Sandhurst Trustees Limited

Annual Report 2004

For the year ended 30 June 2004

Sandhurst Trustees
SUBSIDIARY OF BENDIGO BANK

ABN 16 004 030 737
AFSL 237906

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Chairman's report

Sandhurst Trustees accomplished a number of significant milestones during the 2004 financial year. Of particular note was the Sandhurst Select Mortgage Fund which surpassed $1 billion midway during the year. In addition, Sandhurst total funds under management had exceeded $2 billion by the end of the financial year.

The strong growth in funds under management enjoyed by Sandhurst over the past couple of years has continued to demonstrate the value of our strategy of developing our funds management products and services. Sandhurst now has in place a compact suite of relevant and high quality products. The continued expansion of the Bendigo Bank Group distribution network and increased awareness of our product range in the external market has assisted the strong growth experienced in our funds under management.

Profit after tax of $10.5 million for the year ended 30 June 2004 reflected an increase of $4.3 million (69%) from the previous year. Key drivers of this increase in profit after tax were:

- Funds under management of $2,159 million at 30 June 2004 up $425 million (25%) from the previous year.
- Funds under management growth was driven by continued strong growth in the Sandhurst Select Mortgage Fund which increased by $210 million (25%) during the year and the Sandhurst Industrial Share Fund which grew by $132 million (48%) during the year;
- Continued strong growth in the Bendigo Managed Funds, which increased by $46 million (95%) during the year to be $95 million at year end. Subsequent to year end the Bendigo Managed Funds have exceeded $100 million;
- Increased revenue arising from new appointments taken on by our Melbourne and Sydney offices in relation to the provision of funds management administration for other responsible entities, registry services for unit trusts, custodial services and trustee and custodial roles in connection with securitisation programs;
- Continued growth in our Estates Will Bank and management of our continuing trusts including charitable trusts which have made important distributions to assist community projects and areas of need; and
- The Bendigo Superannuation Plan increased by $38 million (26%) with member numbers increasing by 1,805 (17%) to 12,291.

In addition to the significant financial achievements during the year, Sandhurst also applied for and was granted an Australian Financial Services Licence (No. 237906) by the Australian Securities and Investments Commission during February 2004.

I thank my fellow directors, our CEO Mrs Marnie Baker and all staff members for their significant contributions during the year and their dedicated service to Sandhurst Trustees' clients.

I G Mansbridge

Ian G. Mansbridge

Chairman

Directors' report

Your Directors submit the financial report of Sandhurst Trustees Limited (the Company) and its controlled entities for the year ended 30 June 2004.

Directors

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

Ian G Mansbridge Chairman
Robert G Hunt
Gregory D Gillett
Michael J Hirst

Corporate Structure

Sandhurst Trustees Limited is a company limited by shares that is incorporated and domiciled in Australia. Its ultimate parent entity is Bendigo 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 2004 there were 40 (2003: 51) staff employed to undertake the above activities.

Consolidated results

	2004 $	2003 $
Economic entity results in brief:		
Operating profit before income tax	14,976,848	9,044,403
Operating profit after income tax	10,549,784	6,225,991
Dividend provided for or paid	10,550,000	5,500,000

Dividends paid

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 $10.5 million. This represents a 69% increase from the $6.2 million profit from ordinary activities after income tax expense for 2003. Profit from ordinary activities before income tax expense was approximately $15.0 million compared to $9.0 million for 2003, representing a 66% increase.

The 2004 result reflected increased revenue, partially offset by volume-related increased operating costs. Sandhurst experienced strong growth in funds under management during the year, referred to below, which resulted in operating revenue of $32.5 million being 27% ahead of 2003.

Funds management

Common Funds continued to grow during the year and provided competitive returns to investors. The Sandhurst Industrial Share Fund and the new Sandhurst Future Leaders Fund also recorded solid growth during the year and outperformed key market indexes.

Total common funds under management grew to $1,389 million ($1,195 million - 2003). The Sandhurst Industrial Share Fund has also continued to generate strong growth, totalling $404 million ($272 million - 2003). The new Bendigo Managed Funds contributed $95 million ($49 million - 2003) in funds growth since their launch during June 2002.

Melbourne and Sydney Offices / Trustee, Custodial and Administrative Services

During the current financial year, the Melbourne and Sydney offices have continued to increase their revenue base. New appointments taken on have included the provision of funds management administration for other responsible entities, registry services for unit trusts, custodial services, trustee and custodial roles in connection with securitisation programs.

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. The Company is also pursuing initiatives to promote its expertise in estate planning which includes legal, investment, taxation and administrative issues.

Superannuation

Superannuation and share ownership continues to assume growing importance for Australians seeking to create wealth and plan for their retirement. Plan membership and funds under management for the Bendigo Superannuation Plan continued to grow strongly, with memberships growing to 12,291 and fund assets reaching $185 million ($147 million - 2003), an inflow of $38 million for the year.

Subsequent events

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.

Future developments

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.

As authorised under the Company's constitution, the Company has entered into deeds providing for indemnity, insurance and access to documents for each director that held office during the year. The deed requires the Company to indemnify the director against all liabilities incurred by the director in, or arising out of the conduct of the business of the Company, a subsidiary of the Company or an associated entity of the Company or in the discharge of their duties as a director of the Company, a subsidiary or associated company.

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

During or since financial year end, 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.

Trustee Companies Act 1984

The Company is an authorised trustee corporation. Pursuant to Class Order [C98/105], dated 10 July 1998, made by the Australian Securities Commission, pursuant to sub-section 341(1) of the Corporations Act 2001, the directors of the Company are relieved from compliance with the relative provisions of the Corporations Act 2001 in relation to the disclosure in its accounts or group accounts of:

(a) liabilities incurred by the Company whilst acting:

(i) as trustee; or

(ii) in a representative capacity where it has taken in its own name a grant of probate of the will of a deceased person or of letters of administration of the estate of a deceased person, in respect of which the Company has a valid and subsisting right of indemnity out of any assets which are sufficient to satisfy the right of indemnity; and

(b) the amount and description of the assets from which the Company has a right of indemnity in respect of any liability to which paragraph (a) applies.

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

Ian G. Mansbridge – Chairman

Dated this 30th day of September 2004

Statement of financial performance

Sandhurst Trustees Limited and Controlled Entities

Statement of financial performance
for the year ended 30 June 2004.

	Note	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Revenues from ordinary activities	2	32,451,869	25,605,980	32,451,869	25,605,980
Bad and doubtful debts expense	3	66	(1,083)	66	(1,083)
Business promotion expense	3	(299,350)	(458,596)	(299,350)	(458,596)
Employee benefits expense	3	(3,033,001)	(3,984,564)	(2,938,961)	(3,984,564)
Occupancy expense	3	(497,110)	(170,785)	(497,110)	(170,785)
Depreciation and amortisation expense	3	(327,232)	(328,298)	(326,684)	(328,298)
I.T. systems expense	3	(353,985)	(284,970)	(353,985)	(284,970)
Management fees and commissions paid	3	(7,926,466)	(4,794,398)	(7,926,466)	(4,794,398)
Administration expense	3	(3,881,347)	(6,042,787)	(3,851,120)	(6,033,377)
Specific expense items	3	(926,979)	(50,000)	(926,979)	(50,000)
Other expenses from ordinary activities	3	(229,617)	(446,096)	(187,327)	(403,056)
Profit from ordinary activities before income tax expense		**14,976,848**	**9,044,403**	**15,143,953**	**9,096,853**
Income tax expense relating to ordinary activities	5	4,427,064	2,818,412	4,440,137	2,818,412
Net profit from ordinary activities after income tax expense attributable to members of the Company		**10,549,784**	**6,225,991**	**10,703,816**	**6,278,441**
Net increase/(decrease) in asset revaluation reserve	18	594,485	(5,468)	594,485	(5,468)
Decrease in retained profits on adoption of revised accounting standard AASB 1028 Employee Benefits		-	(11,505)	-	(11,505)
Total revenues, expenses and valuation adjustments attributable to members of the Company recognised directly in equity		**594,485**	**(16,973)**	**594,485**	**(16,973)**
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of the Company		**11,144,269**	**6,209,018**	**11,298,301**	**6,261,468**

Statement of financial position

Sandhurst Trustees Limited and Controlled Entities

Statement of financial position as at 30 June 2004.

	Note	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Current Assets					
Cash assets	8	116,426	347,462	116,426	347,462
Receivables	9	2,521,882	1,652,936	2,521,242	1,652,936
Other financial assets	10	4,002,541	5,176,248	4,002,539	5,176,248
Other	13	59,991	104,484	13,822	20,736
Total Current Assets		**6,700,840**	**7,281,130**	**6,654,029**	**7,197,382**
Non-current Assets					
Receivables	9	738,782	816,017	738,782	816,017
Other financial assets	10	138,213	142,213	138,233	142,233
Property, plant and equipment	11	292,377	302,128	292,377	302,128
Intangible assets	12	8,386,400	8,577,000	8,386,400	8,577,000
Reserve Fund	14	7,500,000	6,500,000	7,500,000	6,500,000
Total Non-current Assets		**17,055,772**	**16,337,358**	**17,055,792**	**16,337,378**
Total Assets		**23,756,612**	**23,618,488**	**23,709,821**	**23,534,760**
Current Liabilities					
Payables	15	5,338,931	5,699,674	5,076,594	5,554,432
Provisions	16	512,803	468,658	512,803	468,658
Total Current Liabilities		**5,851,734**	**6,168,332**	**5,589,397**	**6,023,090**
Non-current Liabilities					
Provisions	16	105,865	245,412	105,865	245,412
Total Non-current Liabilities		**105,865**	**245,412**	**105,865**	**245,412**
Total Liabilities		**5,957,599**	**6,413,744**	**5,695,262**	**6,268,502**
Net Assets		**17,799,013**	**17,204,744**	**18,014,559**	**17,266,258**
Equity					
Contributed equity	17	5,000,000	5,000,000	5,000,000	5,000,000
Reserves	18	10,241,626	9,647,141	10,241,626	9,647,141
Retained profits	19	2,557,387	2,557,603	2,772,933	2,619,117
Total Equity		**17,799,013**	**17,204,744**	**18,014,559**	**17,266,258**

Statement of cash flows

Sandhurst Trustees Limited and Controlled Entities

Statement of cash flows
for the year ended 30 June 2004.

	Note	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Cash Flow From Operating Activities					
Cash receipts in the course of operations		22,115,415	23,414,932	22,115,415	23,365,575
Cash payments in the course of operations		(8,367,012)	(15,392,957)	(8,236,846)	(15,340,507)
Dividends received		149,306	153,606	149,306	153,606
Interest received		315,067	311,085	315,067	311,085
Income tax paid		(2,895,860)	(1,695,218)	(2,895,860)	(1,695,218)
Net cash flows from/(used in) operating activities	**29(b)**	**11,316,916**	**6,791,448**	**11,447,082**	**6,794,541**
Cash Flow From Investing Activities					
Proceeds from sale of property, plant and equipment		1,084,945	82,046	1,084,945	82,046
Purchase of property, plant and equipment		(124,493)	(137,671)	(124,493)	(137,671)
Sale of investments		-	4,143,127	-	4,143,127
Payments for investments		-	-	-	-
Net cash flows from/(used in) investing activities		**960,452**	**4,087,502**	**960,452**	**4,087,502**
Cash Flows From Financing Activities					
Proceeds from borrowings		-	-	-	-
Repayment of borrowings		(1,810,009)	(1,905,261)	(1,940,177)	(1,908,352)
Transfers to reserves		(1,338,870)	(107,059)	(1,338,870)	(107,061)
Dividends paid		(10,550,000)	(5,500,000)	(10,550,000)	(5,500,000)
Net cash flows from/(used in) financing activities		**(13,698,879)**	**(7,512,320)**	**(13,829,047)**	**(7,515,413)**
Net increase/(decrease) in cash held		(1,421,511)	3,366,630	(1,421,513)	3,366,630
Cash at beginning of year		5,241,621	1,874,991	5,241,621	1,874,991
Cash at end of year	**29(a)**	**3,820,110**	**5,241,621**	**3,820,108**	**5,241,621**

Notes to the financial statements

Sandhurst Trustees Limited and Controlled Entities
Notes to the financial statements for
the year ending 30 June 2004

Note 1 - Summary of significant accounting policies

(a) Basis of accounting

This financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

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

The financial report has been prepared on an accrual basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

(c) Principles of consolidation

The consolidated financial statements are the financial statements of Sandhurst Trustees Limited and all of its controlled entities. A controlled entity is any entity controlled by Sandhurst Trustees Limited. Control exists where Sandhurst Trustees Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Sandhurst Trustees Limited to achieve the objective of Sandhurst Trustees Limited.

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. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All inter-company balances and transactions between entities in the economic entity have been eliminated on consolidation.

(d) Cash and cash equivalents

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 overdrafts.

(e) Receivables

Receivables are recognised and carried at original invoice amount. Receivables from related parties are recognised and carried at the nominal amount due.

(f) Intangibles

Trustee Licence
The useful life of the Trustee Licence has been estimated to be 50 years commencing 1 July 1998. The directors have adopted Accounting Interpretation A1 “Amortisation of Identifiable Intangible Assets” and have resolved to amortise the Trustee Licence on a straight line basis over this period. The balance is reviewed on an annual basis to ensure the carrying value does not exceed recoverable amount. The directors have used internal valuation as the basis of their assessment of recoverable amount. The reassessment of the value conducted as at June 2003 reconfirmed the carrying value of the Trustee Licence.

(g) Non-current investments

Share investment securities listed on a stock exchange and unlisted share investment securities are recorded at cost.

Dividends are brought to account in the Statement of Financial Performance when received, except for dividends from controlled entities which are brought to account when they are proposed by the controlled entity.

(h) Property, plant and equipment

Property, plant and equipment are brought to account at cost or at directors' valuation, less, where applicable, any accumulated depreciation or amortisation. Land and buildings are independently valued at least every three years and, at the discretion of the directors, included in the financial reports at no more than their recoverable amounts. Revaluations reflect independent assessments of the fair market value of land and buildings based on existing use and have not taken account of the potential

capital gains tax on assets acquired after the introduction of capital gains tax.
All other items of property, plant and equipment are carried at the lower of cost less depreciation or recoverable amount.

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated using the straight line method, commencing from the time the asset is held for use. Properties held for investment purposes are not subject to a depreciation charge.

Major depreciation periods are:

Asset category	2004 Years	2003 Years
Freehold buildings	40	40
Leasehold improvements	3	3
Office furniture & equipment	5	5
Computer hardware	3	3
Computer software	2.5	2.5
Motor vehicles	5	5

(i) Gain or loss on disposal of non-current assets

The gain or loss on disposal of non-current assets, including revalued assets, is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal and is included in profit from ordinary activities before income tax of the economic entity in the year of disposal. Any realised revaluation increment relating to the disposed asset which is included in the Asset Revaluation Reserve is transferred to the Asset Realisation Reserve at the time of disposal.

(j) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. The economic entity has no leases deemed to be finance leases where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to entities within the economic entity.

(k) Deferred expenditure

Significant expenditure which gives rise to benefits in more than one accounting period is amortised over the estimated lives of those benefits, generally over periods not exceeding 5 years. The balance is reviewed annually to determine the amount, if any, that should no longer be carried forward.

(l) Trustee and funds management activities

The economic entity 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 1024 “Consolidated Accounts”. Commissions and fees generated by the funds management activities are brought to account when earned.

(m) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries have been recognised and measured as the amount which the economic entity has a present obligation to pay, at balance date, in respect of employees' service up to that date. Liabilities have been calculated at nominal amounts based on wage and salary rates current at balance date and include related on-costs. Annual leave liabilities are accrued on the basis of full pro-rata entitlement at their nominal amounts. Sick leave liabilities have been calculated at balance date, after consideration of the economic entity's experience of employee departures.

Long service leave

Long service leave has been assessed at full pro-rata entitlement in respect of all employees with more than five years service. The amount provided currently meets the requirement of Accounting Standard AASB 1028 "Employee Benefits".

Superannuation

Contributions are made to an employee accumulation superannuation fund and are charged to expenses when incurred.

(n) Revenue recognition

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

Interest, fees and commissions

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 accrual basis.

Dividends

Control of a right to receive consideration for the investment in assets is attained, evidenced by the declaration of dividends by the investee.

(o) Recoverable amount

The carrying amounts of all properties, shares, Trustees Licence and other investments are reviewed at least annually to determine whether they are in excess of their recoverable amounts. If the carrying amount exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts for these assets, the expected net cash flows have not been discounted to their present value unless otherwise stated.

(p) Corpus commission

Corpus commission from Estates is brought into profit from operations according to the estimated proportion of administration work completed at balance date. Reserved Corpus Commission represents commissions received but not brought into account as earnings.

Income tax has been paid or is payable on the amount received but not brought to account, the tax being included with the asset called Future Income Tax Benefits.

(q) Income tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense shown in the Statement of Financial Performance is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(r) 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.

(s) Reserve Fund

Part VI of the Trustee Companies Act 1984 (“the Act”) requires that the Company maintain a Reserve Fund, moneys from which, may only be paid out in accordance with section 39(3) of the Act in the event of the appointment of a liquidator, a receiver, a receiver and manager, or an administrator to the Company.

(t) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(u) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(v) Comparative figures

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

	Note	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Note 2 - Revenues from ordinary activities					
Revenue from operating activities					
- Commission and management fees received		30,654,650	24,958,975	30,654,650	24,958,975
- Interest from managed investments		327,025	290,128	327,025	290,128
- Dividends	2(a)	149,306	153,606	149,306	153,606
- Property revenue		227,711	95,000	227,711	95,000
Total revenues from operating activities		**31,358,692**	**25,497,709**	**31,358,692**	**25,497,709**
Revenues from non-operating activities					
- Valuation adjustment on property fund investment		12,768	35,000	12,768	35,000
- Other revenues		-	1,251	-	1,251
Total revenues from non-operating activities		**12,768**	**36,251**	**12,768**	**36,251**
Specific income items	4(a)	**1,080,409**	**72,020**	**1,080,409**	**72,020**
Total revenues from ordinary activities		**32,451,869**	**25,605,980**	**32,451,869**	**25,605,980**
(a) Dividends from:					
- Other corporations		**3,484**	**7,361**	**3,484**	**7,361**
- Unit trust distributions		145,822	146,245	145,822	146,245
		149,306	**153,606**	**149,306**	**153,606**

Note 3 - Expenses					
Lending bad and doubtful debts expense		66	(12)	66	(12)
Non-lending write-offs		-	(1,071)	-	(1,071)
		66	**(1,083)**	**66**	**(1,083)**
Business promotion expense					
- Retail media		(2,704)	(23,259)	(2,704)	(23,259)
- Sponsorship		(85,723)	(62,132)	(85,723)	(62,132)
- Printing		(129,919)	(272,375)	(129,919)	(272,375)
- Promotional items		(33,071)	(9,729)	(33,071)	(9,729)
- Other		(47,933)	(91,101)	(47,933)	(91,101)
		(299,350)	**(458,596)**	**(299,350)**	**(458,596)**
Employee benefits expense					
- Salaries and wages		(2,277,545)	(2,915,149)	(2,206,941)	(2,915,149)
- Superannuation contributions		(228,445)	(361,386)	(220,489)	(361,386)
- Provision for annual leave		(206,924)	(273,677)	(198,971)	(273,677)
- Provision for long service leave		(45,010)	(24,884)	(41,637)	(24,884)
- Other provisions		30,374	(43,822)	30,374	(43,822)
- Payroll tax		(147,649)	(229,471)	(143,495)	(229,471)
- Fringe benefits tax		(51,219)	(31,911)	(51,219)	(31,911)
- Other		(106,583)	(104,264)	(106,583)	(104,264)
		(3,033,001)	**(3,984,564)**	**(2,938,961)**	**(3,984,564)**
Occupancy expense					
- Operating lease rentals		(477,936)	(106,826)	(477,936)	(106,826)
- Rates and taxes		(16,064)	(19,903)	(16,064)	(19,903)
- Repairs and maintenance		(162)	(39,558)	(162)	(39,558)
- Outgoings		(2,948)	(4,498)	(2,948)	(4,498)
		(497,110)	**(170,785)**	**(497,110)**	**(170,785)**

Note 3 - Expenses (cont.)	Note	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Depreciation and amortisation expense					
- Building depreciation		(17,090)	(26,777)	(17,090)	(26,777)
- Plant and equipment depreciation		(116,588)	(107,127)	(116,040)	(107,127)
- Leasehold improvements write-off		(2,954)	(3,794)	(2,954)	(3,794)
- Trustee Licence amortisation		(190,600)	(190,600)	(190,600)	(190,600)
		(327,232)	**(328,298)**	**(326,684)**	**(328,298)**
Computer systems and software costs					
- Computer line rental		(9,071)	(22,307)	(9,071)	(22,307)
- Leasing costs		(96,345)	(80,918)	(96,345)	(80,918)
- Repairs and maintenance hardware		(10,186)	(6,472)	(10,186)	(6,472)
- Software maintenance		(170,930)	(144,056)	(170,930)	(144,056)
- Software purchases		(67,453)	(31,217)	(67,453)	(31,217)
		(353,985)	**(284,970)**	**(353,985)**	**(284,970)**
Management fees and commissions paid					
- Managed Investment Schemes		(7,545,510)	(4,534,979)	(7,545,510)	(4,534,979)
- Superannuation		(380,956)	(259,419)	(380,956)	(259,419)
		(7,926,466)	**(4,794,398)**	**(7,926,466)**	**(4,794,398)**
Administration expense					
- Parent entity cost recoveries		(3,348,438)	(4,951,841)	(3,339,561)	(4,951,840)
- Legal expense		(47,720)	(331,439)	(47,720)	(331,439)
- Consulting expenses		(56,846)	(73,347)	(56,846)	(63,938)
- Accounting expenses		(17,753)	(26,423)	(17,753)	(26,423)
- Stationery and office supplies		(135,749)	(163,312)	(135,707)	(163,312)
- Uninsured loss events		(500)	(4,987)	(500)	(4,987)
- Statutory brochures		(23)	(20,522)	(23)	(20,522)
- Motor vehicle expenses		(76,159)	(61,208)	(61,969)	(61,208)
- Insurance premiums		(11,986)	(88,120)	(11,986)	(88,120)
- Telephone		(47,030)	(61,614)	(45,541)	(61,614)
- Postage		(48,521)	(93,162)	(48,521)	(93,162)
- Travel expenses		(54,153)	(75,347)	(49,519)	(75,347)
- Subscriptions to associations		(18,947)	(71,096)	(17,952)	(71,096)
- Electricity/Gas and fuel		(17,522)	(20,369)	(17,522)	(20,369)
		(3,881,347)	**(6,042,787)**	**(3,851,120)**	**(6,033,377)**
Specific expense items	4(a)	**(926,979)**	**(50,000)**	**(926,979)**	**(50,000)**
Other expenses from ordinary activities		**(229,617)**	**(446,096)**	**(187,327)**	**(403,056)**

The parent entity provides administrative services that are charged back to the reporting entity. Audit fees are paid by the parent entity, Bendigo Bank Limited.

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Note 4 - Specific items				
(a) Specific income and expense items				
Profit from ordinary activities before income tax expense includes the following income and expenses whose disclosure is relevant in explaining the financial performance of the entity:				
Specific income items				
Proceeds from sale of properties	1,080,409	72,020	1,080,409	72,020
Specific expense items				
Book value of properties sold	(926,979)	(50,000)	(926,979)	(50,000)
Net specific items before income tax	153,430	22,020	153,430	22,020
Income tax benefit applicable to specific items	(27,644)	-	(27,644)	-
Specific items after income tax	**125,786**	**22,020**	**125,786**	**22,020**
(b) Specific items - gains/(losses)				
Profit/(loss) from disposal of property	153,430	22,020	153,430	22,020

	Consolidated 2004 $	$	Company 2003 $	$
Note 5 - Income tax expense				
The prima facie tax on operating profit from ordinary activities before income tax is reconciled to the income tax provided in the accounts as follows:				
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2003 - 30%)	**4,493,055**	**2,713,321**	**4,543,186**	**2,729,056**
Add tax effect of :				
Depreciation of buildings	5,127	8,033	5,127	8,033
Capital gain on sale of property	27,644	-	27,644	-
Amortisation of Trustee Licence	57,180	57,180	57,180	57,180
Amortisation of leasehold improvements	886	1,138	886	1,138
(Over)/Underprovision for tax in prior years	(120,724)	23,978	(145,848)	23,978
Subsidiary company losses transferred to parent entity	-	16,271	-	-
Other non-allowable items	17,628	11,199	5,694	11,735
	4,480,796	**2,831,120**	**4,493,869**	**2,831,120**
Less tax effect of:				
Accounting gain on sale of property	(46,029)	-	(46,029)	-
Valuation write-backs on investments	(3,831)	(10,500)	(3,831)	(10,500)
Rebateable dividends	(1,046)	(2,208)	(1,046)	(2,208)
Other	(2,826)	-	(2,826)	-
	(53,732)	(12,708)	(53,732)	(12,708)
Income tax expense attributable to profit from ordinary activities	**4,427,064**	**2,818,412**	**4,440,137**	**2,818,412**
Deferred tax assets and liabilities				
Tax liability consolidated to ultimate chief entity	**(2,697,752)**	**(1,166,548)**	**(2,710,825)**	**(1,166,548)**

Tax consolidation

Effective 1 July 2002, for the purposes of income taxation, the parent of Sandhurst Trustees, Bendigo Bank Limited and its 100% owned subsidiaries have formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is Bendigo Bank Limited. There has not been any material effect on tax assets or liablilities as a result of the revised tax legislation. Bendigo Bank Limited has formally notified the Australian Tax Office of its adoption of the tax consolidation regime upon lodgement of its 2003 income tax return.

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
Note 6 - Directors' remuneration and retirement benefits				
(a) Directors' remuneration				
Income paid or payable to all directors of the parent entity by the parent entity and any related parties.	**-**	**98,315**	**-**	**98,315**
Number of parent entity directors whose income from the parent entity or any related parties was within the following bands:			No.	No.
$0 - $9,999 (I)			4	4
$10,000 - $19,999			-	3
$30,000 - $39,999			-	-
$40,000 - $49,999			-	1
The names of directors of the parent entity who have held office during the financial year are:				
I G Mansbridge (I) R G Hunt (I) G D Gillett (I) M J Hirst (I)				
(i) Messrs I Mansbridge, R Hunt, G Gillett and M Hirst, being executive officers of the ultimate parent entity, Bendigo Bank Limited, do not receive any directors' remuneration.				

Note 7 - Dividends paid and proposed				
Total interim fully franked dividends paid franked at tax rate of 30% (2003 - 30%)	10,550,000	5,500,000	10,550,000	5,500,000
2004: $1.055 per share (2003: $0.55)				
Amount of unappropriated profits and reserves which could be distributed as franked dividends out of existing franking credits or out of franking credits arising from the payment of income tax in the forthcoming period in respect of the current year's profits	-	-	-	-

Franking credits have been allocated to the head entity of the tax consolidated group, Bendigo Bank Limited.

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Note 8 - Cash assets				
Cash at bank	**116,426**	**347,462**	**116,426**	**347,462**

Cash at bank is readily convertible into cash and generally repayable on demand.

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Note 9 - Receivables				
Current				
Sundry debtors and accrued income	**2,521,882**	**1,652,936**	**2,521,242**	**1,652,936**
Non-current				
Other debtors	**738,782**	**816,017**	**738,782**	**816,017**

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 average maturity of 42 months.

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Note 10 - Other financial assets				
Current				
Deposits at short call	3,703,684	4,894,159	3,703,684	4,894,159
Deposits – other	298,857	282,089	298,857	282,089
	4,002,541	**5,176,248**	**4,002,539**	**5,176,248**
Non-current				
Shares -				
In controlled entities at cost	-	-	20	20
In listed corporations at cost	62,233	62,233	62,233	62,233
In other corporations at cost	75,980	79,980	75,980	79,980
	138,213	**142,213**	**138,233**	**142,233**

The market value of listed corporation shares at 30 June 2004 was $93,524. Deposit assets are items readily convertible into cash and generally repayable on demand.

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Note 11 - Property, plant and equipment				
Freehold land and buildings				
Freehold land				
At directors' valuation 2004	-	-	-	-
Buildings				
At directors' valuation 2004	-	19,927	-	19,927
Less accumulated depreciation	-	(6,642)	-	(6,642)
Total buildings at valuation	**-**	**13,285**	**-**	**13,285**
Total freehold land and buildings	**-**	**13,285**	**-**	**13,285**
Leasehold improvements	11,381	11,381	11,381	11,381
Less accumulated amortisation	(11,381)	(8,427)	(11,381)	(8,427)
Total leasehold improvements	**-**	**2,954**	**-**	**2,954**
Plant and equipment at cost	1,832,332	1,716,390	1,832,332	1,716,390
Less accumulated depreciation	(1,539,955)	(1,430,501)	**(1,539,955)**	(1,430,501)
Total plant and equipment	**292,377**	**285,889**	**292,377**	**285,889**
Total property, plant and equipment	**292,377**	**302,128**	**292,377**	**302,128**

Land and buildings were revalued by the directors based on the directors' assessment of their current market value, based upon independent valuations previously obtained.

Note 11 - Property, plant and equipment (cont.)	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Reconciliations Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current and previous year.				
Freehold land				
Carrying amount at beginning	-	350,000	-	350,000
Additions	-	-	-	-
Disposals	(300,000)	(50,000)	(300,000)	(50,000)
Net amount of revaluation increments less decrements	75,000	-	75,000	-
Amount appropriated (to)/from Reserve Fund	225,000	(300,000)	225,000	(300,000)
Carrying amount at end	**-**	**-**	**-**	**-**
Buildings				
Carrying amount at beginning	13,285	660,000	13,285	660,000
Additions	-	-	-	-
Disposals	(780,410)	(10,026)	(780,410)	(10,026)
Net amount of revaluation increments less decrements	519,485	-	519,485	-
Amount appropriated (to)/from Reserve Fund	264,730	(609,912)	264,730	(609,912)
Depreciation expense	(17,090)	(26,777)	(17,090)	(26,777)
Carrying amount at end	**-**	**13,285**	**-**	**13,285**
Leasehold improvements				
Carrying amount at beginning	2,954	6,748	2,954	6,748
Additions	-	-	-	-
Amortisation expense	(2,954)	(3,794)	(2,954)	(3,794)
Carrying amount at end	**-**	**2,954**	**-**	**2,954**
Plant and equipment				
Carrying amount at beginning	285,889	255,345	285,889	255,345
Additions	124,494	137,671	124,494	137,671
Disposals	(4,536)	-	(4,536)	-
Depreciation expense	(113,470)	(107,127)	(113,470)	(107,127)
Carrying amount at end	**292,377**	**285,889**	**292,377**	**285,889**

Note 12 - Intangible assets				
Trustee Licence at directors' valuation	9,530,000	9,530,000	9,530,000	9,530,000
Accumulated amortisation	(1,143,600)	(953,000)	(1,143,600)	(953,000)
	8,386,400	**8,577,000**	**8,386,400**	**8,577,000**

Note 13 - Other assets				
Current				
Prepayments	**59,991**	**104,484**	**13,822**	**20,736**

Note 14 - Reserve Fund

The assets from time to time comprising the Reserve Fund have been appropriated to that fund as required pursuant to section 36 of the Trustee Companies Act 1984 - Victoria.

Section 38 of the Act provides that moneys in a Reserve Fund may be invested in any manner in which trust moneys may be invested by a trustee under the Trustee Act 1958.

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

At balance date, the entity has invested Reserve Fund moneys in the following assets:

	Note	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Deposits at short call		2,088,387	752,088	2,088,387	752,088
Managed fund investments		4,000,000	4,000,000	4,000,000	4,000,000
Freehold land and buildings		1,411,613	1,747,912	1,411,613	1,747,912
		7,500,000	**6,500,000**	**7,500,000**	**6,500,000**

Deposits at short call and managed fund investments are carried at cost and are items readily convertible into cash and generally repayable on demand. Freehold land and buildings are at directors' valuation (based on independent valuation at 30 June 2004).

Note 15 - Payables					
Trade creditors and accrued expenses		137,668	219,606	137,668	219,606
Amounts payable to ultimate chief entity		2,503,511	4,313,520	2,228,101	4,168,278
Tax liability attributable to ultimate chief entity		2,697,752	1,166,548	2,710,825	1,166,548
		5,338,931	**5,699,674**	**5,076,594**	**5,554,432**

Terms and conditions.
All payables are non-interest bearing. Trade creditors and accrued expenses are normally settled on commercial 30 day terms.
The amounts payable to the ultimate chief entity are non-interest bearing, with no set repayment date.

Note 16 - Provisions					
Current					
Employee entitlements	**30**	512,803	628,292	512,803	628,292
		512,803	**628,292**	**512,803**	**628,292**
Non-current					
Employee entitlements	**30**	59,764	39,677	59,764	39,677
Reserved corpus commission	**1(p)**	46,101	46,101	46,101	46,101
		105,865	**85,778**	**105,865**	**85,778**

Note 17 - Contributed equity					
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 Bank Limited. Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Note 18 - Reserves

Nature and purpose of reserves

Capital profits

The capital profits reserve is used to accumulate realised capital profits. The reserve can be used to pay dividends in limited circumstances.

Asset revaluation

The asset revaluation reserve is used to record increments and decrements in the value of non-current assets. The reserve can be used to pay dividends in limited circumstances.

Note 18 - Reserves (cont.)	Note	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Capital reserves					
Capital profits		-	-	-	-
Asset revaluation		10,241,626	9,647,141	10,241,626	9,647,141
		10,241,626	**9,647,141**	**10,241,626**	**9,647,141**
Movements during the year					
Capital profits					
Balance at beginning of year		-	19,951	-	19,951
Transfer to retained profits		-	(19,951)	-	(19,951)
		-	-	-	-
Asset revaluation					
Balance at beginning of year		9,647,141	9,652,609	9,647,141	9,652,609
Revaluation (increment)/decrement arising on -					
Revaluation of shares		-	(5,468)	-	(5,468)
Revaluation of buildings		594,485	-	594,485	-
Balance at end of year		**10,241,626**	**9,647,141**	**10,241,626**	**9,647,141**

Note 19 - Retained profits	Note	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Retained profits at the beginning of the financial year		2,557,603	1,823,166	2,619,117	1,832,230
Net profit attributable to members of the Company		10,549,784	6,225,991	10,703,816	6,278,441
Transfer (to)/from reserves		-	19,951	-	19,951
Adjustment to employee entitlements on adoption of revised AASB 1028		-	(11,505)	-	(11,505)
Dividends provided for or paid	**7**	(10,550,000)	(5,500,000)	(10,550,000)	(5,500,000)
Retained profits at the end of the financial year		**2,557,387**	**2,557,603**	**2,772,933**	**2,619,117**

Note 20 - Financial instruments

(a) Interest rate risk

The economic entity'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 and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted average effective interest rate		Floating interest rate		Fixed interest maturing Within 1 year		Fixed interest maturing 1 to 5 years		Non interest bearing		Total carrying amount per Statement of Financial Position	
	2004 %	**2003** %	**2004** $	**2003** $	**2004** $		**2003** $		**2004** $	**2003** $	**2004** $	**2003** $
Financial assets												
Cash	-	-	-	-	-	-	-	-	116,426	347,462	116,426	347,462
Receivables	N/A	N/A	-	-	-	-	-	-	3,260,664	2,468,953	3,260,664	2,468,953
Deposits	4.9	4.8	6,090,928	5,928,336	-	-	-	-	-	-	6,090,928	5,928,336
Managed fund investments	N/A	N/A	-	-	-	-	-	-	4,000,000	4,000,000	4,000,000	4,000,000
Share investments	N/A	N/A	-	-	-	-	-	-	138,213	142,213	138,213	142,213
Total financial assets			**6,090,928**	**5,928,336**	**-**	**-**	**-**	**-**	**7,515,303**	**6,958,628**	**13,606,231**	**12,886,964**
Financial liabilities												
Payables	N/A	N/A	-	-	-	-	-	-	137,668	219,606	137,668	219,606
Bank loan unsecured	N/A	N/A	-	-	-	-	-	-	5,201,263	5,480,068	5,201,263	5,480,068
Total financial liabilities			**-**	**-**	**-**	**-**		**-**	**5,338,931**	**5,699,674**	**5,338,931**	**5,699,674**

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

The economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

(c) Net fair values

The net fair values of listed investments is based on quoted market price at balance date. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial labilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the Notes to the Financial Statements.

Note 21 - Related party disclosures

The directors of Sandhurst Trustees Limited during the financial year are disclosed in Note 6.

(a) The parent entity is Bendigo Bank Limited.

(b) The parent entity has provided to Sandhurst Trustees Limited an interest free loan in connection with the payment of administration costs on behalf of the Company. The loan has no fixed repayment date. (Refer Note 15).

(c) The parent entity provides a standby funding facility of $20,000,000 ($20,000,000 - 2003) under normal commercial terms and conditions. The facility is unsecured.

(d) The Company pays the parent entity an inter-company cross-charge, on normal terms and conditions, for the provision of administrative and support services - $3,348,438 ($4,951,841 - 2003).

Note 22 - Economic dependence

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

Note 23 - Ultimate chief entity

The Chief Entity is ultimately controlled by Bendigo Bank Limited (incorporated in Australia) which owns 100% of the issued ordinary shares of the Chief Entity.

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 Capital Markets Proprietary Limited
Bendigo Asset Management Limited
Mornington H.T. Proprietary Limited
Mornington S.T. Proprietary Limited

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Note 25 - Capital and leasing commitments				
Capital expenditure commitments				
Capital expenditure commitments existing at balance date but not provided for in the accounts	-	-	-	-
	-	**-**	**-**	**-**
Operating lease commitments				
Payable -				
Not later than 1 year	105,928	133,771	105,928	133,771
Later than 1 but not later than 5 years	12,443	113,389	12,443	113,389
Later than 5 years	-	-	-	-
	118,371	**247,160**	**118,371**	**247,160**

Assets subject to operating leases include properties and office equipment. Operating leases have average lease terms of 3 years, with the exception of one property lease with a 6 year term.

Contingent rental provisions on the 6 year lease provide for 4% rent increases every second year, with market valuation being applied to the level of rent in the intervening periods.

Note 26 - Segment reporting

The economic entity operates in the trustee and financial services sectors where it offers specialised trustee and funds management services throughout Australia.

Note 27 - Contingent liabilities

The economic entity has no material contingent liabilities.

Note 28 - Subsequent events

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

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Note 29 - Cash flow information				
(a) Reconciliation of cash				
Cash at end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:				
Cash on hand	116,426	347,462	116,426	347,462
Deposits at call	3,703,684	4,894,159	3,703,682	4,894,159
	3,820,110	**5,241,621**	**3,820,108**	**5,241,621**
(b) Reconciliation of cash flow from operations with operating profit after income tax				
Profit from ordinary activities after income tax	10,549,784	6,225,991	10,703,816	6,278,441
Non-cash flows in operating profit				
Depreciation	133,130	133,903	133,130	133,903
Amortisation	193,554	194,394	193,554	194,394
Revaluation of investments	(12,768)	-	(12,768)	-
Revaluation of property	-	-	-	-
Profits on sale of property, plant and equipment	(153,430)	(22,020)	(153,430)	(22,020)
Investment provision reduction	-	(35,000)	-	(35,000)
Changes in assets and liabilities				
(Increase)/decrease in prepayments	44,493	71,390	6,914	22,033
(Increase)/decrease in receivables	(791,711)	(597,534)	(791,071)	(597,534)
(Increase)/decrease in future income tax benefits	118,929	(40,455)	119,040	(40,455)
(Decrease)/increase in accounts payable	(81,938)	(133,923)	(81,938)	(133,923)
(Decrease)/increase in provisions	1,316,873	994,702	1,329,835	994,702
Cash flows from operations	**11,316,916**	**6,791,448**	**11,447,082**	**6,794,541**
(c) Financing facilities available				
At balance date, the following financing facility had been negotiated and was available.				
Stand-by Australian dollar loan facility	**20,000,000**	**20,000,000**	**20,000,000**	**20,000,000**
(d) Non-cash financing and investing activities				
During the financial year no non-cash financing and investing activities occurred.				

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Note 30 - Employee benefits				
Employee benefits liability				
Provision for annual leave	257,981	278,937	257,981	278,937
Provision for long service leave	193,515	237,587	193,515	237,587
Provision for sick leave bonus	47,473	65,584	47,473	65,584
Provision for employee on costs	73,598	85,861	73,598	85,861
Aggregate employee benefits liability	**572,567**	**667,969**	**572,567**	**667,969**

Note 31 - Adoption of AASB Equivalents to IASB Accounting Standards

The Australian Accounting Standards Board (AASB) is implementing the Financial Reporting Council's policy of adopting the Standards of the International Accounting Standards Board (IASB), which will apply to the consolidated entity's reporting periods from 1 July 2005.

Adoption of IASB Standards in 2005 is expected to have significant impacts on the accounting policies of Australian reporting entities and their reported financial position and financial performance.

Bendigo Bank Limited, the parent entity of Sandhurst Trustees Limited, commenced a project in December 2002 to assess the implications of the adoption of IASB Standards for accounting policies, reported performance and position of the Bendigo Bank Group. As part of this project, Bendigo Bank Limited has formed an IAS Conversion Team (ICT) to undertake assessment of impacts, implementation of necessary changes to accounting policies, modifications to accounting systems and communication to stakeholders.

The ICT regularly reports to the Bendigo Bank Limited Group Audit Committee on project progress, findings, impacts and identified changes required to Group accounting policies, systems and procedures to ensure transition.

Key areas of Sandhurst's reported performance and position that are likely to be affected by the adoption of IASB Standards are:

Intangible assets (Trustee Licence)

De-recognition of internally generated intangible assets that are not permitted to be recognised under IASB Standards. Reversal of any revaluations of intangible assets that do not represent fair value determinations by reference to an active market.

The intangible asset currently recognised in the accounts for the Trustee Licence doesn't meet certain criteria contained in the new IASB standards. Consequently the following impacts shall be felt:

The value of the Trustee Licence shall be written back against Equity (Asset Revaluation Reserve).

Retained earnings shall increase by the reversal of the amortised sum of the Trustee Licence.

It is expected that Sandhurst's future earnings will benefit through the reduction in amortisation charges attributable to the Trustee Licence.

Taxation

New assets/liabilities recognised.

A "balance sheet" approach will be adopted, replacing the "statement of financial performance" approach currently used in Australia. This method recognises deferred tax balances when there is a difference between the carrying value of an asset or liablility, and its tax base. It is expected that the standard may require the group to carry higher levels of deferred tax assets and liabilities. It is however not possible to quantify the final impact of these changes on Sandhurst and its controlled entities at this time.

The Bendigo Bank Group will continue to place a high priority on this project and will include reference to the impacts in future reporting.

Directors' declaration

Sandhurst Trustees Limited and
Controlled Entities Directors' declaration

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

1. 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 2004 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

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

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

Ian G. Mansbridge – Chairman

Dated this 30th day of September 2004

Corporate information

Directors

Ian G Mansbridge Chairman
Robert G Hunt
Gregory D Gillett
Michael J Hirst

Joint Company Secretary
David A Oataway
Mark S Hall

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Internet Address
www.sandhursttrustees.com.au

Auditors
Ernst & Young

Independent audit report

Ernst & Young
120 Collins Street
Melbourne
Victoria 3000
Telephone (03) 9288 8000 Facsimile (03) 9654 6166

Independent audit report to members of Sandhurst Trustees Limited

Scope

The financial report and directors' responsibility.

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the directors' declaration for Sandhurst Trustees Limited ("the Company") for the year ended 30 June 2004.

The directors of the Company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the Company.

Independence

We are independent of the Company and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of Sandhurst Trustees Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of Sandhurst Trustees Limited and the consolidated entity at 30 June 2004 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

I H Miller
Partner
Melbourne
30th September 2004

Sandhurst Trustees
SUBSIDIARY OF BENDIGO BANK

(S6289) (15/10/04)