loan portfolio or investments held by the Trust.

Swap receivable represents the payment due as at 30 June 2023 to the Trust, under the fixed and basis swap agreements with the Bank.

### 5 Loans and receivables

	June 2023 \$000's	June 2022 \$000's
<b>Due from related entities</b>		
Loans - Bendigo and Adelaide Bank Ltd	71,303	88,234
Accrued interest on loans - Bendigo and Adelaide Bank Ltd	288	220
<b>Total loans and receivables</b>	<b>71,591</b>	<b>88,454</b>

As outlined in the 'Summary of significant accounting policies', Bendigo and Adelaide Bank Ltd continues to recognise the underlying loans in the Trust, and the Trust recognises the loan asset as a loan receivable from the Bank.

The underlying loans are of various terms to maturity ranging up to 30 years from origination and at various fixed and variable interest rates. Management has considered whether a provision for expected credit losses is required and concluded that no provision is required to be recognised on the basis of it not being material to the individual Trust's financial statements.

## 6 Trade and other payables

	June 2023	June 2022
	\$000's	\$000's
<b>Due to related entities</b>		
Distribution payable - Bendigo and Adelaide Bank Ltd	1,931	1,840
Servicer fee payable - Bendigo and Adelaide Bank Ltd	15	19
Management fee payable - AB Management Pty Ltd	2	2
Liquidity facility payable	940	1,174
Swap payable - Bendigo and Adelaide Bank Ltd	-	13
<b>Due to other entities</b>		
Trustee fee payable	2	2
Other creditors and accruals	-	2
<b>Total trade and other payables</b>	<b>2,890</b>	<b>3,052</b>

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

## 7 Borrowings

	June 2023	June 2022
	\$000's	\$000's
<b>Due to other entities</b>		
Class A Notes	59,960	75,265
Class AB Notes	8,417	10,566
Class B Notes	2,032	2,550
Class C Notes	725	729
Class D Notes	1,185	1,185
Interest payable to noteholders	184	84
<b>Total borrowings</b>	<b>72,503</b>	<b>90,379</b>

Five classes of Notes on issue:- A, AB, B, C and D.

These Notes are floating rate notes with interest payable to Noteholders based on BBSW (Bank Bill Swap Rate) plus a margin.

On the final maturity date, unless previously redeemed in full, the Trustee must redeem each note at their then stated amount, together with all accrued but unpaid interest.

The final maturity date in relation to this Trust is the distribution date occurring in January 2045. Alternatively, the Trust may be cleaned-up and noteholders fully repaid when the aggregate principal outstanding of the housing loans, expressed as a percentage of the aggregate principal outstanding of the housing loans as at the closing date, is 10% or less.

## 8 Distribution to Unitholders

	June 2023	June 2022
	\$000's	\$000's
Accrued distribution at the beginning of the year	1,840	1,929
Add operating profit for the year	692	589
Less distribution for the year	(601)	(678)
<b>Accrued distribution to Unitholders</b>	<b>1,931</b>	<b>1,840</b>

## 9 Cash flow statement reconciliation

	June 2023 \$000's	June 2023 \$000's
Operating profit before distribution to unitholders	692	589
<b>Adjustments for accrued operating movements</b>		
(Increase)/Decrease in interest on loans and receivables	(66)	66
Increase in swap receivable	(49)	-
Decrease in swap payable	-	(70)
Increase in interest expense payable to note holders	99	30
Increase in other payables	(1)	(20)
<b>Net cash flow from operating activities</b>	<b>675</b>	<b>595</b>

## 10 Financial Instruments

### a) Measurement basis of financial assets and liabilities

The accounting policies in Note 2 describe how different classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

The following table analyses the carrying amount of the financial assets and liabilities by category and by Statement of Financial Position heading.

	Amortised cost		Total \$000's
	Loans and receivables \$000's	Other financial instruments \$000's	
<b>June 2023</b>			
<b>Financial assets</b>			
Cash and cash equivalents	-	3,613	<b>3,613</b>
Trade and other receivables	189	-	<b>189</b>
Loans and other receivables	71,591	-	<b>71,591</b>
<b>Financial liabilities</b>			
Trade and other payables	-	2,890	<b>2,890</b>
Borrowings	-	72,503	<b>72,503</b>
<b>June 2022</b>			
<b>Financial assets</b>			
Cash and cash equivalents	-	4,933	<b>4,933</b>
Trade and other receivables	44	-	<b>44</b>
Loans and other receivables	88,454	-	<b>88,454</b>
<b>Financial liabilities</b>			
Trade and other payables	-	3,052	<b>3,052</b>
Borrowings	-	90,379	<b>90,379</b>



## 10 Financial Instruments

### b) Fair value measurement

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

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

#### Valuation control framework

The Trust has an established control framework with respect to the measurement of the fair values including independent price verification.

Specific controls include:

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

#### Valuation methodology

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

##### (i) Financial assets at amortised cost

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

##### (ii) Trade and other receivables

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

##### (iii) Loans and receivables

For variable rate loans, excluding impaired loans, the carrying amount is a reasonable estimate of fair value.

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

##### (iv) Trade and other payables

The carrying value for payables approximates fair value.

The fair values presented in the table are at a specific date and may be significantly different from the amounts which will actually be paid or received on the maturity or settlement date.

##### (v) Borrowings

The fair value for fixed rate borrowings is calculated using a discounted cash flow model applying market rates and margins for similar instruments.

## 11 Related Party Disclosures

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

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

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

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

	Amounts paid by related parties	Amounts paid to related parties	Amounts owed by related parties	Amounts owed to related parties
	\$000's	\$000's	\$000's	\$000's
<b>June 2023</b>				
Bendigo and Adelaide Bank Ltd	3,794	791	71,779	1,946
AB Management Pty Ltd	-	22	-	2
<b>June 2022</b>				
Bendigo and Adelaide Bank Ltd	3,022	1,978	88,497	1,872
AB Management Pty Ltd	-	29	-	2

Amounts owed by Bendigo and Adelaide Bank Ltd (the parent) include the loan receivable that arises due to the parent being unable to derecognise the securitised loans under AASB 9. This is further explained in the 'Summary of significant accounting policies'.

Amounts owed to Bendigo and Adelaide Bank Ltd (the parent) includes the balance of notes issued by the Trust and subscribed to by the parent.

## 12 Auditor's Remuneration

The auditor of the Torrens Series 2014-2 Trust is Ernst & Young (Australia)

	June 2023	June 2022
	\$	\$
<b>June 2023</b>		
Total fees paid or due and payable to Ernst & Young (Australia) for auditing the statutory financial report of the Trust	6,580	7,800

## 13 Events after balance sheet date

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

## 14 Commitments and contingencies

The Trust has no material commitments or contingencies as at 30 June 2023, other than those already disclosed in this report.


# Trust Manager's Declaration

In the opinion of AB Management Pty Ltd, Trust Manager of the Torrens Series 2014-2 Trust:

(a) the financial statements and notes of the Trust:

- (i) Have been prepared in accordance with the Trust Series Supplement and Australian Accounting Standards (including Interpretations issued by the Australian Accounting Standards Board);
- (ii) Comply with the requirements of International Financial Reporting Standards as disclosed in Note 2;
- (iii) Present fairly the Trust's financial position as at 30 June 2023 and of its performance for the period ended that date; and

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



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L Davidson

for and on behalf of AB Management Pty Ltd  
as Manager of the Torrens Series 2014-2 Trust

17 October 2023



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## Independent auditor's report to the Unitholders of Torrens Series 2014-2 Trust

### Opinion

We have audited the financial report of Torrens Series 2014-2 (the "Trust"), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in net assets attributable to unitholders and cash flow statement 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 presents fairly, in all material respects, the financial position of the Trust as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

### 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 Company in accordance with 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 Trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Trust'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 Company 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 Trust'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 Company'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 Company 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.



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working world**

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.

A handwritten signature in blue ink that reads "Ernst &amp; Young".

Ernst & Young

A handwritten signature in blue ink that reads "Clare Sporle".

Clare Sporle  
Partner  
Sydney  
17 October 2023