



Bendigo Wealth

Sandhurst Professional Series

Annual Report 2011

Sandhurst Professional
IML Value & Income Fund

ARSN 135 917 421

The Responsible Entity and Issuer of the Sandhurst Professional Series is Sandhurst Trustees Limited, ABN 16 004 030 737 AFSL 237906
a subsidiary of Bendigo and Adelaide Bank Limited, ABN 11 068 049 178 AFSL 237879

Issued by **Sandhurst Trustees**

**Sandhurst Professional IML Value and Income Fund
Financial Report for the year ending 30 June 2011**

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Report by the directors of the responsible entity

The Directors of the Responsible Entity, Sandhurst Trustees Limited, present this report on the Sandhurst IML Value and Income Fund (the "Fund") for the year ended 30 June 2011.

Directors

The name of each person who has been a director of Sandhurst Trustees Limited during the year ended 30 June 2011 and to the date of this report are:

Jennifer Lynn Dawson	Chairman
Ian George Mansbridge	
Marnie Ann Baker	
John Billington	(Appointed 28 September 2010)

Principal activities

The principal activity of the Fund during the period was the investment in IML Value and Income Fund. The Fund invests predominantly in Australian shares (via an underlying managed investment scheme).

The investment manager of the Fund is Investors Mutual Limited (ABN 14078030752).

As of 1 January 2011 the IML Value and Income Fund underwent a change of name and has been restructured. The Fund's name has changed to the IML Equity Income Fund (IMEIF). The changes to the structure of the Fund include:

- The new asset allocation excludes International Equities and is just Australian equities (50-100%) and Cash (0-50%).
- The benchmark has changed from UBS Bank Bill+2% to S&P/ASX 300 Accumulation Index.
- The investment objective of IMEIF is to deliver income greater than S&P/ASX 300 Index yield +2%. The focus of the IMEIF is to invest in quality, high yielding Australian equities, hybrids and to generate extra income through the use of option strategies.

Managed investment scheme

The Fund is an Australian registered scheme, and was constituted on 1 April 2009. Sandhurst Trustees Limited, the Responsible Entity of the Fund, is incorporated and domiciled in Australia.

Net assets attributable to unitholders

Net assets attributable to unitholders are classified and disclosed as a liability in the Statement of Financial Position. Consequently, the Fund has recognised distributions to unitholders as a finance cost in the Statement of Comprehensive Income.

Review of Results and Operations

Results and distributions	2011	2010
	\$	\$
Net profit/(loss) attributable to unitholders (before finance costs)	59,960	(17,393)

Distributions to unitholders paid and payable in respect of the financial period were:

	2011		2010	
	\$	Cents per Unit	\$	Cents per Unit
Interim distributions paid	16,259	3.26	13,317	2.67
Final distribution payable	33,415	6.70	20,696	4.15
	49,674	9.96	34,013	6.82

Report by the directors of the responsible entity (continued)

Performance

The annual performance of the Fund is summarised in the following table:

	2011	2010
	%	%
Growth return	(7.74)	(9.82)
Distribution return	18.45	5.30
Total return	10.71	(4.52)
Benchmark return	2.20	13.60

The growth return is calculated as the return derived by a unitholder due to changes in capital value over the period. The distribution return is the return derived by a unitholder due to distributions paid by the Fund. The total return is calculated as the investment performance of the Fund assuming the reinvestment of all distributions back into the Fund. The benchmark for this Fund is the UBS Bank Bill+2% up until 31 December 2010 and S&P/ASX 300 Accumulation Index from 1 January 2011.

Significant changes in state of affairs

On 14 December 2010 the Fund closed, and is no longer open to new investors. Other than the closure of the Fund, there have been no other significant changes in the Fund's state of affairs occurred during the year.

Indirect Cost Ratio

The Indirect Cost Ratio (ICR) is the ratio of the Fund's management costs over the Fund's average net assets attributable for the period, expressed as a percentage.

Management costs include management fees and other expenses or reimbursements deducted in relation to the Fund but do not include transactional and operational costs such as brokerage. Management costs are not paid directly by the unitholders of the Fund.

The ICR for the Fund for the year ended 30 June 2011 is 1.35% (2010: 1.35%).

Significant events after the balance date

There has been no matter or circumstance that has arisen since the end of the financial period that significantly affected, or may affect, the Fund's operation in future financial periods, the results of those operations or the Fund's state of affairs in future financial periods.

Likely developments and expected results

The investment strategy of the Fund will be maintained in accordance with the Fund's Constitution and investment objectives as detailed in the most recent Product Disclosure Statement.

Environmental regulation and expected results

The operations of the Fund are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

Options

No options over units in the Fund were granted during or since the end of the period and there were no options outstanding at the date of this report.

Report by the directors of the responsible entity (continued)

Indemnities and insurance premiums for officers or directors

Under the Fund's constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Fund's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

The Fund has not indemnified any auditor of the Fund.

During the period the Responsible Entity paid a premium under a contract insuring each director and officer of the Responsible Entity against liability and legal expenses incurred in their respective capacities. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been directors of the Responsible Entity or executive officers of the Responsible Entity.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Responsible Entity has not provided any insurance to a related body corporate or to an auditor of the Responsible Entity.

Units on Issue

The movement in units on issue of the Fund for the period was as follows:

	2011	2010
Units issued	-	498,753
Units redeemed	-	-
Units on issue as at 30 June	498,753	498,753

	2011	2010
	\$	\$
Value of total Fund assets as at 30 June	492,721	469,713

The basis for valuation of the Fund's assets is disclosed in Note 2 to the financial statements.

Interests of the Responsible Entity

The Responsible Entity and its associates held the below in the Fund during the period.

	2011	2010
	'000	'000
Units held as at 30 June	249,377	249,377

The following fees were paid to Sandhurst Trustees Limited and its associates out of the Fund during the period:

	2011	2010
	\$	\$
Management fees paid/payable directly by the Fund	1,558	934

Report by the directors of the responsible entity (continued)

Auditors' Independence Declaration

A copy of the auditors' independence declaration is set out on the following page.

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

A handwritten signature in black ink that reads "Jennifer Dawson". The signature is written in a cursive style with a large initial 'J' and 'D'.

Jennifer L Dawson
Director
25 August 2011

Auditor's Independence Declaration to the Directors of Sandhurst Trustees Limited, as Responsible Entity for the Sandhurst Professional IML Value & Income Fund

In relation to our audit of the financial report of Sandhurst Professional IML Value & Income Fund for the year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink, appearing to be 'T M Dring'.

T M Dring
Partner
25 August 2011

Sandhurst Professional IML Value and Income Fund
Financial Report for the year ended 30 June 2011

Statement of Comprehensive Income
For the year ended 30 June 2011

	Note	2011 \$	2010 \$
Income			
Interest revenue	3	7	48
Dividend revenue		51,225	34,895
Changes in fair value of investments	13	10,286	(51,402)
		<u>61,518</u>	<u>(16,459)</u>
Expenses			
Management fees	12(iii)	(1,558)	(934)
		<u>(1,558)</u>	<u>(934)</u>
Net profit/(loss) attributable to Unitholders (before finance costs)			
		59,960	(17,393)
Finance Costs			
Distributions to unitholders	8	(49,674)	(34,013)
Change in Net Assets attributable to Unitholders			
		<u>10,286</u>	<u>(51,406)</u>

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

Sandhurst Professional IML Value and Income Fund
Financial Report for the year ended 30 June 2011

Statement of Financial Position
As at 30 June 2011

	Note	2011 \$	2010 \$
Assets			
Cash assets		585	475
Trade and other receivables	4	33,831	21,220
Financial assets			
At fair value through profit or loss	5	458,305	448,018
Total Assets		492,721	469,713
Liabilities			
Trade and other payables	6	426	423
Distribution payable		33,415	20,696
Total liabilities		33,841	21,119
(excluding Net Assets attributable to Unitholders)			
Net Assets attributable to Unitholders (Liability)	7(b)	458,880	448,594

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

Statement of Changes in Net Assets attributable to Unitholders
For the year ended 30 June 2011

	Note	2011 \$	2010 \$
Opening balance		448,594	-
Net profit/(loss) attributable to unitholders (before finance costs)		59,960	(17,393)
Distribution to unitholders		(49,674)	(34,013)
Application for units		-	500,000
Redemption of units		-	-
Closing balance	7(b)	458,880	448,594

The above Statement of Changes in Net Assets attributable to Unitholders should be read in conjunction with the accompanying notes to the financial statements.

Statement of Cash Flows
For the year ended 30 June 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Interest received		7	48
Dividends received		38,614	13,705
GST received		114	39
Management fees		<u>(1,669)</u>	<u>(580)</u>
Net cash flows from/(used in) operating activities	9(b)	37,066	13,212
Cash flows from investing activities			
Proceeds from the sale of securities designated as at fair value through profit or loss		-	580
Payments for purchase of securities designated as at fair value through profit or loss		-	<u>(500,000)</u>
Net cash flows from/(used in) investing activities		-	(499,420)
Cash flows from financing activities			
Proceeds from applications by unitholders		-	500,000
Payments for redemptions by unitholders		-	-
Distribution paid		<u>(36,956)</u>	<u>(13,317)</u>
Net cash (used in)/provided by financing activities		(36,956)	486,683
Net (decrease)/increase in cash held		110	475
Cash at the beginning of the period		<u>475</u>	<u>-</u>
Cash at the end of the period	9(a)	585	475

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

1. Corporate information

The financial report of the Fund for the period ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors of the Responsible Entity on 25 August 2011. The Fund is a Managed Investment Scheme, constituted on 01 April 2009. Sandhurst Trustees Limited, the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The nature of operations and principal activities of the Fund are described in the Report by the Directors of the Responsible Entity.

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 requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared in accordance with the historical cost convention, except for the valuation of investments in financial assets, which have been measured at fair value.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. Additional information regarding this is included in the relevant notes.

(b) *Statement of compliance*

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

(c) *Investments*

Classification

The Fund classifies its financial assets and financial liabilities into the categories below in accordance with AASB 139.

Financial instruments designated as at fair value through profit or loss upon initial recognition:

These include equity securities and debt instruments that are not held for trading. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Fund.

Recognition

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Fund commits to purchase or sell the asset.

Derecognition

Derecognition occurs when the Fund transfers a financial asset and is no longer exposed to substantially all of the risks and rewards of the asset. Where the Fund neither retains nor transfers substantially all of the risks and rewards of the financial asset, derecognition occurs when the Fund no longer controls the asset.

(c) *Investments (continued)*

Initial measurement

All investments are initially recognised at fair value, being the fair value of the consideration paid excluding transaction costs. After initial recognition, financial assets designated as at fair value through profit or loss are revalued to fair value at each reporting date, with changes in their fair value recognised in the Statement of Comprehensive Income.

(c) Investments (continued)

Subsequent measurement

Gains or losses on investments at fair value through profit or loss are recognised in the Statement of Comprehensive Income. Changes in fair values are recorded in 'Changes in fair value of investments designated at fair value through the profit and loss'. Investments of the Fund which are considered to be at fair value through profit or loss are equity securities, units in managed investment schemes, derivatives and interest bearing securities which there is no positive intention to hold to maturity.

(d) Income Tax

Under current legislation, the Fund is not subject to income tax provided the unitholders are presently entitled to the income of the Fund and the Fund fully distributes its taxable income. The new legislation Taxation of Financial Arrangements (TOFA) has been implemented effective 1 July 2010. The regime aims to align the tax and accounting treatment of financial arrangements. The Fund made a transitional election to bring pre-existing arrangements into TOFA, which will result in deferred tax balances of affected financial arrangements progressively reversing over a four year period.

(e) Cash

For the purpose of the Statement of Cash Flows cash includes cash at bank and deposits at call, which are readily convertible to cash.

(f) Revenue and Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Distributions

Distributions are recognised as income when the right to receive the payment is established.

Interest income

Income on cash deposits is recognised on an accrual basis, using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument.

Changes in the fair value of investments

Gains and losses on investments are calculated as the difference between the fair value at sale, or at the period end, and the fair value at the previous valuation point. This includes both realised gains and losses and unrealised gains and losses, but does not include interest or distribution revenue.

(g) Receivables

Receivables are recognised and carried at the nominal amount, less a provision for any uncollectible debts. Amounts are generally received within 30 days of being recorded as receivables. Outstanding trade receivables are usually settled within three days.

(h) Distributions paid /payable

In accordance with the Fund's Constitution, the Fund fully distributes its distributable income to unitholders. Distributions are payable at the end of each quarter. Such distributions are determined by reference to the taxable income of the Fund. Distributable income includes capital gains arising from the disposal of investments. Unrealised gains and losses on investments that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any future realised capital gains. Distributions to unitholders are recognised in the Statement of Comprehensive Income as finance costs.

(i) Payables

Liabilities for creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Fund. Payables include outstanding settlements on the purchase of investments and the distribution payable. The carrying period is dictated by market conditions and is generally less than 30 days. Outstanding trade payables are usually settled within three days.

(j) Change in net assets attributable to unitholders

Non-distributable income is retained in net assets attributable to unitholders and may consist of unrealised changes in the net fair value of investments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses or tax free or tax deferred income. Net capital gains on the realisation of any investments (including any adjustments for tax deferred income previously retained in net asset attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same year as it becomes assessable for tax.

(k) Unit Prices

Unit Prices are determined in accordance with the Fund's Constitution and are calculated on the net assets attributable to unitholders of the Fund, less estimated costs divided by the number of units on issue, on a forward pricing basis, as determined by the Responsible Entity.

(l) Terms and conditions on units

Each unit issued confers upon the unitholder an equal interest in the Fund, and is of equal value. A unit does not confer to the unitholder any particular asset or investment of the Fund. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- have their units redeemed;
- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Fund.

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

Redeemable units

Redeemable units are redeemable at the unitholders' option at anytime for cash equal to a proportionate share of the Fund's net asset value (calculated in accordance with redemption requirements) and are classified as financial liabilities. The financial liability is disclosed on the Statement of Financial Position as 'Net Assets attributable to Unitholders (Liability)'. The units are classified as financial liabilities due to the fact that, in addition to the contractual obligation to pay cash to unitholders' upon redemption, the Fund also has compulsory distribution clauses in the Fund's constitution.

The liabilities arising from the redeemable units are carried at the redemption amount being the net asset value calculated in accordance with redemption requirements. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders (calculated in accordance with redemption requirements) by the number of units on issue.

This valuation of net assets is different from the IFRS valuation requirements. The difference between the two valuations is presented in Note 7(b) as 'Adjustment from sell-market prices to bid-market prices'.

For the purpose of calculating the net assets attributable to unitholders in accordance with the Fund's redemption requirements, the Fund's assets and liabilities are valued on the basis of mid-market prices.

(m) Goods and services tax (GST)

Income, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable.

Expenses incurred by the Fund are recognised net of the amount of GST which is able to be recovered from the Australian Taxation Office (ATO). Reduced input tax credits (RITC) recoverable by the Fund from the ATO are recognised as receivables in the Statement of Financial Position.

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

(n) Application of Accounting Standards

Australian Accounting Standards that have recently been issued but are not yet effective have not been adopted for the annual reporting period ending 30 June 2011.

AASB Amendment/ Standard	Title	Nature of change to accounting policy	Application date of Standard	Application date for the scheme
AASB 9	AASB 9 Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). AASB 9 applies to annual reporting periods beginning on or after 1 January 2013, however it may be early adopted for annual reporting periods ending on or after 31 December 2009. The Fund has not early adopted AASB 9 for the year ended 30 June 2011. Given that the Fund's investments are all currently measured at fair value through profit or loss, it is not anticipated that adoption of AASB 9 will have a significant impact on the Fund.	1 Jan 2013	1 Jul 2013
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	These amendments arise from the issuance of AASB 9 Financial Instruments that sets out requirements for the classification and measurement of financial assets.	1 Jan 2013	1 Jul 2013
AASB 2009-12	Amendments to Australian Accounting Standards	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.	1 Jan 2011	1 Jul 2011
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition.	1 Jan 2011	1 Jul 2011
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements.	1 Jul 2013	1 Jul 2013

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(n) *Application of Accounting Standards (continued)*

AASB Amendment/ Standard	Title	Nature of change to accounting policy	Application date of Standard	Application date for the scheme
AASB 1054	Australian Additional Disclosures	This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. It relocates all Australian specific disclosures from other standards to one place and revises certain other disclosures.	1 Jul 2011	1 Jul 2011
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.	1 Jan 2011	1 Jul 2011
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	1 Jan 2011	1 Jul 2011
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127]	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained.	1 Jan 2013	1 Jul 2013
AASB 2011-1	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, AASB 134, Interpretation 2, Interpretation 112, Interpretation 113]	This Standard amends many Australian Accounting Standards, removing the disclosures which have been relocated to AASB 1054.	1 Jul 2011	1 Jul 2011

If these accounting standards had been adopted, we do not believe that there would have been a material impact to either the Statement of Comprehensive Income for the period to 30 June 2011 or the Statement of Financial Position as at 30 June 2011.

(o) Changes in Accounting Policies

The impact of new or amended Australian Accounting Standards and interpretations has been assessed and to the extent applicable to the Fund for the annual reporting period ended 30 June 2011 are outlined in the table below.

AASB Amendment/ Standard	Title	Nature of change to accounting policy
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	Amendments to Standards resulting in accounting changes for presentation, recognition or measurement purposes, some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.

(p) Significant accounting judgments and estimates

The preparation of the Fund's financial statements requires management to make judgments, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Fair value of financial instruments.

When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The judgments include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data.

(q) Functional Currency

The primary objective of the Fund is to generate returns in Australian Dollars, its funding currency. The liquidity of the Fund is managed on a day-to-day basis in Australian Dollars in order to handle the issue and redemption of the Fund's units. The Fund's performance is evaluated in Australian Dollars. Therefore, management considers the Australian Dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

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	2011 \$	2010 \$
3. Interest Revenue	7	48
Interest revenue	7	48
4. Trade and other receivables		
Sundry debtors	29	29
Distribution receivable	33,802	21,191
	33,831	21,220
Refer to Note 2(g) for terms and conditions of trade and other receivables.		
5. Financial assets at fair value through profit or loss		
Unlisted Management Investment Scheme	458,305	448,018
	458,305	448,018

The fair value of units in unlisted managed investment schemes (including investments in schemes that have suspended daily redemptions) is determined by reference to published bid prices at the close of business on the reporting date, being the redemption price as established by the underlying scheme's responsible entity.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 fair value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those instruments valued based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 fair value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 30 June 2011				
Financial assets at fair value through profit or loss				
Unlisted Managed Investment Schemes	-	458,305	-	458,305
	-	458,305	-	458,305
As at 30 June 2010				
Financial assets at fair value through profit or loss				
Unlisted Managed Investment Schemes	-	448,018	-	448,018
	-	448,018	-	448,018

	2011 \$	2010 \$
6. Trade and other payables		
Sundry creditors	426	423
	426	423
Refer to Note 2(i) for terms and conditions of trade and other payables.		

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	2011 Units	2010 Units
7. <u>Net assets attributable to unitholders</u>		
(a) <i>Units on issue</i>		
Balance at the beginning of the period	498,753	-
Applications		
- Cash	-	498,753
- Reinvested distributions	-	-
Redemptions	-	-
Balance at the end of the period	498,753	498,753

The terms and conditions attached to units in the Fund can be found in Note 2(l).

	2011 \$	2010 \$
(b) <i>Reconciliation of net assets attributable to unitholders</i>		
Net assets attributable to unitholders (calculated in accordance with redemption requirements)	460,124	449,789
Adjustment from sell-market prices to bid-markets prices	(1,244)	(1,195)
Net assets attributable to unitholders (calculated in accordance with Australian Accounting Standards)	458,880	448,594

	2011		2010	
	\$	CPU	\$	CPU
8. <u>Distributions to unitholders</u>				
Interim distributions paid				
30 September	4,588	0.92	-	-
31 December	4,190	0.84	6,135	1.23
31 March	7,481	1.50	7,182	1.44
Final distribution payable				
30 June	33,415	6.70	20,696	4.15
Distributions to unitholders	49,674	9.96	34,013	6.82

The component of the final distribution for the period which was unpaid at balance date is shown in the Statement of Financial Position.

**Sandhurst Professional IML Value and Income Fund
Financial Report for the year ended 30 June 2011**

	2011 \$	2010 \$
9. Notes to the Statement of Cash Flows		
(a) Reconciliation of cash		
Cash at bank	585	475
(b) Reconciliation of net profit attributable to unitholders to net cash flows from operating activities		
Change in Net assets attributable to unitholders	10,286	(51,406)
Adjustments for:		
Distributions to unitholders	49,674	34,013
Changes in fair value of investments held at fair value through profit or loss	(10,286)	51,402
Changes in assets and liabilities		
(Increase)/decrease in distributions receivable	(12,611)	(21,191)
(Increase)/decrease movements in sundry debtors	-	(29)
Increase/(decrease) in sundry creditors	3	423
Net Cash provided by operating activities	37,066	13,212

10. Financial risk management objectives and policies

(a) *Financial risk management objectives, policies and processes*

Risks arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Fund is exposed to market risk, liquidity risk and credit risk. Financial instruments of the Fund comprise investments in financial assets for the purpose of generating a return on the investment for unitholders.

The Responsible Entity is responsible for identifying and controlling the risks that arise from these financial instruments.

The risks are measured using a method that reflects the expected impact on the results and the net assets attributable to unitholders of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is discussed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Responsible Entity. These mandate limits reflects the investment strategy and market environment of the Fund, as well as the level of risk the Fund is willing to accept, with additional emphasis on selected industries.

This information is prepared and reported to relevant parties within the Responsible Entity on a regular basis as deemed appropriate.

(b) *Credit Risk*

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

With respect to credit risk arising from the financial assets of the Fund, other than derivatives, the Fund's exposure to credit risk arises from the default of the counterparty, with the current exposure equal to the receivables as disclosed in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date. The risk of counterparty default is deemed to be low as the receivables disclosed in the Statement of Financial Position are mainly dividends receivable.

The Fund holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired.

(c) *Liquidity Risk*

Liquidity risk is the risk that the Fund will encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments. To control liquidity and cash flow risk, the Fund invests in financial instruments, which under normal market conditions are readily convertible into cash. In addition, the Fund invests within established limits in order to avoid excessive concentration of risk.

10. Financial risk management objectives and policies (continued)

Maturity analysis for financial liabilities

Financial liabilities of the Fund comprise trade and other payables, distributions payable, derivative instruments and net assets attributable to unitholders. Trade and other payables and distributions payable have no contractual maturities but are typically settled within 30 days.

The table below summarises the maturity profile of the Fund's financial liabilities and gross-settled derivatives based on contractual undiscounted cash flows.

The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. Balances due within 6 months equal their carrying amounts, as the impact of discounting is insignificant.

	Less than 1 month \$	1 to 3 months \$	3 to 6 months \$	6 to 12 months \$	Total \$
As at 30 June 2011					
Financial liabilities					
Trade and other payables	426	-	-	-	426
Distribution payable	33,415	-	-	-	33,415
Net assets attributable to Unitholders	458,880	-	-	-	458,880
	492,721	-	-	-	492,721
As at 30 June 2010					
Financial liabilities					
Trade and other payables	423	-	-	-	423
Distribution payable	20,696	-	-	-	20,696
Net assets attributable to Unitholders	448,594	-	-	-	448,594
	469,713	-	-	-	469,713

(d) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund has established limits on investments in interest bearing assets, which are monitored on a daily basis. The Fund does not have a significant exposure or concentration of interest rate risk.

Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the markets. Equity price risk exposure arises from the Fund's investment portfolio.

10. Financial risk management objectives and policies (continued)

Accounting assumptions-Variability of equity prices

The sensitivity is based on the volatility of change in the individual indices over the last 5 years. The volatility is the standard deviation of the index on a monthly basis. The Fund invests in shares from this index however this analysis is an indication only of the effect on net assets attributable to unitholders. It cannot be assumed that the fund will move exactly in line with the index.

	Changes in equity price		Effect on net assets attributable to unitholders/effect on net profit/(loss)	
	Increase %	Decrease %	Increase \$	Decrease \$
2011				
S&P/ASX 300 Accumulation Index	16	(16)	73,329	(73,329)
2010				
S&P/ASX 300 Accumulation Index	16	(16)	35,125	(35,125)
MSCI World ex Australia Index Accumulation (\$A)	13	(13)	17,473	(17,473)
UBS Warburg Composite Index	3	(3)	2,823	(2,823)

11. Segmental information

The Funds operate in one business segment, being investment management. The Funds also operate from one geographic location, being Australia, from where its investing activities are managed.

12. Related party disclosures

Responsible Entity

- (i) The Responsible Entity of the Fund is Sandhurst Trustees Limited (Sandhurst).

The controlling entity of Sandhurst is Bendigo and Adelaide Bank Limited (ABN 11 068 049 178).

Directors of Sandhurst Trustees Limited during the financial period and to the date of this report are:

Jennifer Lynn Dawson	Chairman
Ian George Mansbridge	
Marnie Ann Baker	
John Billington	(Appointed 28 September 2010)

The above named directors form the key management personnel of the Fund.

- (ii) Directors, officers and employees of the Responsible Entity and related body corporate may hold units in the Fund. Such transactions are completed on an arms length basis, except discounts on the application fee may be offered from time to time subject to provisions of the Corporations Act 2001.

No amount is paid by the Fund directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the Fund to the Directors as Key Management Personnel.

(iii) ***Responsible entity fees and other transactions***

	2011 \$	2010 \$
The amount of units held by the Responsible Entity in the Fund	Nil	Nil
Management fees paid/payable to Sandhurst Trustees Limited as the (RE) in accordance with the provisions of the Fund's Constitution	1,558	934
Other fees payable to Sandhurst Trustees Limited as at reporting date	Nil	Nil
Loans, shares, options and other equity holdings to directors of the Responsible Entity	Nil	Nil

The Fund has not made or given, guaranteed or secured, directly or indirectly, any loans, shares, options and other equity holdings to the directors or their personally-related entities at any time during the reporting year.

- (iv) Cash assets of the Fund are held in a cash management account with Bendigo and Adelaide Bank Limited, the parent entity of Sandhurst Trustees Limited as Responsible Entity of the Fund. All interest earned as disclosed in Note 3 to the accounts is derived from this account.

Terms and conditions of transactions with related parties

All related party transactions are made in arms length transactions on normal commercial terms and conditions.

Outstanding balances at year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables.

12. Related party disclosures (continued)

(v) The Responsible Entity holds the following amounts in the Fund:

	Units held	Market value of units (\$)	Interest held (%)	Units purchased '000	Units sold '000	Distribution paid or payable (\$)
30 June 2011						
Sandhurst Professional IML Value and Income Fund	249,377	230,063	50.00	-	-	24,837
30 June 2010						
Sandhurst Professional IML Value and Income Fund	249,377	224,297	50.00	249,377	-	17,007

(vi) Distributions received and receivable by the Responsible Entity as a unitholder of the Fund was \$24,837 (2010: \$17,007).

13. Changes in net market value of investments

	2011	2010
	\$	\$
Realised capital gains/(losses) during the year	-	4
Unrealised capital gains/(losses) during the year	10,286	(51,406)
	10,286	(51,402)

14. Auditors' remuneration

For the year ended 30 June 2011 audit fees and other service fees were paid by the Responsible Entity.

15. Fair values

The Fund's financial assets and liabilities included in the Statement of Financial Position are carried at their fair value or at amounts that approximate their fair value. Refer to Note 2(c) for the methods and assumptions adopted in determining fair values for investments.

16. Contingent liabilities

No contingent liabilities existed at, or have arisen since, balance date.

17. Events after the balance sheet date

Since 30 June 2011 there has not been any matter or circumstances not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Fund.

**Responsible Entity's declaration to the Unitholders of the
Sandhurst Professional IML Value and Income Fund**

The Directors of the Responsible Entity declare that:

- (a) the financial statements and notes of the Fund are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Fund as at 30 June 2011 and its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- (c) the financial statements are in accordance with the provisions of the Fund's Constitution; and
- (d) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

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



Jennifer L Dawson
Director
25 August 2011

Independent auditor's report to the unitholders of Sandhurst Professional IML Value & Income Fund

We have audited the accompanying financial report of Sandhurst Professional IML Value & Income Fund ("the Fund"), which comprises the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Net Assets attributable to Unitholders and Statement of Cash Flows for the year ended 30 June 2011, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of Sandhurst Trustees Limited, as Responsible Entity of the Fund are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and the provisions of the Fund's Constitution. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(b), the directors of the Responsible Entity also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Fund's preparation and fair presentation of the financial report 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 Fund's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Responsible Entity, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report Sandhurst Professional IML Value & Income Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Sandhurst Professional IML Value & Income Fund at 30 June 2011 and of its performance for the year ended to 30 June 2011; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.



Ernst & Young



T M Dring
Partner
Melbourne
25 August 2011



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