



SandhurstTrustees

Sandhurst Trustees Limited

Annual Financial Report 2011

For the year ended 30 June 2011

Contents

Chairman's Report	3
Directors' Report	4
Auditor Independence Declaration	8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to Financial Statements	13
Directors' Declaration	51
Corporate Information	52
Independent Audit Report	53

Chairman's report

Sandhurst Trustees has continued to honour our principles of providing "Mindful, Faithful and Lasting" trustee services to our community.

We have continued to experience volatile global financial conditions throughout this financial year. The general decline in investor confidence has resulted in a subdued activity in equity and mortgage funds when compared to our cash management trusts.

Our two Sandhurst mortgage funds which have remained open throughout the year continued to offer applications and withdrawals and grew by \$14m. It is testament to Sandhurst's commitment to its customers that these funds continue to trade normally allowing investors to access their savings.

Sandhurst Trustees continues to provide administration and management services for the Australian Friendly Society who distribute the Bendigo Funeral Bond. The year has been the most successful yet for the Society with record new business sales, supported by our Sandhurst and Group staff and distribution channels, whilst maintaining our excellent customer service and delivery timelines.

We also maintained our role of Trustee and administrator for the Bendigo and Adelaide Bank's philanthropic Community Enterprise Foundation. During the years the Foundation has supported more than 864 groups, projects and organisations and been involved in 18 disaster appeals.

New management appointments include John Billington as the Bendigo & Adelaide Bank Executive responsible for Sandhurst. John is also a Director of Sandhurst and brings with him an extensive wealth management and traditional trustee company background.

Also, Paul Rohan was appointed as General Manager of Sandhurst Trustees during the year. Paul has a broad experience in financial services with specific expertise in superannuation, funds management and insurance. Paul is based in our historic View Street offices in Bendigo.

I welcome John and Paul to Sandhurst and appreciate their efforts and commitment to date.

This year Mr Brian Mitcham retired from our Independent Compliance Committee after 8 years. Brian was critical in the establishment of our compliance governance processes, and we remain grateful to him for the solid foundations he helped establish for this important part of our business. We will miss Brian's wisdom and wish him well in the future.



Jenny Dawson
Chairman

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Your Directors submit the financial report of Sandhurst Trustees Limited (the Company) and its controlled entities for the year ended 30 June 2011.

Directors

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

Jennifer Dawson	Chairman
Ian Mansbridge	Non-Executive Director
Marnie Baker	Executive Director
John Billington	Executive Director (appointed 28 September 2010)

Joint Company Secretary

The names of the joint Company Secretaries at the end of the financial year are:

David Oataway
Mark Hall

Corporate structure

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

Principal activities

The principal activities of the economic entity during the year were:

- Responsible entity for managed investment schemes;
- Corporate trustee and custodial services;
- Estate administration / will preparation; and
- Trustee for superannuation plans.

There was no significant change in the nature of these activities during the year.

At 30 June 2011 there were 55 (2010: 46) staff employed by Bendigo and Adelaide Bank Limited to undertake the above activities.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Consolidated results

Economic entity results in brief:

	2011	2010
	\$	\$
Profit before income tax	23,090,510	19,979,246
Profit after income tax	18,330,234	15,612,063
Dividends paid	14,060,000	14,970,000

The Directors do not recommend the payment of a further dividend at this time.

Share options

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

Significant changes in state of affairs

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

Review of operations

The economic entity achieved a profit from ordinary activities after income tax expense of \$18,330,234. This represents a 17% increase from the \$15,612,063 profit from ordinary activities after income tax expense for 2010. Profit from ordinary activities before income tax expense was \$23,090,510 compared to \$19,979,246 for 2010, representing a 16% increase.

Funds management

Total Funds Under Management for our funds management and superannuation business managed by Sandhurst Trustees increased for the year, with funds under management increasing to \$2.16 billion at 30 June 2011 (\$2.05 billion - 2010).

Common Funds investments increased, with Funds under management totalling \$1.471 billion at 30 June 2011 (\$1.345 billion – 2010).

The Sandhurst Industrial Share decreased to \$249 million (\$259 million - 2010).

The Sandhurst Future Leaders Fund totalled \$23 million (\$23 million - 2010). The Professional Series fund assets decreased to \$69 million (\$75 million - 2010).

The Bendigo Managed Funds, all managed by a collection of specialist investment managers, increased to \$92 million at 30 June 2011 (\$85 million - 2010).

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Funds management (cont'd..)

Funds under management for the Bendigo Superannuation Plan decreased to \$234 million (\$243 million - 2010). The Super Easy Plan, introduced during the 2007 financial year, offers customers a simple and low fee superannuation alternative. Fund assets grew by 35% to \$27 million at the end of the period (\$20 million - 2010).

Corporate trustee & custodial services

Revenue from Corporate trustee and custodial services decreased by 4% on the prior year primarily due to generally depressed market conditions and lower custody fees generated by lower asset values held in corporate trust clients' managed funds.

Estate administration / will preparation

Traditional trustee and will-making services continue to provide premium service and build long-term relationships with its clients.

The Company has continued with the strategy designed to generate growth in the Will Bank and actively promote the value of appointing a Trustee as executor.

Significant events after balance date

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

Likely developments and expected results

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

Indemnification and insurance of officers and auditors

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

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Indemnification and insurance of officers and auditors (cont'd..)

During or since financial year end, the Company paid insurance premiums to insure certain officers of the Company and related bodies corporate against liabilities for costs and expenses incurred by them in defending any legal action arising out of their conduct while acting in their various capacities. The officers covered by the insurance policy include the Directors listed in this report, the secretary and senior management of the Company. Disclosure of the nature of the policy and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an auditor of the Company or a related body corporate.

Statutory trustee

The Company is an authorised trustee corporation. Assets and liabilities of trusts, estates and agencies for which the company acts as trustee, executor or agent, are not included in the Company's financial statements.

Environmental regulation and performance

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
AUDITOR INDEPENDENCE DECLARATION

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

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

Director



Jennifer Dawson

Dated this 28 day of September 2011

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated		Company	
		2011 \$	2010 \$	2011 \$	2010 \$
Revenues	4	39,491,224	40,980,062	39,491,224	40,980,062
Total revenue	4	<u>39,491,224</u>	<u>40,980,062</u>	<u>39,491,224</u>	<u>40,980,062</u>
Fees and commissions expense	5	(6,486,085)	(10,047,751)	(6,486,085)	(10,047,751)
Business promotion expense	5	(130,596)	(169,325)	(130,596)	(169,325)
Employee benefits expense	5	(5,261,718)	(3,979,266)	(5,261,718)	(3,979,266)
Occupancy expense	5	(569,116)	(597,908)	(569,116)	(597,908)
Property, plant & equipment costs	5	(100,844)	(32,809)	(100,844)	(32,809)
Computer systems and software costs	5	(538,999)	(383,456)	(538,999)	(383,456)
Administration expense	5	(2,419,660)	(4,616,521)	(2,419,660)	(4,616,521)
Share of loss on joint ventures	5	(438,236)	-	-	-
Other expenses	5	(455,460)	(1,173,780)	(455,460)	(1,173,780)
Total expenses		<u>(16,400,714)</u>	<u>(21,000,816)</u>	<u>(15,962,478)</u>	<u>(21,000,816)</u>
Profit before income tax		<u>23,090,510</u>	<u>19,979,246</u>	<u>23,528,746</u>	<u>19,979,246</u>
Income tax expense	6	<u>4,760,276</u>	<u>4,367,183</u>	<u>4,891,747</u>	<u>4,367,183</u>
Net profit attributable to members of the parent		<u>18,330,234</u>	<u>15,612,063</u>	<u>18,636,999</u>	<u>15,612,063</u>
Other comprehensive income					
Available-for-sale financial assets					
Transferred realised gains to other income		-	(110,425)	-	(110,425)
Net fair value gains on available for-sale financial assets		11,160,536	32,737,550	11,160,536	32,737,550
Tax effect on items taken directly to or transferred from equity		(3,372,161)	(9,899,384)	(3,372,161)	(9,899,384)
Total comprehensive income for the period attributable to members of the parent		<u>26,118,609</u>	<u>38,339,804</u>	<u>26,425,374</u>	<u>38,339,804</u>

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	Consolidated		Company	
		2011	2010	2011	2010
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents	8	8,261,539	13,598,999	8,261,539	13,598,999
Trade and other receivables	9	2,755,980	3,382,820	2,755,980	3,397,820
Prepayments	10	549	-	549	-
Available-for-sale financial assets	11	127,837,489	108,654,432	127,837,489	108,654,432
Total current assets		138,855,557	125,636,251	138,855,557	125,651,251
Non - current assets					
Shares in controlled entities at cost		-	-	16	16
Shares in joint ventures	12	2,561,764	-	3,000,000	-
Trade and other receivables	9	1,046,767	39,345	1,046,767	24,345
Property, plant and equipment	13	1,786,898	1,814,793	1,786,898	1,814,793
Intangible assets	14	147,033	79,548	147,033	79,548
Deferred tax assets	6	94,885	29,103	94,885	29,103
Total non - current assets		5,637,347	1,962,789	6,075,599	1,947,805
Total assets		144,492,904	127,599,040	144,931,156	127,599,056
Current liabilities					
Trade and other payables	16	80,969,749	79,427,657	80,795,716	79,122,153
Total current liabilities		80,969,749	79,427,657	80,795,716	79,122,153
Non - current liabilities					
Deferred tax liability	6	16,101,319	12,808,156	16,101,319	12,808,156
Total non - current liabilities		16,101,319	12,808,156	16,101,319	12,808,156
Total liabilities		97,071,068	92,235,813	96,897,035	91,930,309
Net assets		47,421,836	35,363,227	48,034,121	35,668,747
Equity					
Equity attributable to equity holders					
Contributed equity	18	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	19	9,871,331	5,601,097	10,483,616	5,906,617
Reserves		32,550,505	24,762,130	32,550,505	24,762,130
Total equity		47,421,836	35,363,227	48,034,121	35,668,747

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

Consolidated

	Issued capital	Asset Revaluation reserve - Property	Asset Revaluation reserve - Shares	Retained earnings	Total equity
Balance at 1 July 2010	5,000,000	682,000	24,080,130	5,601,097	35,363,227
Other Comprehensive Income	-	-	7,788,375	-	7,788,375
Profit/(loss) for the period	-	-	-	18,330,234	18,330,234
Total Comprehensive income for the period	-	-	7,788,375	18,330,234	26,118,609
Dividends paid	-	-	-	(14,060,000)	(14,060,000)
Balance at 30 June 2011	5,000,000	682,000	31,868,505	9,871,331	47,421,836

Balance at 1 July 2009	5,000,000	682,000	1,241,964	4,959,034	11,882,998
Other Comprehensive Income	-	-	22,838,166	-	22,838,166
Profit/(loss) for the period	-	-	-	15,612,063	15,612,063
Total Comprehensive income for the period	-	-	22,838,166	15,612,063	38,450,229
Dividends paid	-	-	-	(14,970,000)	(14,970,000)
Balance at 30 June 2010	5,000,000	682,000	24,080,130	5,601,097	35,363,227

Company

	Issued capital	Asset Revaluation reserve - Property	Asset Revaluation reserve - Shares	Retained earnings	Total equity
Balance at 1 July 2010	5,000,000	682,000	24,080,130	5,906,617	35,668,747
Other Comprehensive Income	-	-	7,788,375	-	7,788,375
Profit/(loss) for the period	-	-	-	18,636,999	18,636,999
Total Comprehensive income for the period	-	-	7,788,375	18,636,999	26,425,374
Dividends paid	-	-	-	(14,060,000)	(14,060,000)
Balance at 30 June 2011	5,000,000	682,000	31,868,505	10,483,616	48,034,121

Balance at 1 July 2009	5,000,000	682,000	1,241,964	5,264,554	12,188,518
Other Comprehensive Income	-	-	22,838,166	-	22,838,166
Profit/(loss) for the period	-	-	-	15,612,063	15,612,063
Total Comprehensive income for the period	-	-	22,838,166	15,612,063	38,450,229
Dividends paid	-	-	-	(14,970,000)	(14,970,000)
Balance at 30 June 2010	5,000,000	682,000	24,080,130	5,906,617	35,668,747

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated		Company	
		2011	2010	2011	2010
		\$	\$	\$	\$
Cash flows from operating activities					
Fees and Commissions received		33,113,316	43,955,718	33,113,316	43,955,718
Payments to suppliers and employees		(14,948,177)	(20,046,340)	(14,948,177)	(20,046,340)
Income tax paid		(4,096,480)	(11,161,205)	(4,096,480)	(11,161,205)
Dividends received		7,058,470	6,159,690	7,058,470	6,159,690
Interest received		776,546	549,045	776,546	549,045
Net cashflow from operating activities	20 (b)	<u>21,903,675</u>	<u>19,456,908</u>	<u>21,903,675</u>	<u>19,456,908</u>
Cash flows from investing activities					
Purchase of property, plant and equipment		(18,613)	(86,315)	(18,613)	(86,315)
Purchase of intangible software		(121,821)	(79,200)	(121,821)	(79,200)
Tax effect on revaluations		(3,372,161)	(9,899,384)	(3,372,161)	(9,899,384)
Proceeds/(Payments) from sale of Available-for-sale financial assets		<u>(11,022,520)</u>	<u>2,382,526</u>	<u>(11,022,520)</u>	<u>2,382,526</u>
Net cashflow used in investing activities		<u>(14,535,115)</u>	<u>(7,682,373)</u>	<u>(14,535,115)</u>	<u>(7,682,373)</u>
Cash flows from financing activities					
Receipt/(Repayment) of funding from parent		1,353,980	2,398,553	1,353,980	2,398,553
Dividends paid		<u>(14,060,000)</u>	<u>(14,970,000)</u>	<u>(14,060,000)</u>	<u>(14,970,000)</u>
Net cashflow from/(used in) financing activities		<u>(12,706,020)</u>	<u>(12,571,447)</u>	<u>(12,706,020)</u>	<u>(12,571,447)</u>
Net increase/(decrease) in cash and cash equivalents held		(5,337,460)	(796,911)	(5,337,460)	(796,911)
Cash and cash equivalents at beginning of year		<u>13,598,999</u>	<u>14,395,910</u>	<u>13,598,999</u>	<u>14,395,910</u>
Cash and cash equivalents at end of year	20 (a)	<u>8,261,539</u>	<u>13,598,999</u>	<u>8,261,539</u>	<u>13,598,999</u>

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 1 - Corporate information

The financial report of Sandhurst Trustees Limited for year ended 30 June 2011 was authorised for issue in accordance with a resolution of the Directors on 28th September 2011.

The financial report covers Sandhurst Trustees Limited as an individual parent entity and Sandhurst Trustees Limited and controlled entities as a group. Sandhurst Trustees Limited is a public company limited by shares, incorporated and domiciled in Australia.

The nature of the operations and principal activities of the group are described in the Directors' Report.

Note 2 - Summary of significant accounting policies

(a) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

The financial report is presented in Australian dollars.

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

The financial report is a general purpose financial report which has been prepared in accordance with the Banking Act, Australian Accounting Standards, Corporations Act 2001 and the requirements of law so far as they are applicable to Australian Banking corporations, including the application of ASIC Class Order 10/654 allowing the disclosure of Parent entity financial statements due to Australian Financial Services Licensing obligations.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The following Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 June 2011:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 9	Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below.</p> <p>(a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria.</p>	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 9 (cont'd..)		<p>(b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p>			
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]	<ul style="list-style-type: none"> ▶ These amendments arise from the issuance of AASB 9 <i>Financial Instruments</i> that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the International Accounting Standards Board's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i>. ▶ <u>This Standard shall be applied when AASB 9 is applied.</u> 	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 124 (Revised)	Related Party Disclosures (December 2009)	<p>The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:</p> <p>(a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other</p> <p>(b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other</p> <p>(c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other</p> <p>A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.</p>	1 January 2011	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2011

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 1053	Application of Tiers of Australian Accounting Standards	<p>This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:</p> <p>(a) Tier 1: Australian Accounting Standards</p> <p>(b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements</p> <p>Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.</p> <p>The following entities apply Tier 1 requirements in preparing general purpose financial statements:</p> <p>(a) For-profit entities in the private sector that have public accountability (as defined in this Standard)</p> <p>(b) The Australian Government and State, Territory and Local Governments</p> <p>The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:</p> <p>(a) For-profit private sector entities that do not have public accountability</p> <p>(b) All not-for-profit private sector entities</p> <p>Public sector entities other than the Australian Government and State, Territory and Local Governments</p>	1 July 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 1054	Australian Additional Disclosures	<p>This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB.</p> <p>This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas:</p> <ul style="list-style-type: none"> (a) Compliance with Australian Accounting Standards (b) The statutory basis or reporting framework for financial statements (c) Whether the financial statements are general (d) purpose or special purpose (e) Audit fees (f) Imputation credits 	1 July 2011	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2011
AASB 2010-2	Amendments to Australian Accounting Standards arising from reduced disclosure requirements	This Standard makes amendments to many Australian Accounting Standards, reducing the disclosure requirements for Tier 2 entities, identified in accordance with AASB 1053, preparing general purpose financial statements.	1 July 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013
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]	<p>Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.</p> <p>Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.</p> <p>Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions.</p>	1 January 2011	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2011

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2010-4 (cont'd..)		Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.			
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 January 2011	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2011
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	The amendments increase the disclosure requirements for transactions involving transfers of financial assets. Disclosures require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.	1 July 2011	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2011

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
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]	<p>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. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:</p> <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p>	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 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 makes amendments to many Australian Accounting Standards, removing the disclosures which have been relocated to AASB 1054.	1 July 2011	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2011

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2011-2	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project – Reduced disclosure regime [AASB 101, AASB 1054]	This Standard makes amendments to the application of the revised disclosures to Tier 2 entities, that are applying AASB 1053.	1 July 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013
AASB 10	Consolidated Financial Statements	<p>IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities.</p> <p>The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group.</p>	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 11	Joint Arrangements	<p>IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly- controlled Entities – Non-monetary Contributions by Ventures. IFRS 11 uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.</p> <p>This may result in a change in the accounting for the joint arrangements held by the group.</p>	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	<p>IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.</p>	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 13	Fair Value Measurement	<p>IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.</p>	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013

All other standards, amendments and interpretations that have been issued up to the date of signing but are 'not yet effective, are not relevant to the entity and will have no impact on the results, financial position or disclosures by the entity

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

(c) Changes in accounting policies

All accounting policies adopted are consistent with those of the previous year except as follows:

- *AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*. In June 2010 the AASB issued amendments to its Standards as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. The adoption of the following amendment resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

- AASB 107 Statement of Cash Flows: States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities.

(d) Principles of consolidation

The consolidated financial statements are the financial statements of Sandhurst Trustees Limited and all of its controlled entities. A list of controlled entities is contained in Note 24 to the financial statements.

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

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

All inter-company balances and transactions between entities in the group have been eliminated on consolidation.

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

(e) Significant accounting judgements, estimates & assumptions

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

Impairment of assets

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

(f) Cash and cash equivalents

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

Cash on hand and at bank and short-term deposits are stated at nominal value. This also includes our deposits at short call, which mature on a quarterly basis.

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

(g) Trade and other receivables

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

Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the group will not be able to collect the debt.

(h) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. All assets are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. The group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted bid prices at the close of business on the reporting date.

Derecognition of financial assets

The derecognition of a financial asset takes place when the entity no longer controls the contractual rights that comprise the financial asset. This is normally the case when the asset is sold, or all the cash flows attributable to the instrument are passed through to the instrument are passed through an independent third party.

(i) Property, plant and equipment

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

Land and buildings are independently valued at least every three to five years and are measured at fair value, less accumulated depreciation on buildings and any impairment losses recognised after the date of revaluation.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

Revaluations

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

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

Any revaluation deficit is recognised in the statement of comprehensive income unless it directly offsets a previous surplus of the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

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

Upon disposal, any revaluation reserve relating to the particular asset being disposed is transferred to retained earnings.

Depreciation/Amortisation

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

Major depreciation periods are:	2011	2010
<i>Asset category</i>		
Freehold buildings	40	40
Office furniture & equipment	5	5
Computer hardware	3	3
Motor vehicles	5	5

Impairment

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

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

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

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

Derecognition and disposal

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

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

(j) Intangible assets

Acquired computer software, other than software that is an integral part of the computer hardware, is capitalised as intangible software and amortised on a straight-line basis over the useful life of the asset.

The useful life of intangible software has been assessed as finite and is being depreciated over 3 years.

(k) Trustee and funds management activities

The group acts as trustee and/or manager for a number of funds. The assets and liabilities of these funds are not included in the consolidated financial statements, other than those that are deemed controlled entities as defined by Accounting Standard AASB 127 "Consolidated and Separate Financial Statements". Commissions and fees generated by the fund management activities are brought to account on an accruals basis when earned.

(l) Accrued Expenses

Expenses are accrued for once realised and are classified as accrued expenses if the following criteria is met.

- The amount can be accurately calculated
- The period they belong to can be determined
- The period they will be paid is known

(m) Revenue recognition

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

Interest, fees and commissions

Revenue is recognised when control of a right to receive consideration for the provision of, or investment in, assets has been attained.

Interest, fee and commission revenue is brought to account on an accruals basis. Interest is accrued using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

Property revenue

Property revenue is recognised as income on an accruals basis.

(n) Corpus commission

Corpus commission from estates is recognised as part of commission and management fees according to the estimated proportion of administration work completed at reporting date.

(o) Income tax

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

The Company has adopted the statement of financial position liability method of tax effect accounting, which focuses on the tax effects of transactions and other events that affect amounts recognised in either the statement of financial position or a tax-based statement of financial position.

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

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

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

Income taxes relating to items recognised directly in equity are recognised in the comprehensive income statement.

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

(p) Goods and Services Tax (GST)

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

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

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

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

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

(q) Reserve Fund

Part VI of the Trustee Companies Act 1984 ("the Act") required that the Group maintain a Reserve Fund, monies from which were to be paid out in accordance with section 39(3) of the Act in the event of the appointment of a liquidator, a receiver and manager, or an administrator to the Group. As at May 2010 this was no longer a requirement of the Act.

(r) Trade and other payables

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

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

(s) Contributed equity

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

(t) Comparative figures

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 3 - Financial risk management objectives and policies

The management of risk is an essential element of the Group's strategy and profitability and the way the Group operates.

The Bendigo & Adelaide Bank Board (the "Board"), being ultimately responsible for risk management associated with the Group's activities, has established an integrated governance and accountability framework, policies and controls to identify, assess, monitor and manage risk.

The risk management strategy is based upon risk principles approved by the Board and is underpinned by a system of delegations, passing from the Board through Board committees, management committees to the various risk, support and business units of the Group.

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

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

The main purpose of these financial instruments is to raise finance for the Company's operations. The Group has other various financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

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

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

Interest rate risk

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

Credit risk

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

The Board Credit Committee is responsible for monitoring adherence to credit policies, practices and procedures within the Group.

The Board has established levels of delegated lending authority under which various levels of management (including the Credit Committee), partners and the Board Credit Committee can approve transactions.

Group Credit Risk has responsibility for:

- Managing, maintaining and enhancing the currency and relevance of the Group's Credit Policies;
- Providing support and analysis of credit portfolio information for credit management purposes; and
- Reporting to the Executive Credit Committee and the Board Credit Committee.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

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

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

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

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

There is generally no significant concentration of credit risks as the organisation transacts with a large number of individually immaterial debtors.

Credit risk is not considered to be significant to the Company except in relation to investments in available for sale financial assets.

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

	Consolidated		Company	
	2011	2010	2011	2010
Gross maximum exposure	\$	\$	\$	\$
Cash and cash equivalents	8,261,539	13,598,999	8,261,539	13,598,999
Trade and other receivables	3,802,747	3,422,165	3,802,747	3,422,165
Prepayments	549	-	549	-
Available for sale financial assets	127,837,489	108,654,432	127,837,489	108,654,432
Shares in controlled entities at cost	-	-	16	16
Shares in joint ventures	2,561,764	-	3,000,000	-
Total credit risk exposure	<u>142,464,088</u>	<u>125,675,596</u>	<u>142,902,340</u>	<u>125,675,612</u>

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 4 – Revenues

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Revenue				
- Commission and management fees received	31,483,903	33,877,256	31,483,903	33,877,256
- Interest	704,271	593,672	704,271	593,672
- Dividends ^(a)	7,058,470	6,159,690	7,058,470	6,159,690
- Property revenue	243,780	231,900	243,780	231,900
Total revenue	<u>39,490,424</u>	<u>40,862,518</u>	<u>39,490,424</u>	<u>40,862,518</u>
Other income				
- Net gains on sale of available-for-sale investments	-	110,425	-	110,425
- Other revenues	800	7,119	800	7,119
Total other income	<u>800</u>	<u>117,544</u>	<u>800</u>	<u>117,544</u>
Total revenues	<u>39,491,224</u>	<u>40,980,062</u>	<u>39,491,224</u>	<u>40,980,062</u>
(a) Dividends from:				
- Other corporations	6,995,951	6,099,035	6,995,951	6,099,035
- Unit trust distributions	62,519	60,655	62,519	60,655
	<u>7,058,470</u>	<u>6,159,690</u>	<u>7,058,470</u>	<u>6,159,690</u>

Note 5 – Expenses

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Management fees and commissions paid				
- Managed investment schemes	(6,476,179)	(9,797,205)	(6,476,179)	(9,797,205)
- Superannuation	(9,906)	(11,437)	(9,906)	(11,437)
- Interest Expense	-	(239,109)	-	(239,109)
	<u>(6,486,085)</u>	<u>(10,047,751)</u>	<u>(6,486,085)</u>	<u>(10,047,751)</u>
Business promotion expense				
- Sponsorship	(32,596)	(28,931)	(32,596)	(28,931)
- Printing	(55,696)	(61,572)	(55,696)	(61,572)
- Promotional items	(315)	(127)	(315)	(127)
- Other	(41,989)	(78,695)	(41,989)	(78,695)
	<u>(130,596)</u>	<u>(169,325)</u>	<u>(130,596)</u>	<u>(169,325)</u>
Employee benefits expense				
- Salaries and wages recharge	(4,087,760)	(2,990,331)	(4,087,760)	(2,990,331)
- Superannuation contributions recharge	(404,717)	(304,645)	(404,717)	(304,645)
- Provision for annual leave recharge	(366,409)	(342,477)	(366,409)	(342,477)
- Provision for long service leave recharge	(90,376)	(81,020)	(90,376)	(81,020)
- Payroll tax recharge	(249,094)	(188,816)	(249,094)	(188,816)
- Fringe benefits tax recharge	(25,389)	(32,089)	(25,389)	(32,089)
- Other recharge	(37,973)	(39,888)	(37,973)	(39,888)
	<u>(5,261,718)</u>	<u>(3,979,266)</u>	<u>(5,261,718)</u>	<u>(3,979,266)</u>
Occupancy expense				
- Operating lease rental expense	(537,744)	(534,256)	(537,744)	(534,256)
- Rates and taxes	(22,290)	(17,844)	(22,290)	(17,844)
- Repairs and maintenance	(9,082)	(45,808)	(9,082)	(45,808)
	<u>(569,116)</u>	<u>(597,908)</u>	<u>(569,116)</u>	<u>(597,908)</u>

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 5 – Expenses (cont'd..)

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Property, plant & equipment costs				
- Building depreciation	(23,693)	(23,693)	(23,693)	(23,693)
- Plant and equipment depreciation	(22,815)	(8,518)	(22,815)	(8,518)
- Intangible software amortisation	(54,336)	(598)	(54,336)	(598)
	<u>(100,844)</u>	<u>(32,809)</u>	<u>(100,844)</u>	<u>(32,809)</u>
Computer systems and software costs				
- Computer line rental & installations	(42,567)	(27,542)	(42,567)	(27,542)
- Leasing costs	(69,149)	(52,554)	(69,149)	(52,554)
- Repairs and maintenance hardware	(12,367)	(9,737)	(12,367)	(9,737)
- Software maintenance	(414,916)	(293,623)	(414,916)	(293,623)
	<u>(538,999)</u>	<u>(383,456)</u>	<u>(538,999)</u>	<u>(383,456)</u>
Administration expense				
- Parent entity cost recoveries	(1,796,754)	(1,498,756)	(1,796,754)	(1,498,756)
- Legal expenses	(55,752)	(2,516,301)	(55,752)	(2,516,301)
- Consulting expenses	(89,976)	(64,480)	(89,976)	(64,480)
- Accounting expenses	(52,664)	(98,595)	(52,664)	(98,595)
- Stationery and office supplies	(47,178)	(70,994)	(47,178)	(70,994)
- Motor vehicle expenses	(30,402)	(33,647)	(30,402)	(33,647)
- Insurance premiums	-	(9,685)	-	(9,685)
- Telephone	(74,439)	(69,515)	(74,439)	(69,515)
- Postage	(46,019)	(81,630)	(46,019)	(81,630)
- Travel expenses	(66,373)	(36,720)	(66,373)	(36,720)
- Subscriptions to associations	(140,019)	(114,405)	(140,019)	(114,405)
- Electricity / gas and fuel	(20,084)	(21,793)	(20,084)	(21,793)
	<u>(2,419,660)</u>	<u>(4,616,521)</u>	<u>(2,419,660)</u>	<u>(4,616,521)</u>
Share of loss on joint ventures	(438,236)	-	-	-
Other expenses	(455,460)	(1,173,780)	(455,460)	(1,173,780)
Total expenses	<u>(16,400,714)</u>	<u>(21,000,816)</u>	<u>(15,962,478)</u>	<u>(21,000,816)</u>

The ultimate parent entity provides administrative services that are charged back to the reporting entity.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 6 – Income tax expense

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Major components of income tax expense are:				
Statement of Comprehensive Income				
<i>Current income tax:</i>				
Current income tax charge	7,865,217	6,708,954	7,996,688	6,708,954
Imputation credits	(2,998,265)	230,076	(2,998,265)	230,076
Adjustments in respect of current income tax	38,104	-	38,104	-
<i>Deferred income tax:</i>				
Relating to origination and reversal of temporary differences	(30,765)	21,032	(30,765)	21,032
Adjustments in respect of current income tax of previous years	(114,015)	(2,613,872)	(114,015)	(2,613,872)
Other items	-	20,993	-	20,993
Income tax expense reported in the Statement of Comprehensive Income	<u>4,760,276</u>	<u>4,367,183</u>	<u>4,891,747</u>	<u>4,367,183</u>
Statement of Changes in Equity				
<i>Deferred income tax related to items charged or credited directly in equity</i>				
Unrealised gain of available-for-sale financial assets	3,372,161	9,899,384	3,372,161	9,899,384
Income tax expense / (benefit) reported in equity	<u>3,372,161</u>	<u>9,899,384</u>	<u>3,372,161</u>	<u>9,899,384</u>

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

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Income tax attributable to:				
Accounting profit before income tax	<u>23,090,510</u>	<u>19,979,246</u>	<u>23,528,746</u>	<u>19,979,246</u>
The income tax expense comprises amounts set aside as:				
Provision attributable to current year at statutory rate, being				
prima facie tax on accounting profit before tax	6,927,153	5,993,774	7,058,624	5,993,774
Under (over) provision in prior years	(75,911)	230,076	(75,911)	230,076
Tax credits and adjustments	(2,998,265)	(2,613,872)	(2,998,265)	(2,613,872)
Expenditure not allowable for income tax purposes	7,819	13,044	7,819	13,044
Other non assessable income	-	(84,128)	-	(84,128)
Deferred tax movement	-	21,032	-	21,032
Other	899,480	807,257	899,480	807,257
Income tax expense reported in the consolidated Statement of Comprehensive Income	<u>4,760,276</u>	<u>4,367,183</u>	<u>4,891,747</u>	<u>4,367,183</u>

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 6 – Income tax expense (cont'd..)

	Statement of Financial Position	
	2011	2010
	\$	\$
Deferred income tax		
Deferred income tax at 30 June relates to the following:		
Consolidated		
<i>Deferred tax liabilities</i>		
Deferred expenses	(3,110)	-
Available-for-sale financial assets	(15,842,624)	(12,545,463)
Revaluations of land & buildings to fair value	(255,585)	(262,693)
Deferred tax liabilities	<u>(16,101,319)</u>	<u>(12,808,156)</u>
 <i>Deferred tax assets</i>		
Deferred income	59,029	-
Expenses tax depreciable	8,364	1,752
Plant & equipment	6,499	6,358
Other	20,993	20,993
Deferred tax assets	<u>94,885</u>	<u>29,103</u>
 Sandhurst Trustees		
<i>Deferred tax liabilities</i>		
Deferred expenses	(3,110)	-
Available-for-sale financial assets	(15,842,624)	(12,545,463)
Revaluations of land & buildings to fair value	(255,585)	(262,693)
Deferred tax liabilities	<u>(16,101,319)</u>	<u>(12,808,156)</u>
 <i>Deferred tax assets</i>		
Deferred income	59,029	-
Expenses tax depreciable	8,364	1,752
Plant & equipment	6,499	6,358
Other	20,993	20,993
Deferred tax assets	<u>94,885</u>	<u>29,103</u>

At 30 June 2011, there is no unrecognised deferred income tax liability (2010: Nil) for taxes that would be payable on the unremitted earnings of certain of the group's subsidiaries or associate, as the group has no liability for additional taxation should such amounts be remitted.

Tax consolidation

Effective 1 July 2002, for the purposes of income tax, the parent of Sandhurst Trustees Limited, Bendigo and Adelaide Bank Limited and its 100% owned subsidiaries formed a tax consolidated group. Members of the group entered into a tax sharing arrangement in order to allocate income tax to the wholly-owned subsidiaries in the event the head entity defaults on its tax payment obligations. At the reporting date, the possibility of default is remote. The head entity of the tax consolidated group is Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited has formally notified the Australian Tax Office of its adoption of the tax consolidation regime upon the lodgement of its 2003 income tax return.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 6 – Income tax expense (cont'd..)

Nature of tax funding agreement

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

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries inter-company accounts with the tax consolidated group head company, Bendigo and Adelaide Bank Limited. The tax funding agreement is in accordance with AASB Interpretation 1052 Tax Consolidation Accounting (UIG 1052). Where the tax funding agreement is not in accordance with UIG 1052, the difference between the current tax amount that is allocated under the tax funding agreement and the amount that is allocated under an acceptable method is recognised as a contribution/distribution of the subsidiaries' equity accounts.

Taxation of Financial Arrangements

The new taxing regime for financial instruments (TOFA) began to apply to the Bendigo and Adelaide Bank Limited tax consolidated group on 1 July 2010. The regime aims to align the tax and accounting treatment of financial arrangements.

The Bendigo and Adelaide Bank Limited tax consolidated group 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.

Note 7 - Dividends paid and proposed

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Total interim fully franked dividends paid franked at tax rate of 30% (2010 - 30%) 2011: \$1.406 per share (2010: \$1.497)	14,060,000	14,970,000	14,060,000	14,970,000

There were no dividends proposed or declared before the financial statements were authorised for issue.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 8 - Cash and cash equivalents

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Cash at bank	1,559,486	269,199	1,559,486	269,199
Cash on hand	492,285	14,033	492,285	14,033
Deposits at short call	6,209,768	13,315,767	6,209,768	13,315,767
	<u>8,261,539</u>	<u>13,598,999</u>	<u>8,261,539</u>	<u>13,598,999</u>

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

Deposits at short call mature on a quarterly basis. The average interest rate for the year ended 30 June 2011 was 5.39% (2010 – 3.98%).

Note 9 - Trade and other receivables

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
<i>Current</i>				
Sundry debtors and accrued income	<u>2,755,980</u>	<u>3,382,820</u>	<u>2,755,980</u>	<u>3,397,820</u>
<i>Non-current</i>				
Other debtors	<u>1,046,767</u>	<u>39,345</u>	<u>1,046,767</u>	<u>24,345</u>

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

Non-current receivables are non-interest bearing and have an average maturity of 44 months.

Note 10 - Prepayments

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Current	<u>549</u>	<u>-</u>	<u>549</u>	<u>-</u>

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 11 - Available-for-sale financial assets

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
<i>Current</i>				
Shares -				
In listed corporations at fair value	126,335,545	107,271,254	126,335,545	107,271,254
In managed investment schemes at fair value	1,501,944	1,383,178	1,501,944	1,383,178
	127,837,489	108,654,432	127,837,489	108,654,432

Available-for-sale share investments consist of investments in ordinary shares and units in unit trusts, and therefore have no fixed maturity date or coupon rate.

Listed shares and shares in managed investment schemes are based on fair value which has been determined directly by reference to published price quotations in an active market and published unit prices.

Note 12 – Shares in joint ventures

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Share in joint ventures	2,561,764	-	3,000,000	-

Sandhurst Trustees Limited holds a 24% interest in Linear Financial Holdings Pty Ltd at 30 June 2011.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 13 - Property, plant and equipment

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
<i>Total freehold land</i>	850,000	850,000	850,000	850,000
Freehold buildings	947,721	947,721	947,721	947,721
Accumulated depreciation	(94,772)	(71,079)	(94,772)	(71,079)
<i>Total freehold buildings</i>	852,949	876,642	852,949	876,642
Plant and equipment at cost	1,017,501	998,889	1,017,501	998,889
Accumulated depreciation	(933,552)	(910,738)	(933,552)	(910,738)
<i>Total plant and equipment</i>	83,949	88,151	83,949	88,151
<i>Total property, plant and equipment</i>	1,786,898	1,814,793	1,786,898	1,814,793

Reconciliation

Freehold land				
Carrying amount at beginning	850,000	850,000	850,000	850,000
Carrying amount at end	850,000	850,000	850,000	850,000
Freehold buildings				
Carrying amount at beginning	876,642	900,335	876,642	900,335
Depreciation expense	(23,693)	(23,693)	(23,693)	(23,693)
Carrying amount at end	852,949	876,642	852,949	876,642
Plant and equipment				
Carrying amount at beginning	88,151	10,353	88,151	10,353
Additions	18,613	86,316	18,613	86,316
Depreciation expense	(22,815)	(8,518)	(22,815)	(8,518)
Carrying amount at end	83,949	88,151	83,949	88,151

The fair values of freehold land and buildings have been determined by reference to Director valuations, based upon independent valuations previously obtained. The independent valuations are performed on an open market basis, being the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date. The effective date of the revaluation was 30 June 2007.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 14 - Intangible assets

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Intangible software	601,305	479,484	601,305	479,484
Accumulated amortisation	(454,272)	(399,936)	(454,272)	(399,936)
Total intangible assets	<u>147,033</u>	<u>79,548</u>	<u>147,033</u>	<u>79,548</u>
<i>Reconciliation</i>				
Intangible software				
Carrying amount at beginning	79,548	946	79,548	946
Additions	121,821	79,199	121,821	79,199
Amortisation expense	(54,336)	(598)	(54,336)	(598)
Carrying amount at end	<u>147,033</u>	<u>79,548</u>	<u>147,033</u>	<u>79,548</u>

Note 15 - Reserve fund

Part VI of the Trustee Companies Act 1984 ("the Act") required that the Group maintain a Reserve Fund. As at May 2010 this was no longer a requirement of the Act.

Section 38 of the Act provided that monies in a Reserve fund may be invested in any manner in which trust monies may be invested by a trustee under the Trustee Act 1958.

In addition to the powers of investment as prescribed above, a trustee company could invest monies in its Reserve fund in freehold land and buildings in the State.

At June 2010, the entity had invested Reserve fund monies in the following assets, which are already included in the Statement of Financial Position:

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Deposits at short call	-	10,390,181	-	10,390,181
Managed fund investments	-	1,383,177	-	1,383,177
Freehold land and buildings	-	1,726,642	-	1,726,642
	<u>-</u>	<u>13,500,000</u>	<u>-</u>	<u>13,500,000</u>

Deposits at short call and managed fund investments are carried at fair value and are items readily convertible into cash and generally repayable on demand. The managed fund investments are regarded as available-for-sale assets.

Freehold land and buildings are at Directors' valuation (based on an independent valuation at 30 June 2007).

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 16 - Trade and other payables

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Trade creditors and accrued expenses ^(a)	260,947	881,411	260,947	881,426
Amounts payable to ultimate parent entity ^(b)	76,167,289	74,813,309	75,861,785	74,507,790
Income tax due to parent	4,541,513	3,732,937	4,672,984	3,732,937
	80,969,749	79,427,657	80,795,716	79,122,153

Terms and conditions:

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

Note 17 - Financial Risk Management

The Group has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

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

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

a. Credit risk

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

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

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

None of the assets of the Group are past due (2010: Nil past due) and based on historic default rates, the Group believes that no impairment allowance is necessary in respect of assets not past due.

b. Liquidity risk

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

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

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 17 - Financial Risk Management (cont'd..)

Consolidated

	Carrying Amount \$'000	1 year or less \$'000	1 to 5 years \$'000	more than 5 years \$'000	Total \$'000
30 June 2011					
Trade and other payables	80,969,749	80,969,749	-	-	80,969,749
Total financial liabilities	<u>80,969,749</u>	<u>80,969,749</u>	<u>-</u>	<u>-</u>	<u>80,969,749</u>

30 June 2010

Trade and other payables	79,427,657	79,427,657	-	-	79,427,657
Total financial liabilities	<u>79,427,657</u>	<u>79,427,657</u>	<u>-</u>	<u>-</u>	<u>79,427,657</u>

Company

	Carrying Amount \$'000	1 year or less \$'000	1 to 5 years \$'000	more than 5 years \$'000	Total \$'000
30 June 2011					
Trade and other payables	80,795,716	80,795,716	-	-	80,795,716
Total financial liabilities	<u>80,795,716</u>	<u>80,795,716</u>	<u>-</u>	<u>-</u>	<u>80,795,716</u>

30 June 2010

Trade and other payables	79,122,153	79,122,153	-	-	79,122,153
Total financial liabilities	<u>79,122,153</u>	<u>79,122,153</u>	<u>-</u>	<u>-</u>	<u>79,122,153</u>

c. Market Risk

(i) Interest rate risk

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

Available-for-Sale financial assets and trade and other receivables are non-interest earning. Trade and other receivables are generally settled within 12 months.

Trade and other payables are non-interest bearing and generally mature within 30 days for current and 1-5 years for non-current.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 17 - Financial Risk Management (cont'd..)

Sensitivity analysis for fixed and variable rate instruments

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

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Post tax profit				
+ 1% (100 Basis points)	155,949	26,920	155,949	26,920
- 1% (100 Basis points)	(155,949)	(26,920)	(155,949)	(26,920)
Equity				
+ 1% (100 Basis points)	155,949	26,920	155,949	26,920
- 1% (100 Basis points)	(155,949)	(26,920)	(155,949)	(26,920)

(ii) Equity price risk

Equity price risk is the risk that the fair value of available-for-sale financial assets will fluctuate because of changes in market prices.

The Group reviews the exposure to equity price risk on a regular basis.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 17 - Financial Risk Management (cont'd..)

(iii) Fair value sensitivity analysis for available-for-sale financial assets

The following table demonstrates a reasonably possible change in available for sale financial asset prices at the reporting date, with reference to benchmarking to the ASX200. This would have increased/(decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2010.

Consolidated

	Profit or loss		Equity	
	10% increase	10% decrease	10% increase	10% decrease
	\$	\$	\$	\$
30 June 2011				
Available-for-sale financial assets	-	-	12,781,497	(12,781,497)
30 June 2010				
Available-for-sale financial assets	-	-	10,865,443	(10,865,443)

Company

	Profit or loss		Equity	
	10% increase	10% decrease	10% increase	10% decrease
	\$	\$	\$	\$
30 June 2011				
Available-for-sale financial assets	-	-	12,781,497	(12,781,497)
30 June 2010				
Available-for-sale financial assets	-	-	10,865,443	(10,865,443)

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 17 - Financial Risk Management (cont'd..)

d. Net fair values

All assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value, unless otherwise stated in the applicable notes.

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

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

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

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

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

	Year ended 30 June 2011				Year ended 30 June 2010			
	Quoted market price (level 1)	Valuation technique market observable inputs (level 2)	Valuation technique non market observable inputs (level 3)	Total	Quoted market price (level 1)	Valuation technique market observable inputs (level 2)	Valuation technique non market observable inputs (level 3)	Total
Consolidated								
Financial assets								
Available-for-sale investments								
Listed Investments	126,335,545	-	-	126,335,545	107,271,254	-	-	107,271,254
Managed Investments	-	1,501,944	-	1,501,944	-	1,383,178	-	1,383,178
	<u>126,335,545</u>	<u>1,501,944</u>	<u>-</u>	<u>127,837,489</u>	<u>107,271,254</u>	<u>1,383,178</u>	<u>-</u>	<u>108,654,432</u>
Financial Liabilities								
	-	-	-	-	-	-	-	-

	Year ended 30 June 2011				Year ended 30 June 2010			
	Quoted market price (level 1)	Valuation technique market observable inputs (level 2)	Valuation technique non market observable inputs (level 3)	Total	Quoted market price (level 1)	Valuation technique market observable inputs (level 2)	Valuation technique non market observable inputs (level 3)	Total
Company								
Financial assets								
Available-for-sale investments								
Listed Investments	126,335,545	-	-	126,335,545	107,271,254	-	-	107,271,254
Managed Investments	-	1,501,944	-	1,501,944	-	1,383,178	-	1,383,178
	<u>126,335,545</u>	<u>1,501,944</u>	<u>-</u>	<u>127,837,489</u>	<u>107,271,254</u>	<u>1,383,178</u>	<u>-</u>	<u>108,654,432</u>
Financial Liabilities								
	-	-	-	-	-	-	-	-

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 17 - Financial Risk Management (cont'd..)

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices. The Managed Investments value is determined by Net Asset Value provided by the Fund Manager as published through the respective fund manager's website.

e. Capital Management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Group. Capital is represented by total equity as recorded in the Statement of Financial Position. The ultimate parent entity contributes additional capital to the Group as and when required. Sandhurst Trustees Limited capital management objectives are in line with the head entity Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited key capital management objectives are to:

- Optimise the level and use of capital resources to enhance shareholder value through maximising financial performance;
- Maintain a sufficient level of capital above the regulatory minimum to provide a buffer against loss arising from unanticipated events, and allow the Group to continue as a going concern;
- Ensure that capital management is closely aligned with the Group's business and strategic objectives; and
- Achieve progressive improvement to short and long term credit ratings.

The Group manages capital adequacy according to the framework provided by the APRA Prudential Standards. Until May 2010 Section 36(2) of the Trustee Companies Act 1984 (Vic) and Trustee Companies Regulations 1995 (Vic) required Sandhurst Trustees Limited to maintain a Reserve Fund of not less than 0.5% of the value of Trust Estate and Common Fund monies held in the State of Victoria. Refer to Note 15 for further detail.

Note 18 - Contributed equity

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Issued capital				
10,000,000 ordinary shares fully paid	5,000,000	5,000,000	5,000,000	5,000,000

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

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

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 19 - Retained earnings

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
<i>Movements in retained earnings were as follows:</i>				
Retained profits at the beginning of the financial year	5,601,097	4,959,034	5,906,617	5,264,554
Net profit attributable to members of the Company	18,330,234	15,612,063	18,636,999	15,612,063
Dividends provided for or paid	(14,060,000)	(14,970,000)	(14,060,000)	(14,970,000)
Retained profits at the end of the financial year	<u>9,871,331</u>	<u>5,601,097</u>	<u>10,483,616</u>	<u>5,906,617</u>

Note 20 - Cash flow information

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
(a) Reconciliation of cash				
Cash at end of the financial year as shown in the Statement of Cashflow is reconciled to the related items in the Statement of Financial Position as follows:				
Cash on hand	492,285	14,033	492,285	14,033
Cash at bank	1,559,486	269,199	1,559,486	269,199
Deposits at short call	6,209,768	13,315,767	6,209,768	13,315,767
	<u>8,261,539</u>	<u>13,598,999</u>	<u>8,261,539</u>	<u>13,598,999</u>

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

Net profit after income tax	18,330,234	15,612,063	18,636,999	15,612,063
<i>Adjustments:</i>				
Depreciation	46,508	32,211	46,508	32,211
Amortisation	54,336	598	54,336	598
(Profit)/loss on investments sold	-	(110,425)	-	(110,425)
Share of joint ventures (profit)/loss	438,236	-	-	-
<i>Changes in assets and liabilities</i>				
(Increase)/decrease in receivables	(380,582)	308,358	(380,582)	308,358
(Increase)/decrease in prepayments	(549)	7,013	(549)	7,013
(Increase)/decrease in deferred tax assets	(65,782)	(20,758)	(65,782)	(20,758)
(Decrease)/increase in deferred tax liability	3,293,163	9,937,620	3,293,163	9,937,620
(Decrease)/increase in accounts payable	(698,102)	472,603	(698,102)	472,603
(Decrease)/increase in deferred income	77,637	29,125	77,637	29,125
(Decrease)/increase in tax payable	808,576	(6,811,500)	940,047	(6,811,500)
Net cash from operating activities	<u>21,903,675</u>	<u>19,456,908</u>	<u>21,903,675</u>	<u>19,456,908</u>

(c) Financing facilities available

At reporting date, the following financing facility with Bendigo and Adelaide Bank had been negotiated and was available.

Guarantee	250,000	250,000	250,000	250,000
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(d) Non-cash financing and investing activities

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 21 - Related party disclosures

The Directors of Sandhurst Trustees Limited during the financial year are disclosed in the Directors' report.

- (a) The ultimate parent entity of Sandhurst Trustees Limited is Bendigo and Adelaide Bank Limited.
- (b) The ultimate parent entity has provided to Sandhurst Trustees Limited an interest free loan in connection with the payment of administration costs on behalf of the Group. The loan has no fixed repayment date, and may be recalled at anytime.

	Receipts and fees received from Bendigo and Adelaide Bank Ltd \$	Supplies, Fixed Assets and service fees charged by Bendigo and Adelaide Bank Ltd \$	Net Amount Owing to Bendigo and Adelaide Bank Ltd \$
Sandhurst Trustees Ltd			
2011	18,277,351	10,398,524	66,359,762
2010	8,648,439	12,163,789	74,238,589
 Bendigo Asset Management			
2011	-	-	305,521
2010	-	-	305,521

- (c) Sandhurst Trustees Limited pays the parent entity an inter-company cross-charge, on normal terms and conditions, for the provision of administrative and support services of \$1,796,754 - 2011 (\$1,498,756 - 2010).
- (d) Sandhurst Trustees Limited holds Investments in the Sandhurst Professional Series and Bendigo Managed funds, valued at \$1,501,944 at 30 June 2011 (\$1,383,178 - 2010).
- (e) Sandhurst Trustees Limited holds Investments in the Sandhurst Common funds, valued at \$6,209,768 at 30 June 2011 (\$13,315,767 - 2010).
- (f) The Parent entity provides a Guarantee of \$250,000 (\$250,000 - 2010) under normal commercial terms and conditions.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 22 - Director and executive disclosures

(a) Details of key management personnel

Jennifer Dawson	Chairman
Ian Mansbridge	Non-Executive Director
Marnie Baker	Executive Director
John Billington	Executive Director (appointed 28 September 2010)

Key management personnel are employed by Bendigo and Adelaide Bank Limited and the proportion of their compensation related to services to the Company are presented in the table below.

(b) The compensation of key management personnel is as follows:

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Short term benefits	389,571	247,834	389,571	247,834
Post employment benefits	14,221	10,471	14,221	10,471
Other long term benefits	5,731	4,414	5,731	4,414
Share-based payments	111,499	62,172	111,499	62,172
Total	521,022	324,890	521,022	324,890

Note 23 - Economic dependence

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

Note 24 - Controlled entities

Sandhurst Trustees Limited is the parent entity of the following wholly-owned subsidiary companies (which were all incorporated in Australia):

- Sandhurst Nominees (Victoria) Limited
- Sandhurst Custodian Limited
- Sandhurst Nominees (Canberra) Limited
- Bendigo Asset Management Limited

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 25 - Contingent liabilities and assets

No contingent liabilities or assets exist as at reporting date.

Estate administration

Sandhurst Trustees Limited acts as executor and trustee for a significant number of trusts and estates. In this capacity, Sandhurst Trustees Limited has incurred liabilities for which it has a right of indemnity out of the assets of those trusts and estates.

Accordingly, these liabilities are not reflected in the financial statements.

Note 26 - Subsequent events

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 Company.

Note 27 - Auditors remuneration

Chief entity auditors

The auditor of Sandhurst Trustees Limited is Ernst & Young.

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

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

In the opinion of the directors:

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

On behalf of the Board

Director



Jennifer Dawson

Dated this 28 day of September 2011

Corporate Information

Directors

Jennifer Dawson, Chairman
Ian Mansbridge
Marnie Baker
John Billington

Joint Company Secretaries

David Oataway
Mark Hall

Registered Office

The Bendigo Centre
BENDIGO Victoria 3550

Principal Business Address

18 View Street
BENDIGO Victoria 3550

Other Locations

Level 5, 120 Harbour Esplanade
DOCKLANDS Victoria 3008
Mezzanine, 175 Pitt St
SYDNEY New South Wales 2000
GPO Box 4182
SYDNEY New South Wales 2001

Internet Address

www.sandhursttrustees.com.au

Auditors

Ernst & Young

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

Report on the financial report

We have audited the accompanying financial report of Sandhurst Trustees Limited, which comprises the statement of financial position as at 30 June 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers internal controls relevant to the entity'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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

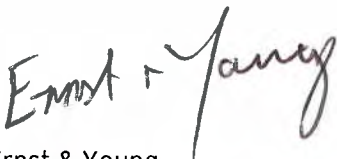
Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

- a. the financial report of Sandhurst Trustees Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the company's and consolidated entity's financial positions as at 30 June 2011 and of their performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A large, stylized handwritten signature in dark ink, likely belonging to T M Dring.

T M Dring
Partner
Melbourne
28 September 2011

Auditor's Independence Declaration to the Directors of Sandhurst Trustees Limited

In relation to our audit of the financial report of Sandhurst Trustees Limited for the financial 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.



Ernst & Young



T M Dring
Partner
Melbourne
28 September 2011



Mindful Faithful Lasting