

BT FUNDS MANAGEMENT LIMITED

ABN 63 002 916 458

Annual Report

For the year ended 30 September 2024

BT FUNDS MANAGEMENT LIMITED

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This financial report, presented in Australian dollars, covers BT Funds Management Limited (the Company) as an individual entity.

BT Funds Management Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report was authorised for issue by the Directors of the Company on 17 December 2024. The Directors have the power to amend and reissue the financial report. The Company's registered office is

Level 18, Westpac Place
275 Kent Street
Sydney NSW 2000

BT FUNDS MANAGEMENT LIMITED

Directors' report

30 September 2024

The Directors of BT Funds Management Limited (the Company) present their report together with the financial statements of the Company for the financial year ended 30 September 2024.

Directors

The following persons were Directors of the Company during the period since 1 October 2023 and up to the date of this report unless otherwise stated:

Anne Anderson
Robin Burns
Douglas Carmichael
Michael Cottier
Gai McGrath (resigned 2 February 2024)
Fiona Rowland (appointed 14 November 2024)

Principal activities

During the year, the Company acted as a registrable superannuation entity licensee (RSEL) and Trustee. On 1 April 2023, the Company completed the successor fund transfer (SFT) of the members and assets of the Personal and Corporate superannuation products in the Retirement Wrap fund to the Mercer Super Trust. This transaction had a significant financial impact on the Company as the revenue and associated expenses of administering the Personal and Corporate superannuation products largely ceased. The remaining principal activities of the Company relate to its retained platforms superannuation business. It will continue to act as an RSEL and Trustee for those remaining activities.

There have been no other significant changes in the nature of the principal activities of the Company during the year.

Operating and financial review

The net profit attributable to owners of the Company for the year ended 30 September 2024 was \$8,076,000 (2023: \$24,708,000). The decrease in net profit is primarily driven by the following:

- Reduction in profit arising from the SFT of the members and assets of the Personal and Corporate superannuation products on 1 April 2023;
- Lower interest income as a result of lower cash at bank subsequent to the share buy-back in September 2023; and
- Litigation and remediation costs incurred in the year ended 30 September 2024.

Dividends

No dividend was paid or declared during the year (2023: \$nil).

Significant changes in state of affairs and events during and since the end of the 2024 financial year

The following matters have had or may have a significant impact on the state of affairs of the Company:

- On 5 October 2023 a class action was commenced in the Federal Court of Australia against the Company, Westpac Securities Administration Limited and TAL Life Insurance Services Limited ("TLIS", formerly Westpac Life Insurance Services Limited), a former Group subsidiary. On 27 August 2024, the Company entered into an agreement to discontinue the proceeding subject to approval by the Court. A provision has been raised based on management's best estimate of the amount payable to the Applicants. On 20 November 2024, the court made orders approving the discontinuance of the class action. The applicants have filed a notice of discontinuance which formally discontinues the class action. If no appeal is filed by 8 January 2025, payment to the applicant on the agreed amount will be paid on or around 17 January 2025.
- In December 2023, the company received \$3,100,000 in share capital from its sole shareholder WFSG and issued 3,100,000 ordinary shares with a face value of \$1. The injection was made to support the Company's capital levels.
- In June 2024, the Company received \$15,000,000 in loan capital from its sole shareholder Westpac Financial Services Group Pty Limited (WFSG) and issued 15,000,000 ordinary shares with a face value of \$1. The injection was made subsequent to the increase of its Operational Risk Financial Requirement as a consequence of an increase in funds under administration.

BT FUNDS MANAGEMENT LIMITED

Directors' report

30 September 2024

Significant changes in state of affairs and events during and since the end of the 2024 financial year (continued)

- Superannuation Industry (Supervision) (SIS) Act 1993 Reg 6.34A, introduced 1 July 2013, imposes timeframes for processing rollover out requests to transfer members withdrawal benefits to another superannuation fund. It stipulates payments should be made as soon as practicable and provided timeframe limits for superannuation funds to complete rollovers. Breaches were identified by the Company where superannuation rollovers were not processed in line with SIS regulated timelines. In September 2024, a provision of \$1,840,928 was raised in relation to the member remediation payments for the incident where superannuation rollovers were not processed in line with SIS regulations. The Company being the RSE licensee who issues the product, has the obligation to ensure members are remediated. The Company and the Administrators have agreed to share the cost of the remediation payments and the receivable from the Administrators based on the provision raised is \$652,493.

There were no other significant changes in the state of affairs of the Company during the year.

Except as noted above, the Directors are not aware of any other matter or circumstance that has occurred since the end of the financial year that has significantly affected or may significantly affect the operations of the Company, the results of these operations or the state of affairs of the Company in subsequent financial years.

Business strategies, developments and expected results

Other than the matters included elsewhere in this Directors' report, further information on business strategies, developments and prospects for the future financial years and likely developments in our operations and the expected results of operations have not been included in this report because the Directors believe it would likely result in unreasonable prejudice to the Company.

Shares or interests

As at 30 September 2024, no Director has any interest in the shares or options of the Company.

Indemnities and insurance

Under the Westpac Constitution (Constitution), the ultimate parent entity, Westpac Banking Corporation (Westpac), unless prohibited by statute, indemnifies each of the Directors and Company Secretaries of Westpac and of each of its related bodies corporate (except related bodies corporate listed on a recognised stock exchange), each employee of Westpac or its subsidiaries (except subsidiaries listed on a recognised stock exchange), and each person acting as a responsible manager under an Australian Financial Services Licence of any of Westpac's wholly-owned subsidiaries against every liability (other than a liability for legal costs) incurred by each such person in their capacity as Director, Company Secretary, employee or responsible manager, as the case may be, as well as all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity.

Each of the Directors named in this Directors' report and each of the Company Secretaries has the benefit of this indemnity.

Westpac also executed a deed poll in September 2009 providing indemnification equivalent to that provided under the Constitution to individuals acting as Directors and other statutory officers of wholly-owned subsidiaries of Westpac (including the Company).

Under the September 2009 deed poll, Westpac also agrees to provide Directors' and Officers' insurance to Directors of Westpac and Directors of Westpac's wholly-owned subsidiaries.

For the year ended 30 September 2024, Westpac and the entities it controls (the Group) have insurance cover which, in certain circumstances, will provide reimbursement for amounts which the Group or the Company has to pay under the indemnities set out above. That cover is subject to the terms and conditions of the relevant insurance, including but not limited to the limit of the indemnity provided by the insurance. The insurance policies prohibit disclosure of the premium payable and the nature of the liabilities covered.

Proceedings on behalf of the Company

No application has been made and no proceedings have been brought or intervened in on behalf of the Company under section 237 of the *Corporations Act 2001*.

Environmental disclosure

The operations of the Company are not subject to any significant environmental regulation under any law of the Commonwealth of Australia or of any state or territory of Australia. The Company has not incurred any liability (including for rectification costs) under any environmental legislation.

BT FUNDS MANAGEMENT LIMITED

Directors' report

30 September 2024

Rounding of amounts

The Company is an entity to which *Australian Securities & Investments Commission Corporations Instrument 2016/191* dated 24 March 2016, relating to the rounding of amounts in the Directors' report and financial reports, applies.

Pursuant to this Instrument, amounts in this Directors' report and the accompanying financial report have been rounded to the nearest thousand dollars, unless indicated to the contrary.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4 and forms part of this report.

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



Director

Sydney
17 December 2024



Auditor's Independence Declaration

As lead auditor for the audit of BT Funds Management Limited for the year ended 30 September 2024, I declare that 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.

A handwritten signature in blue ink, appearing to read "Alexandra Richardson", written over a light blue horizontal line.

Alexandra Richardson
Partner
PricewaterhouseCoopers

Sydney
17 December 2024

BT FUNDS MANAGEMENT LIMITED**Statement of profit or loss and other comprehensive income****For the years ended 30 September**

	Note	2024 \$'000	2023 \$'000
Management fees		160,011	232,767
Expense recoveries		12,684	24,111
Insurance administration fees		-	8,284
Distributions from financial assets measured at fair value through profit or loss		7,638	7,380
Interest income		2,353	4,978
Total revenue		182,686	277,520
Administrator expense		(149,543)	(148,512)
Service fee expense		(1,986)	(44,896)
Investment management expense		(557)	(25,616)
Annual capital fee		(16,912)	(21,134)
Remediation and litigation expense		(2,148)	-
Other expenses		(3)	(2,065)
Total expenses		(171,149)	(242,223)
Profit before income tax		11,537	35,297
Income tax expense	4	(3,461)	(10,589)
Net profit for the year		8,076	24,708
Other comprehensive income		-	-
Total comprehensive income for the year attributable to owners of BT Funds Management Limited		8,076	24,708

The above statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

BT FUNDS MANAGEMENT LIMITED**Balance sheet****As at 30 September**

	Note	2024 \$'000	2023 \$'000
Assets			
Current assets			
Cash and cash equivalents		50,253	37,298
Trade and other receivables	5	10,582	19,925
Financial assets measured at fair value through profit or loss	6	182,000	167,000
Total current assets		242,835	224,223
Non-current assets			
Deferred tax assets	7	1,428	3,810
Total non-current assets		1,428	3,810
Total assets		244,263	228,033
Liabilities			
Current liabilities			
Trade and other payables	8	3,741	5,748
Provisions	9	4,759	12,698
Total current liabilities		8,500	18,446
Non-current liabilities			
Loan capital	10	182,000	167,000
Total non-current liabilities		182,000	167,000
Total liabilities		190,500	185,446
Net assets		53,763	42,587
Shareholders' equity			
Share capital	10	42,955	39,855
Retained profits		10,808	2,732
Total shareholders' equity		53,763	42,587

The above balance sheet should be read in conjunction with the notes to the financial statements.

BT FUNDS MANAGEMENT LIMITED
Statement of changes in equity
For the years ended 30 September

		Share capital \$'000	(Accumulated losses)/ retained profits \$'000	Total \$'000
Note				
	Balance at 1 October 2022	145,355	(21,976)	123,379
	Net profit for the year	-	24,708	24,708
	Net other comprehensive income for the year	-	-	-
	Total comprehensive income for the year	-	24,708	24,708
	Transactions in capacity as equity holders			
	Buy-back of ordinary shares	(105,500)	-	(105,500)
10	Balance at 30 September 2023	39,855	2,732	42,587
	Net profit for the year	-	8,076	8,076
	Net other comprehensive income for the year	-	-	-
	Total comprehensive income for the year	-	8,076	8,076
	Transactions in capacity as equity holders			
	Issuance of ordinary shares	3,100	-	3,100
10	Balance at 30 September 2024	42,955	10,808	53,763

The above statement of changes in equity should be read in conjunction with the notes to the financial statements.

BT FUNDS MANAGEMENT LIMITED

Cash flow statement

For the years ended 30 September

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Fees and other income received		29,189	134,863
Receipts from/(payments to) related party administrators in relation to remediation		(6,761)	1,078
Interest received		2,353	4,978
Expenses paid		(4,588)	(116,845)
Receipts from/(payments to) head entity under tax funding agreement		(993)	(7,621)
Net cash provided by/(used in) operating activities	14(a)	19,200	16,453
Cash flows from investing activities			
(Purchase)/redemption of units in Pandal Short Term Income Fund		(15,000)	88,000
Distributions from Pandal Short Term Income Fund		7,567	7,286
Net cash provided by/(used in) investing activities		(7,433)	95,286
Cash flows from financing activities			
Payment for share buy-back	10	-	(105,500)
Proceeds from/(repayment of) loan capital	10	15,000	(88,000)
Proceeds from shares issuance	10	3,100	-
Payment of annual capital fee on loan capital		(16,912)	(21,134)
Net cash provided by/(used in) financing activities		1,188	(214,634)
Net increase/(decrease) in cash and cash equivalents		12,955	(102,895)
Cash and cash equivalents as at the beginning of the year		37,298	140,193
Cash and cash equivalents as at the end of the year		50,253	37,298

The above cash flow statement should be read in conjunction with the notes to the financial statements.

BT FUNDS MANAGEMENT LIMITED

Notes to the financial statements

30 September 2024

1 Financial statements preparation

(a) Basis of accounting

(i) General

BT Funds Management Limited (the Company) is a for-profit entity for the purpose of preparing the financial report.

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (AAS) and Interpretations as issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The material accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

This financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) Historical cost convention

The financial report has been prepared under the historical cost convention except for certain assets and liabilities as described in the accounting policies below.

(iii) Comparative revisions

Comparative information has been revised where appropriate to conform to changes in presentation in the current year and to enhance comparability.

(iv) Standards adopted during the year ended 30 September 2024

There were no standards or interpretations adopted during the year that had a material impact on the Company.

(v) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(b) Revenue recognition

(i) Management and administration fees

The Company acted as a registrable superannuation entity licensee (RSEL) and Trustee during the year. The fees are generated through agreements and are generally based on a percentage of funds under administration (FUA) and a fixed monthly fee. Fees are earned on a daily basis and generally collected monthly.

In the year ended 30 September 2023 the Company also provided investment management and administration services to superannuation funds and managed investment schemes.

(ii) Insurance administration fees

The Company provided insurance administration services to Personal and Corporate superannuation members. Revenue was generated through an administration agreement and was generally based on the premiums paid by members. The provision of insurance administration services is typically a single performance obligation and the fees are earned on a daily basis and generally collected monthly. As all Personal and Corporate superannuation members transferred to the Mercer Super Trust on 1 April 2023, from that date the Company does not receive this fee income.

(iii) Expense recoveries

For certain products, the Company is allowed under the fund constitutions, trust deeds and product disclosure statements to recover certain costs it incurs to provide services to customers. The provision of these services is typically a single performance obligation and the fees are earned as the Company incurs the expense and are generally collected monthly, quarterly or annually.

(iv) Interest income

Interest income for all interest-earning financial assets is recognised on an accrual basis using the effective interest method.

(v) Distribution income

Distribution income from the Company's investments in managed investment scheme is recognised as income when the right to receive payment is established.

BT FUNDS MANAGEMENT LIMITED

Notes to the financial statements

30 September 2024

1 Financial statements preparation (continued)

(c) Expense recognition

(i) *Investment management expense*

The Company outsourced investment management services to related parties and third party fund managers. A number of arrangements ceased in the 2023 financial year. During the 2024 financial year, investment management services were provided to the Company in respect of an unregistered scheme. Investment management expense is accrued and paid monthly.

(ii) *Service fee expense*

The Company receives services from related parties on a day-to-day basis. Included in these are staff and other administrative services. The costs are accrued monthly and generally paid quarterly.

(iii) *Administrator expense*

The Company receives superannuation administration services from related parties. The costs associated with this service are accrued monthly and generally paid quarterly.

(iv) *Annual capital fee*

The annual capital fee is the fee paid on the loan capital provided by the shareholder. The fee is calculated using the effective interest method and generally paid quarterly.

(v) *Impairment charges*

Impairment charges are recognised in the statement of profit or loss and other comprehensive income as a reduction of the carrying value of the financial asset through an offsetting provision account.

(d) Income tax

The Company is part of a tax consolidated group, of which Westpac Banking Corporation (Westpac) is the head entity. As a consequence of tax consolidation accounting, the Company does not recognise any current tax payable balances in its own financial statements, unless the head entity is in default of its obligations, or a default is probable under the tax consolidation legislation, or the tax amounts relate to taxable income incurred prior to the implementation of the tax consolidation regime. The Company has entered into tax funding and tax sharing arrangements with Westpac. Amounts payable or receivable under the tax funding agreement with the head entity are recognised in accordance with the terms and conditions of the agreement as tax-related amounts receivable or payable. Expenses and revenues arising under this agreement are recognised as income tax (expense)/revenue.

Under the terms of the tax funding agreement, the Company reimburses Westpac for any current tax payable by Westpac in respect of the Company's activities. The Company will also be reimbursed by Westpac for any reduction in the current tax payable by Westpac in respect of the Company's activities. The reimbursements are payable at the same time as the associated income tax liability falls due and have therefore been recognised as an amount due to ultimate parent entity - current tax in the financial statements by the Company. In the opinion of management, the tax sharing agreement is a valid agreement under the tax consolidation legislation and limits the joint and several liability of the Company in the case of a default by Westpac.

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss and other comprehensive income.

Current tax is the tax payable for the year using enacted or substantively enacted tax rates and laws for each jurisdiction. Current tax also includes adjustments to tax payable for previous years.

Deferred tax accounts for temporary differences between the carrying amounts of assets and liabilities in the financial statements and their values for taxation purposes. Deferred tax is determined using the enacted or substantively enacted tax rates and laws for each jurisdiction which are expected to apply when the assets will be realised or the liabilities settled. Deferred tax assets and liabilities have been offset where they relate to the same taxation authority, and where there is a legal right and intention to settle on a net basis. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available to utilise the assets.

Deferred tax is not recognised for temporary differences, when the initial recognition of assets or liabilities in a transaction, that is not a business combination, affects neither the accounting nor taxable profit or loss.

BT FUNDS MANAGEMENT LIMITED

Notes to the financial statements

30 September 2024

1 Financial statements preparation (continued)

(e) Assets

(i) Financial assets

Recognition

Financial assets, other than regular way transactions, are recognised when the Company becomes a party to the terms of the contract, which is generally on settlement date (the date payment is made or cash advanced). Purchases and sales of financial assets in regular way transactions are recognised on trade date (the date on which the Company commits to purchase or sell an asset).

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the asset have expired, or when the Company has either transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full under a 'pass through' arrangement and transferred substantially all the risks and rewards of ownership.

Classification and measurement

The Company has grouped its financial assets into the following classes: cash and cash equivalents, trade and other receivables and financial assets measured at fair value through profit or loss.

Except for financial assets measured at fair value through profit or loss, all financial assets are recognised initially at fair value plus directly attributable transaction costs.

(a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the current and previous financial years, cash and cash equivalents of the Company consist of cash at bank.

(b) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 - 90 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(c) Provision for expected credit losses (ECL)

The provision for ECL is recognised for trade and other receivables at amortised cost and other financial assets as a reduction of the carrying value of the financial asset through an offsetting provision account.

The Company assesses the expected losses associated with its trade and other receivables on a forward-looking basis. The Company applies a simplified approach to measuring ECL, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the ECL, trade and other receivables that share similar credit risk characteristics and days past due are grouped and then assessed for collectability as a whole.

The expected loss rates are based on historical credit loss experience, adjusted where applicable to reflect current and forward-looking macroeconomic factors expected to affect the ability of debtors to settle their obligations to the Company.

For the current and previous financial years, the Company does not hold any Provision for ECL.

(d) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are composed of financial assets that are not held for trading purposes but may be sold when the need arises. These are investments in unlisted unit trusts which are managed and their performance evaluated on a fair value basis in accordance with the Company's investment strategy.

Financial assets measured at fair value through profit or loss are subsequently carried at fair value. Gains and losses arising from changes in the fair value of financial assets measured at fair value through profit or loss, including interest and dividend income, are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

BT FUNDS MANAGEMENT LIMITED

Notes to the financial statements

30 September 2024

1 Financial statements preparation (continued)

(f) Liabilities

(i) Financial liabilities

Recognition

Financial liabilities, other than regular way transactions, are recognised when the Company becomes a party to the terms of the contract, which is generally on settlement date (the date payment is made or cash advanced).

Derecognition

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Classification and measurement

The Company has grouped its financial liabilities into the following classes: trade and other payables and loan capital.

Financial liabilities are measured at amortised cost if they are not held for trading or designated at fair value through profit or loss, otherwise they are measured at fair value through the statement of profit or loss and other comprehensive income.

All financial liabilities are recognised initially at fair value minus directly attributable transaction costs.

(a) Trade and other payables

Trade and other payables (including amounts due to related entities) represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within normal credit terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(b) Loan capital

The Company has entered into a Trustee Capital Funding Agreement with its immediate parent entity, Westpac Financial Services Group Pty Limited (WFSG). The terms of the agreement allow the Company to drawdown the loan to help it meet its operational financial risk requirement in exchange for the issuance of shares. Due to the terms of the agreement, the arrangement meets the definition of a liability and has accordingly been disclosed in the balance sheet as loan capital. Loan capital is initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(ii) Non - financial liabilities

(a) Provisions

Provisions are recognised for present obligations arising from past events where a payment (or other economic transfer) is likely to be necessary to settle the obligation and can be reliably estimated.

(g) Shareholders' equity

Shareholders' equity consists of share capital and reserves. Ordinary shares are recognised at the amount paid up per ordinary share net of directly attributable issue costs. Reserves consist of retained earnings.

(h) Goods and Services Tax (GST)

The Company is part of a GST consolidated group, of which Westpac is the head entity. Net GST payable or recoverable is presented on the balance sheet as a payable to or receivable from Westpac.

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not deemed recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are recognised inclusive of GST.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are ultimately recoverable from or payable to the ATO are presented as operating cash flows.

Commitments are disclosed net of the amount of GST ultimately recoverable from, or payable to, the ATO.

BT FUNDS MANAGEMENT LIMITED

Notes to the financial statements

30 September 2024

1 Financial statements preparation (continued)

(i) Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or where an obligation from a past event exists but is not recognised because the transfer of economic resources is not probable or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless the outflow of economic resources is remote.

(j) Offsetting

(i) Offsetting of income and expenses

Income and expenses are not offset unless required or permitted by an accounting standard. This generally arises in the following circumstances:

- Where gains and losses arise from a group of similar transactions, such as rebates on management fees and administration fee revenue;
- Where amounts are collected on behalf of third parties, where the Company is, in substance, acting as an agent only;
- Where costs are incurred on behalf of customers from whom the Company is reimbursed; or
- Where the Company is reimbursed from an insurer or related party for any remediation or settlements.

(ii) Offsetting of assets and liabilities

Financial assets and liabilities are presented net in the balance sheet when the Company has a legally enforceable right to offset them and there is an intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

(k) Critical accounting assumptions and estimates

Applying the Company's accounting policies requires the use of judgement, assumptions and estimates which impact the financial information.

Accounting estimates and assumptions have been made this year when determining:

- Provisions for remediation and litigation

It has been determined that no other critical accounting estimates and assumptions have been made this year.

(l) Rounding of amounts

All amounts have been rounded in accordance with *Australian Securities & Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, to the nearest thousand dollars, unless otherwise stated.

(m) Future developments in accounting standards

AASB 18 Presentation and Disclosure in Financial Statements (AASB 18) was issued on 7 June 2024 and will be effective for the 30 September 2028 year end unless early adopted. AASB 18 will replace *AASB 101 Presentation of Financial Statements*. This standard will not change the recognition and measurement of items in the financial statements, but will impact the presentation and disclosure in the financial statements, including:

- new categories and subtotals in the income statement to enhance comparability;
- enhancing the disclosure of management defined performance measures; and
- changes to the grouping of information in the financial statements to provide more useful information.

The Company is continuing to assess the impact of adopting AASB 18.

2 Financial risk management

The financial condition and operating results of the Company are affected by a number of key financial and non-financial risks. Financial risks include credit risk, liquidity risk and market risk. The non-financial risks are primarily compliance risk, operational risk, reputational risk and strategic risk.

The Company's risks are monitored by the Board Risk & Compliance Committee (BRCC).

BT FUNDS MANAGEMENT LIMITED

Notes to the financial statements

30 September 2024

2 Financial risk management (continued)

The Company's objective is to satisfactorily manage these risks in line with the Westpac Group's Risk Management Framework and policies as well as the Company's Risk Management Strategy and policies. Various procedures are put in place to control and mitigate the risks faced by the Company depending on the nature of the risk. The overall risks of the Company are monitored by management with regular reporting to the Company's BRCC.

(a) Credit risk

Credit risk is the risk of financial loss as a result of a customer or counterparty failing to meet its obligations to the Company. The Company is subject to the Westpac Credit Risk Management Framework. This framework defines what constitutes credit risk for the Company and provides the basis for managing credit risk.

Policies and procedures established through the Westpac Credit Risk Management Framework are used to mitigate the Company's exposure to credit risk.

Exposures to counterparties are monitored and controlled to ensure:

- Significant deterioration in credit quality is identified;
- Credit risk management information is accurate and complete; and
- Excessive concentrations of credit risk are identified and controlled.

Credit risk limits for investment assets of the Company are defined within the Westpac Group Credit Risk Management Framework and implemented for the Company by the appointed investment portfolio managers. The framework also sets out acceptable credit quality ratings for investments that may be held. Compliance with these limits is monitored.

(i) Maximum credit risk exposure

The Company's maximum credit risk exposure is the carrying amount of the financial assets as set out below:

	2024 \$'000	2023 \$'000
Cash and cash equivalents	50,253	37,298
Trade and other receivables	10,582	19,925
Total credit risk exposure	60,835	57,223

(ii) Credit concentration risk

There was significant credit concentration risk as at 30 September 2024 and 30 September 2023 relating to cash and cash equivalents, which are all placed with the ultimate parent entity, Westpac, and trade and other receivables with related parties.

Credit ratings - Westpac

	Rating agency	Short term	Long term	Outlook
30 September 2024	S&P Global Ratings	A-1+	AA-	Stable
30 September 2023	S&P Global Ratings	A-1+	AA-	Stable

The Company has indirect credit risk exposure through its investment in the Pandal Short Term Income Fund, which invests in short term bank deposits and notes. At any time, between 75% and 95% of the Pandal Short Term Income Fund will be invested in instruments issued by Westpac or hold cash on deposit with Westpac.

(iii) Credit quality of financial assets

None of the financial assets as at 30 September 2024 and 30 September 2023 were impaired or past due.

(b) Liquidity risk

Liquidity risk is the risk of being unable to meet obligations as they fall due.

The Company is subject to the Westpac Group Liquidity Risk Management Framework and related business level policies. This framework defines what constitutes liquidity risk and provides the basis for managing this risk.

The liquidity position is monitored regularly to ensure the Company has sufficient funds to cover all obligations.

BT FUNDS MANAGEMENT LIMITED

Notes to the financial statements

30 September 2024

2 Financial risk management (continued)

(b) Liquidity risk (continued)

(i) Contractual maturity of financial liabilities

The Company's liabilities are short term in nature and normally settle within 30-90 days with the exceptions of the loan capital which does not have a fixed maturity and remediation provisions disclosed in Note 9 which are expected to be settled within the financial year ending 30 September 2024.

(c) Market risk

Market risk is the risk of an adverse impact on earnings resulting from changes in market factors such as foreign exchange rates (currency risk), interest rates (interest rate risk) and price risk.

The Company is subject to the Westpac Group Market Risk Management Framework which provides the basis for managing this risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

Interest rate risk primarily arises from cash and cash equivalents.

Interest rate risk sensitivity analysis

The table below demonstrates the impact on the Company's profit after tax and on equity based on a 100 basis points (bps) (2023: 50 bps) increase or decrease in interest rate with all other variables held constant.

	2024 \$'000	2023 \$'000
Interest rate movement:		
Impact on profit after tax and equity	352	131

The method used in deriving sensitivity information and significant variables did not change from the previous year.

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has no direct exposure to foreign exchange risk.

(iii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Price risk primarily arises from the Company's financial assets measured at fair value through profit or loss.

Price risk sensitivity analysis

The table below demonstrates the impact on the Company's profit after tax and on equity based on a 100 bps (2023: 50 bps) increase or decrease in fair values with all other variables held constant.

	2024 \$'000	2023 \$'000
Change in variable		
Impact on profit after tax and equity	1,274	585

BT FUNDS MANAGEMENT LIMITED

Notes to the financial statements

30 September 2024

2 Financial risk management (continued)

(c) Market risk (continued)

Indirect price risk

Indirect price risk arises from movements in the investment markets that affect business performance. The key source of indirect price risk is the Company's exposure to fee income earned from the management and administration of investments on behalf of other parties where the fee income is directly related to the value of FUA or funds under management (FUM). Accordingly, fluctuations in the financial markets have an effect on operating results. The value of FUA/FUM may outperform or underperform the financial markets. As such, quantifying the impact of correlation between FUA/FUM and the Company's operating results may be misleading.

3 Fair value of financial assets and financial liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Unadjusted quoted prices in liquid, active markets where prices for financial instruments are readily observable (level 1);
- Inputs are observable market prices and the use of valuation techniques for not actively traded financial instruments (level 2); and
- Inputs are derived and extrapolated from other relevant market data and calibrated against market trends and historical transactions, as the financial instruments are not based on observable market data due to illiquidity or complexity (level 3).

Fair value is determined as follows:

- Investments in unlisted unit trusts by reference to the prevailing redemption prices at the reporting date, which inherently includes transaction costs.

The Company has an investment in Pendal Short Term Income Fund which maintains a fixed unit price and is considered level 2 in the fair value hierarchy.

For all other financial assets and liabilities, the carrying value is a reasonable approximation of fair value.

4 Income tax

The income tax expense for the year reconciles to the profit before income tax as follows:

	2024 \$'000	2023 \$'000
Profit before income tax	11,537	35,297
Tax at the Australian company tax rate of 30%	3,461	10,589
Total income tax expense	3,461	10,589
	2024 \$'000	2023 \$'000
Income tax analysis		
Income tax expense comprises:		
Current income tax	1,079	8,910
Movement in deferred tax	2,382	1,679
Total income tax expense	3,461	10,589

BT FUNDS MANAGEMENT LIMITED
Notes to the financial statements
30 September 2024

4 Income tax (continued)

(a) Deferred income tax expense included in income tax expense comprises:

		2024	2023
	Note	\$'000	\$'000
Decrease in deferred tax assets	7	2,382	1,679
Total deferred income tax expense		2,382	1,679

The effective tax rate was 30% in 2024 (2023: 30%).

5 Current assets - Trade and other receivables

	2024	2023
	\$'000	\$'000
Trade receivables arising from contracts with customers	8,415	18,192
Distribution from financial assets measured at fair value through profit or loss	671	600
Other receivables from:		
Ultimate parent entity - current tax	-	51
Ultimate parent entity - other	1,231	-
Related entities	265	1,082
Total current assets - trade and other receivables	10,582	19,925

6 Current assets - Financial assets measured at fair value through profit or loss

	2024	2023
	\$'000	\$'000
Investment in Pandal Short Term Income Fund	182,000	167,000
Total current assets - financial assets measured at fair value through profit or loss	182,000	167,000

7 Non-current assets - Deferred tax assets

The balance comprises temporary differences attributable to:

	2024	2023
	\$'000	\$'000
Amounts recognised in the statement of profit or loss and other comprehensive income		
Provision for remediation and litigation	1,428	3,810
Total deferred tax assets	1,428	3,810

	Remediation and litigation	Total
	\$'000	\$'000
Movements		
Balance at 1 October 2022	5,489	5,489
Recognised in the statement of profit or loss and other comprehensive income	(1,679)	(1,679)
Balance at 30 September 2023	3,810	3,810
Recognised in the statement of profit or loss and other comprehensive income	(2,382)	(2,382)
Balance at 30 September 2024	1,428	1,428

BT FUNDS MANAGEMENT LIMITED
Notes to the financial statements
30 September 2024

8 Current liabilities - Trade and other payables

	2024 \$'000	2023 \$'000
Trade payables	62	870
Other payables:		
Ultimate parent entity - GST	736	1,476
Ultimate parent entity - current tax	35	-
Ultimate parent entity - other	-	1,077
Immediate parent entity	1,558	1,434
Related entities	1,350	891
Total current liabilities - trade and other payables	3,741	5,748

9 Current liabilities - Provisions

	2024 \$'000	2023 \$'000
(a) Provisions for:		
Remediation and litigation	4,759	12,698
Total current liabilities - provisions	4,759	12,698

(b) Movement in provisions

Movement in each class of provision during the financial year are set out below:

	Remediation and litigation \$'000	Total \$'000
Balance at 1 October 2022	17,930	17,930
Additions recognised in the Statement of profit or loss and other comprehensive income	12,650	12,650
Additions reimbursed by a related party	1,118	1,118
Utilisations	(18,684)	(18,684)
Reversals repaid to related party	(40)	(40)
Unused amounts reversed	(276)	(276)
Balance at 30 September 2023	12,698	12,698
Additions recognised in the Statement of profit or loss and other comprehensive income	3,932	3,932
Additions reimbursed by a related party	1,328	1,328
Utilisations	(5,035)	(5,035)
Reversals repaid to related party	(751)	(751)
Utilisation reimbursed from a related party	(7,338)	(7,338)
Unused amounts reversed	(75)	(75)
Balance at 30 September 2024	4,759	4,759

Provisions in respect of remediation and litigation include the following at 30 September 2024:

- *Superannuation Industry (Supervision) (SIS) Act 1993 Reg 6.34A*, introduced 1 July 2013, imposes timeframes for processing rollover out requests to transfer members withdrawal benefits to another superannuation fund. It stipulates payments should be made as soon as practicable and provided timeframe limits for superannuation fund to complete rollovers. Breaches were identified by the Company where superannuation rollovers were not processed in line with SIS regulated timelines. A provision has been raised based on management's best estimate of the amount of the refunds payable to customers. The ultimate amount required to remediate customers may vary from the amount provided for.

BT FUNDS MANAGEMENT LIMITED

Notes to the financial statements

30 September 2024

9 Current liabilities - Provisions (continued)

(b) Movement in provisions (continued)

- On 5 October 2023 a class action was commenced in the Federal Court of Australia against the Company, Westpac Securities Administration Limited (WSAL) and TAL Life Insurance Services Limited ("TLIS", formerly Westpac Life Insurance Services Limited), a former Group subsidiary. On 27 August 2024, the Company entered into an agreement to discontinue the proceeding subject to approval by the Court. A provision has been raised based on management's best estimate of the amount payable to the Applicants. On 20 November 2024, the court made orders approving the discontinuance of the class action. The applicants have filed a notice of discontinuance which formally discontinues the class action. If no appeal is filed by 8 January 2025, payment to the applicant on the agreed amount will be paid on or around 17 January 2025.
- As part of the SFT to Mercer, a cohort of Westpac Group Plan Defined Benefit Pension members who held superannuation or pension accounts in addition to their lifetime defined benefit pension from the Westpac Group Plan were impacted by adverse income tax outcomes that were not disclosed prior to the SFT. The initial consequences for affected members were contrary to the intent of the applicable taxation legislation that was designed to better enable fund mergers to occur in members' best financial interests. The Company engaged with the Australian Taxation Office (ATO) and Department of the Treasury with the aim of addressing the adverse outcomes. Amending taxation regulations have become law which has removed adverse taxation consequences as a consequence of the SFT. A provision has been raised based on management's best estimate of the amount payable to the affected members. Re-reporting to the ATO has occurred and communications have been issued to impacted members with a view to finalising this matter as soon as possible.

Project costs relating to remediation are borne by the ultimate holding company, Westpac.

10 Share capital and loan capital

	2024 \$'000	2023 \$'000
Share capital		
Ordinary share capital, fully paid	224,955	206,855
Total share capital and loan capital	224,955	206,855
Disclosed in balance sheet as follows:		
Share capital	42,955	39,855
Loan capital	182,000	167,000
Movements in share capital	2024 \$'000	2023 \$'000
Opening balance	39,855	145,355
Issuance of ordinary shares	3,100	-
Buy-back of ordinary shares	-	(105,500)
Closing balance	42,955	39,855
Movements in loan capital	2024 \$'000	2023 \$'000
Opening balance	167,000	255,000
Issuance of ordinary shares and drawdown of loan capital	15,000	-
Buy-back of ordinary shares and repayment of loan capital	-	(88,000)
Closing balance	182,000	167,000
	2024 No.	2023 No.
Ordinary shares at beginning of the year	187,060,050	380,560,050
Issuance of ordinary shares	18,100,000	-
Buy-back of ordinary shares	-	(193,500,000)
Ordinary shares at end of the year	205,160,050	187,060,050

BT FUNDS MANAGEMENT LIMITED

Notes to the financial statements

30 September 2024

10 Share capital and loan capital (continued)

(a) The Company does not have authorised capital and the ordinary shares have no par value. Ordinary shares are classified as share capital or loan capital. The share capital class of ordinary shares entitles the holder to participate in dividends and, in event of the Company winding up, to a share of the proceeds in proportion to the number of and amounts paid on the shares held.

Each ordinary share entitles the holder to one vote, either in person or by proxy, at a shareholder meeting.

(b) The Company's capital management objectives are to:

- Ensure sufficient capital resource to support the Company's business and operational requirements;
- Safeguard the Company's ability to continue as a going concern; and
- Maintain sufficient capital to exceed regulatory capital requirements.

(c) The *SIS Act 1993* requires the Company to maintain and manage, in accordance with APRA Prudential Standards, financial resources to cover the operational risk that relates to each registrable superannuation entity for which the Company serves as trustee. *Prudential Standard 114 Operational Risk Financial Requirements (ORFR)* establishes requirements relating to these financial resources including considering operational risk on its business operations to determine an ORFR Target Amount. The ORFR Target Amount for the Company is set as an amount equivalent to 25 basis points of FUM.

The Company has entered into a Trustee Capital Funding Agreement (Funding Agreement) with its immediate parent entity, WFSG, whereby to satisfy the Company's ORFR Target Amount, WFSG provides capital by subscribing for ordinary shares in the Company, unless otherwise agreed. In return, WFSG charges the Company a fee based on WFSG's cost of capital. The fee is accrued monthly and paid quarterly. The Company is only obliged to pay an amount under the Funding Agreement to the extent that it is entitled to be indemnified for that amount from the assets of the relevant fund.

The Funding Agreement continues in force until terminated by mutual agreement or where WFSG gives notice to the Company of termination. In the instance of notice by WFSG, the Funding Agreement will terminate at the earliest of the Company receiving relief from APRA to comply with its ORFR Target Amount or has agreed suitable alternative arrangement to meet its ORFR Target Amount.

In accordance with the terms and conditions of certain products issued by the Company, the costs associated with the loan funding agreement (less any distribution income from financial assets measured at fair value through profit or loss) may be recovered from customers.

At 30 September 2024, the amount drawn under the Funding Agreement was \$182,000,000 (2023: \$167,000,000) which was held to meet its ORFR Target Amount of \$185,523,000 (2023: \$164,675,000). Management monitors the level of FUM and the required ORFR Target Amount to ensure the capital held is within Tolerance Limits.

11 Auditor's remuneration

During the year, the auditor's remuneration for the audit of the Company's financial statements (exclusive of GST) was \$303,279 (2023: \$241,679), these amounts were paid by the ultimate parent entity, Westpac. In addition, the auditor was remunerated \$28,157 (2023: \$447,482) for other audit services (exclusive of GST) and \$nil (2023: \$nil) for other non-audit services (exclusive of GST).

12 Related party disclosures

(a) Parent entities

WFSG is the immediate parent entity. Westpac is the ultimate parent entity.

(b) Key management personnel (KMP)

Key management personnel are those who, directly or indirectly, have authority and responsibility for planning, directing and controlling the activities of the Company. This includes any Executive and Non-Executive Directors.

The Company receives management services from the ultimate parent entity, Westpac, which includes the provision of key management personnel services. No compensation is paid to key management personnel directly by the Company.

Key management personnel costs paid by the ultimate parent entity, Westpac, are recharged to the Company as part of related party service fees in Note 12(d). Since any executive key management personnel appointments are incidental to their role as an employee of Westpac, it is not possible to separately identify the amount of executive remuneration in the service fee charged to the Company. Hence the executive key management personnel remuneration is not included in the table below.

BT FUNDS MANAGEMENT LIMITED
Notes to the financial statements
30 September 2024

12 Related party disclosures (continued)

(b) Key management personnel (KMP) (continued)

	2024	2023
	\$	\$
Remuneration of Non-Executive Directors		
Total remuneration of Non-Executive Directors	737,509	516,131

(c) Interests in unconsolidated structured entities

Structured Entities

The Company has interests in various structured entities that are not consolidated. A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

Structured entities are consolidated when control exists in accordance with *AASB 10 Consolidated Financial Statements*. In other cases, the Company may have an interest or may sponsor a structured entity but not consolidate it.

A disclosable interest in an unconsolidated structured entity is not considered to exist where the Company's involvement does not establish more than a passive interest. On this basis, the Company's exposure to the Pandal Short Term Income Fund is not considered a disclosable interest.

Sponsored unconsolidated structured entities

For this disclosure, the Company considers itself the sponsor of a structured entity where:

- It is the primary party involved in the design and establishment of the structured entity;
- The Company is the majority user of the structured entity;
- The Company's name appears in the name of that structured entity or the marketing of the structured entity; or
- The Company provides implicit and explicit guarantees of that entity's performance.

During the year, the Company was the sponsor for superannuation fund because it served as the RSEL and trustee for the managed investment scheme. These structured entities are not consolidated by the Company and it does not have any interest as at or during the year ended 30 September 2024 (2023: \$nil), other than from the fee income it received or that is receivable for acting as RSEL or trustee.

During the year, the Company recognised the following revenue from these sponsored unconsolidated structured entities:

	2024	2023
	\$	\$
Management fees	160,010,549	232,766,882
Expense recoveries	12,684,109	24,110,871
Total revenue	172,694,658	256,877,753

(d) Transactions with related parties

The following transactions occurred with related parties:

			2024	2023
Type of transaction	Class of related party	Note	\$	\$
Management fees income	Other related entities		-	821,911
Interest income	Ultimate parent entity		2,352,962	4,978,328
Investment management expense	Other related entities		-	22,728,478
Service fee expense	Ultimate parent entity		1,985,782	11,603,022
Service fee expense	Other related entities		-	32,196,785
Service fee expense	Immediate parent entity		-	1,096,474
Administrator expense	Other related entities		149,542,603	148,511,853
Annual capital fee	Immediate parent entity		16,911,749	21,134,066
Buy-back of ordinary shares	Immediate parent entity	10	-	105,500,000
Repayment of loan capital	Immediate parent entity	10	-	88,000,000
Issuance of ordinary shares	Immediate parent entity	10	3,100,000	-
Proceeds from loan capital	Immediate parent entity	10	15,000,000	-

30 September 2024

(e) Outstanding balances

Balance type	Class of related party	Note	2024 \$	2023 \$
Cash at bank	Ultimate parent entity		50,252,977	37,298,018
Trade and other receivables	Ultimate parent entity	5	1,230,747	50,900
Trade and other receivables	Other related entities	5	265,373	1,082,263
Trade and other payables	Ultimate parent entity	8	770,502	2,552,632
Trade and other payables	Immediate parent entity	8	1,557,935	1,434,296
Trade and other payables	Other related entities	8	1,350,199	891,325
Loan capital	Immediate parent entity	10	182,000,000	167,000,000

All transactions have been made on normal commercial terms and conditions.

Financial assets and liabilities are presented net in the balance sheet when the Company has a legally enforceable right to offset them in all circumstances and there is an intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. The gross assets and liabilities behind the net amounts reported in the balance sheet are disclosed in the table below:

			Effects of offsetting on balance sheet	
			Net amounts reported	
		Gross amounts	Amounts offset	on the balance sheet
		\$'000	\$'000	\$'000
30 September 2024	Note			
Financial assets:				
Trade and other receivables	5	12,623	(2,041)	10,582
Financial liabilities:				
Trade and other payables	8	5,782	(2,041)	3,741
			Effects of offsetting on balance sheet	
			Net amounts reported	
		Gross amounts	Amounts offset	on the balance sheet
		\$'000	\$'000	\$'000
30 September 2023	Note			
Financial assets:				
Trade and other receivables	5	21,179	(1,254)	19,925
Financial liabilities:				
Trade and other payables	8	7,001	(1,254)	5,747

BT FUNDS MANAGEMENT LIMITED
Notes to the financial statements
30 September 2024

14 Notes to the cash flow statement

(a) Reconciliation of net cash provided by/(used in) operating activities to net profit for the year:

	2024 \$'000	2023 \$'000
Net profit for the year	8,076	24,708
Adjustments:		
Distributions from financial assets measured at fair value through profit or loss	(7,638)	(7,380)
Annual capital fee on loan capital	16,912	21,134
Changes in operating assets and liabilities:		
Decrease/(increase) in assets		
Trade and other receivables	9,414	22,476
Deferred tax assets	2,382	1,679
Increase/(decrease) in liabilities		
Trade and other payables	(2,007)	(40,932)
Provisions	(7,939)	(5,232)
Net cash provided by/(used in) operating activities	19,200	16,453

(b) Reconciliation of liabilities arising from financing activities

Movement in liabilities arising from financing activities:

	Note	Loan capital \$'000	Total \$'000
Balance as at 1 October 2022		255,000	255,000
Repayments	10	(88,000)	(88,000)
Total cash movements		(88,000)	(88,000)
	Note		
Balance as at 30 September 2023		167,000	167,000
Additions	10	15,000	15,000
Total cash movements		(15,000)	(15,000)
Balance as at 30 September 2024		182,000	182,000

15 Contingent liabilities and commitments

The Company has exposure to the following contingent liabilities:

- As part of operations of the Company, operational events may occur that require remediation of customers. Where an amount of the remediation can be reliably estimated, a provision is raised (refer to Note 9). At the date of this report, there may be various operational events where a provision has not been recognised for potential losses that may arise because the liability is not probable or cannot be reliably estimated.
- As part of the operations of the Company and reviews by regulators, the Company may be subject to various legal actions, regulatory enforcements (including fines and penalties) and claims. At the date of this report, there may be various legal matters or regulatory enforcements where a provision has not been recognised for potential losses that may arise because the liability is not probable or cannot be reliably estimated.
- The Company may from time to time be exposed to contingent liabilities and potential claims in respect of the activities of the underlying funds for which it acts or acted as RSEL or trustee. As at the date of this report, there are no contingent liabilities where the underlying funds are not expected to have sufficient assets to indemnify the Company, as appropriate and allowed under the appropriate legislation.

There were no capital or lease expenditure commitments as at 30 September 2024 (2023: \$nil).

BT FUNDS MANAGEMENT LIMITED

Notes to the financial statements

30 September 2024

16 Subsequent events

- On 5 October 2023 a class action was commenced in the Federal Court of Australia against the Company, WSAL and TLIS, a former Group subsidiary. On 27 August 2024, the Company entered into an agreement to discontinue the proceeding subject to approval by the Court. A provision has been raised based on management's best estimate of the amount payable to the Applicants. On 20 November 2024, the court made orders approving the discontinuance of the class action. The applicants have filed a notice of discontinuance which formally discontinues the class action. If no appeal is filed by 8 January 2025, payment to the applicant on the agreed amount will be paid on or around 17 January 2025.

No other matters have arisen since the year ended 30 September 2024 which are not otherwise dealt with in this report, that have significantly affected or may significantly affect the operations of the Company, the results of its operations or the state of affairs of the Company in subsequent periods.

BT FUNDS MANAGEMENT LIMITED
Consolidated entity disclosure statement
For the year ended 30 September 2024

BT Funds Management Limited does not have any controlled entities and is therefore not required by the Australian Accounting Standards to prepare consolidated financial statements. Therefore, Section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

BT FUNDS MANAGEMENT LIMITED
Directors' declaration
For the year ended 30 September 2024

In the Directors' opinion:

- (a) the financial statements and notes for the year ended 30 September 2024 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 September 2024 and its performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) the consolidated entity disclosure statement on page 25 is true and correct.

Note 1(a) includes a statement that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.



Director

Sydney
17 December 2024



Independent auditor's report

To the members of BT Funds Management Limited

Our opinion

In our opinion:

The accompanying financial report of BT Funds Management Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 September 2024 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the balance sheet as at 30 September 2024
- the statement of profit or loss and other comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the cash flow statement for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 30 September 2024
- the directors' declaration.

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

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 September 2024, but does not include the financial report and our auditor's report thereon.



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

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 on the other information that we obtained prior to the date of this auditor's report, 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 in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation 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 ability of the Company to continue as a going concern, disclosing, as applicable, matters related 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written over the printed name.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Alexandra Richardson', written over the printed name.

Alexandra Richardson
Partner

Sydney
17 December 2024