SandhurstTrustees

Sandhurst Trustees Limited

Annual Financial Report 2012

For the year ended 30 June 2012

www.sandhursttrustees.com.au

Contents

Chairman's report

The business of Sandhurst Trustees remains highly varied - but all our services continue to honour our principles of providing "Mindful, Faithful and Lasting" trustee services to our community.

Our core services continue to be offering Corporate Trustee Services, the administration of Wills, Estates & Perpetual Trusts, the Responsible Entity of a number of managed Funds and the Trustee of Superannuation Funds,

The challenging and volatile markets currently being experienced have continued to impact on Sandhurst's funds, as customers preferences have been in cash and income solutions rather than equity style funds.

In response to this, the new Sandhurst Strategic Income Fund was launched in July 2011. Managed by the Sandhurst team, this fund aims to provide customers a competitive return compared to term deposits and cash whilst providing access to investment opportunities that may not be available to individual investors.

As a 100% owned subsidiary of the Bendigo and Adelaide Bank Limited we are an integral partner in the Bendigo Wealth management strategy, providing solutions that help grow and protect its customers' wealth.

In conjunction with this strategy, in October 2011 we launched the Bendigo SmartStart Super fund. This product provides members with a true to label low cost, simple, easy to use superannuation fund. It has a range of both active and indexed investment options which can be monitored online, as well as including a competitive insurance offering. This product received the highest possible 5 star rating from the highly respected Heron Partnership rating service in the category of MySuper Features.

In addition to Bendigo SmartStart Super, Sandhurst also reinvigorated its diversified funds, providing an investment offering that fits the risk appetite of most Australians and provides a choice of active or indexed investments. These funds are the corner stone investments of Bendigo SmartStartSuper and are available for use with other superannuation and non-superannuation platforms.

Our trust team remains very busy; we are the Trustee and Administrator for Bendigo and Adelaide Bank's philanthropic Community Enterprise Foundation, which is one of our largest Trusts.
During 2012 the Foundation has:

- administered 182 grants programs
- ensured 983 grants were received by community groups; and
- facilitated the running of Bendigo and Adelaide Bank's Scholarship program.

In all, more than $9 million was administered by the Foundation in this 12 month period.

Our capacity to provide these services are all underpinned by a commitment to excellence when undertaking our compliance obligations relating to Trust documents, Common Law, Corporations Law, Superannuation Law and other legal requirements that we are obliged to follow on a daily basis.

Chairman's report (cont.)

An analysis of our existing compliance framework against Australian Standard AS 3806 (Compliance programs) was undertaken during the year by an external provider to assess how our compliance framework compares with industry standards and to benchmark our compliance framework against like organisations. The report concluded that we have a well regulated risk and compliance framework designed in accordance with the principles of AS 3806.

As a significant amount of new legislation is expected to come into effect in the next 12 months (e.g. Future Of Financial Advice reforms, APRA prudential standards, Stronger Super reforms), this compliance framework will ensure Sandhurst Trustees is well placed to meet the demands of these new requirements.

In February this year, the "Sandhurst Series", an initiative to reaffirm Sandhurst Trustee's historical role of connecting with communities, was launched. This is in preparation for the 125th anniversary of the incorporation of Sandhurst and Northern District Trustees Executors and Agency Company Limited which will be celebrated in 2013.

My thanks to all Board and committee members and all those who have been involved in the management and operation of Sandhurst Trustees for their significant contributions during the year and their dedicated service to Sandhurst Trustees.

Jenny Dawson
Chairman

Your Directors submit the financial report of Sandhurst Trustees Limited (the Company) and its controlled entities for the year ended 30 June 2012.

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

Joint Company Secretary

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

David Oataway

Mark Hall (resigned 16 March 2012)

Rochelle Parker (appointed 1 June 2012)

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 2012 there were 63 (2011: 55) full time equivalent employees employed by Bendigo and Adelaide Bank Limited to undertake the above activities.

Consolidated results

Economic entity results in brief:

	2012	2011
	$	$
Profit before income tax	23,171,767	23,090,510
Profit after income tax	18,478,477	18,330,234
Dividends paid	-	14,060,000

On the 31 August 2012 a dividend of $5.543 per share was declared and paid.

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 $18,478,477. This represents a 1% increase from the $18,330,234 profit from ordinary activities after income tax expense for 2011. Profit from ordinary activities before income tax expense was $23,171,767 compared to $23,090,510 for 2011.

Funds management

Total Funds Under Management for our funds management and superannuation business increased for the year to $2.22 billion at 30 June 2012 ($2.16 billion - 2011).
The common fund investments increased, with Funds Under Management totalling $1.507 billion at 30 June 2012 ($1.471 billion – 2011).

The Sandhurst Industrial Share Fund decreased to $229 million ($249 million - 2011).

The Sandhurst Future Leaders Fund totalled $16 million ($23 million - 2011). The professional series product suite decreased to $29 million ($69 million - 2011).

The other Sandhurst Trustees Limited managed funds, all managed by a collection of specialist investment managers, increased to $173 million at 30 June 2012 ($92 million - 2011).

Funds management (cont'd.)

Funds under management for the Bendigo Superannuation Plan decreased to $216 million ($234 million - 2011). The Bendigo Super Easy Superannuation Plan was relaunched in October 2011 with a new name, Bendigo SmartStart Super. Bendigo SmartStart Super fund assets grew by 81% to $49 million at the end of the period ($27 million - 2011).

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 company services 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

Following a recent strategic review Sandhurst Trustees Limited sold all of its shares in IOOF Holdings Limited on the 9 August 2012. The sale represents 93% of the total value of investments in listed corporations and will result in a profit to the Company of $36.95 million. There will be a corresponding reduction of dividend income received for the financial year 2013 ($7.35 million - 2012).
On the 31 August 2012 a dividend of $5.543 per share ($55.43 million) was declared and paid. This dividend consisted of profits for the financial year and profit from the sale of the IOOF Holdings Limited shares received in August 2012.

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.

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, funds, estates and agencies for which the Company acts as trustee, responsible entity, custodian, 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

Jennifer Dawson

Dated this 21 day of September 2012

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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 2012, 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

Ernst & Young

T M Dring
Partner
21 September 2012

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $	Consolidated 2011 $	Company 2012 $	Company 2011 $
Revenues	4	41,638,418	39,491,224	41,638,418	39,491,224
Total revenue	4	41,638,418	39,491,224	41,638,418	39,491,224
Fees and commissions expense	5	(8,670,210)	(6,486,085)	(8,670,210)	(6,486,085)
Business promotion expense	5	(137,227)	(130,596)	(137,227)	(130,596)
Employee benefits expense	5	(6,203,519)	(5,261,718)	(6,203,519)	(5,261,718)
Occupancy expense	5	(632,871)	(569,116)	(632,871)	(569,116)
Property, plant & equipment costs	5	(124,552)	(100,844)	(124,552)	(100,844)
Computer systems and software costs	5	(475,476)	(538,999)	(475,476)	(538,999)
Administration expense	5	(1,044,699)	(2,419,660)	(1,044,699)	(2,419,660)
Share of loss on joint ventures	5	(715,697)	(438,236)	-	-
Other expenses	5	(462,400)	(455,460)	(462,400)	(455,460)
Total expenses		(18,466,651)	(16,400,714)	(17,750,954)	(15,962,478)
Profit before income tax		23,171,767	23,090,510	23,887,464	23,528,746
Income tax expense	6	4,693,290	4,760,276	4,907,999	4,891,747
Net profit attributable to members of the parent		18,478,477	18,330,234	18,979,465	18,636,999
Other comprehensive income					
Available-for-sale financial assets					
Net fair value gains/(loss) on available for-sale financial assets		(9,680,425)	11,160,536	(9,680,425)	11,160,536
Tax effect on items taken directly to or transferred from equity		2,928,128	(3,372,161)	2,928,128	(3,372,161)
Net gain/(loss) recognised directly in equity		(6,752,297)	7,788,375	(6,752,297)	7,788,375
Total comprehensive income for the period attributable to members of the parent		11,726,180	26,118,609	12,227,168	26,425,374

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 2012

	Note	Consolidated 2012	Consolidated 2011	Company 2012	Company 2011
		$	$	$	$
Current assets					
Cash and cash equivalents	8	3,012,291	8,261,539	3,012,291	8,261,539
Trade and other receivables	9	2,543,410	2,778,500	2,543,410	2,778,500
Prepayments	10	-	549	-	549
Available-for-sale financial assets	11	128,634,543	127,814,969	128,634,543	127,814,969
Total current assets		134,190,244	138,855,557	134,190,244	138,855,557
Non - current assets					
Shares in controlled entities at cost		-	-	16	16
Shares in joint ventures	12	1,846,069	2,561,764	3,000,002	3,000,000
Trade and other receivables	9	229,523	1,046,767	229,523	1,046,767
Property, plant and equipment	13	1,753,706	1,786,898	1,753,706	1,786,898
Intangible assets	14	68,863	147,033	68,863	147,033
Deferred tax assets	6	73,722	94,885	73,722	94,885
Total non - current assets		3,971,883	5,637,347	5,125,832	6,075,599
Total assets		138,162,127	144,492,904	139,316,076	144,931,156
Current liabilities					
Trade and other payables	15	66,150,221	80,969,749	66,190,897	80,795,716
Total current liabilities		66,150,221	80,969,749	66,190,897	80,795,716
Non - current liabilities					
Deferred tax liability	6	12,863,890	16,101,319	12,863,890	16,101,319
Total non - current liabilities		12,863,890	16,101,319	12,863,890	16,101,319
Total liabilities		79,014,111	97,071,068	79,054,787	96,897,035
Net assets		59,148,016	47,421,836	60,261,289	48,034,121
Equity					
Equity attributable to equity holders					
Contributed equity	17	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	18	28,349,808	9,871,331	29,463,081	10,483,616
Reserves		25,798,208	32,550,505	25,798,208	32,550,505
Total equity		59,148,016	47,421,836	60,261,289	48,034,121

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

Consolidated

	Issued capital	Asset Revaluation reserve - Property	Asset Revaluation reserve - Shares	Retained earnings	Total equity
Balance at 1 July 2011	5,000,000	682,000	31,868,505	9,871,331	47,421,836
Other Comprehensive Income	-	-	(6,752,297)	-	(6,752,297)
Profit/(loss) for the period	-	-	-	18,478,477	18,478,477
Total Comprehensive income for the period	-	-	(6,752,297)	18,478,477	11,726,180
Dividends paid	-	-	-	-	-
Balance at 30 June 2012	5,000,000	682,000	25,116,208	28,349,808	59,148,016
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

Company

	Issued capital	Asset Revaluation reserve - Property	Asset Revaluation reserve - Shares	Retained earnings	Total equity
Balance at 1 July 2011	5,000,000	682,000	31,868,505	10,483,616	48,034,121
Other Comprehensive Income	-	-	(6,752,297)	-	(6,752,297)
Profit/(loss) for the period	-	-	-	18,979,465	18,979,465
Total Comprehensive income for the period	-	-	(6,752,297)	18,979,465	12,227,168
Dividends paid	-	-	-	-	-
Balance at 30 June 2012	5,000,000	682,000	25,116,208	29,463,081	60,261,289
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

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 2012

	Note	Consolidated 2012	Consolidated 2011	Company 2012	Company 2011
		$	$	$	$
Cash flows from operating activities					
Fees and Commissions received		34,315,260	29,718,635	34,315,260	29,718,635
Payments to suppliers and employees		(17,175,362)	(14,948,177)	(17,175,362)	(14,948,177)
Income tax paid		(5,196,173)	(4,096,480)	(5,196,173)	(4,096,480)
Dividends received		7,648,903	7,058,470	7,648,903	7,058,470
Interest received		195,758	776,546	195,758	776,546
Net cashflow from operating activities	19 (b)	19,788,386	18,508,994	19,788,386	18,508,994
Cash flows from investing activities					
Purchase of property, plant and equipment		(10,439)	(18,613)	(10,439)	(18,613)
Purchase of intangible software		(2,750)	(121,821)	(2,750)	(121,821)
Proceeds from/(Payments for) sale of Available-for-sale financial assets		(10,500,000)	(8,000,000)	(10,500,000)	(8,000,000)
Payments for equity investments		(2)	(3,000,000)	(2)	(3,000,000)
Net cashflow used in investing activities		(10,513,191)	(11,140,434)	(10,513,191)	(11,140,434)
Cash flows from financing activities					
Receipt/(Repayment) of funding from parent		(14,524,443)	1,353,980	(14,524,443)	1,353,980
Dividends paid		-	(14,060,000)	-	(14,060,000)
Net cashflow from/(used in) financing activities		(14,524,443)	(12,706,020)	(14,524,443)	(12,706,020)
Net increase/(decrease) in cash and cash equivalents held		(5,249,248)	(5,337,460)	(5,249,248)	(5,337,460)
Cash and cash equivalents at beginning of year		8,261,539	13,598,999	8,261,539	13,598,999
Cash and cash equivalents at end of year	19 (a)	3,012,291	8,261,539	3,012,291	8,261,539

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

Note 1 - Corporate information

The financial report of Sandhurst Trustees Limited for year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on 21st September 2012.

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, including the application of ASIC Class Order 10/654 allowing the disclosure of parent entity financial statements due to Australian Financial Services Licensing obligations.
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.

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 2012:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate *SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets* into AASB 112.	1 January 2012	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2012
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	1 July 2012	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2012

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 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities.* 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. Consequential amendments were also made to other standards via AASB 2011-7.	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013

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	AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly- controlled Entities – Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it 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. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013

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 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures 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.	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 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. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013

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 119	Employee Benefits	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013
Annual Improvements 2009–2011 Cycle	Annual Improvements to IFRSs 2009–2011 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013

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
Annual Improvements 2009–2011 Cycle (cont'd.)		The following items are addressed by this standard: IFRS 1 First-time Adoption of International Financial Reporting Standards ► Repeated application of IFRS 1 ► Borrowing costs IAS 1 Presentation of Financial Statements ► Clarification of the requirements for comparative information IAS 16 Property, Plant and Equipment ► Classification of servicing equipment IAS 32 Financial Instruments: Presentation ► Tax effect of distribution to holders of equity instruments IAS 34 Interim Financial Reporting ► Interim financial reporting and segment information for total assets and liabilities			
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.	1 July 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013

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	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this Standard) (b) The Australian Government and State, Territory and Local Governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local Governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11 and 2012-1.	1 July 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013

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 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including the following: ▸ repeat application of AASB 1 is permitted (AASB 1); and ▸ clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 *Presentation of Financial Statements).*	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2015

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	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be 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. (b) 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. (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.	1 January 2015	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2015

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.)		(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ▸ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▸ The remaining change is presented in profit or loss 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. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.			

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.

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 124 (Revised) Related Party Disclosures (December 2009).* The amendments to AASB 124 simplify the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:

(a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other;

(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; and

(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.

- *AASB 1054 Australian Additional Disclosures.* This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas:

(a) Compliance with Australian Accounting Standards;

(b) The statutory basis or reporting framework for financial statements;

(c) Whether the financial statements are general purpose or special purpose;

(d) Audit fees; and

(e) Imputation credits.

- *AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project.* The amendments emphasise the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. It 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. It provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions.

- *AASB 1048 Interpretation of Standards.* AASB 1048 identifies the Australian Interpretations and classifies them into two groups: those that correspond to an IASB Interpretation and those that do not. Entities are required to apply each relevant Australian Interpretation in preparing financial statements that are within the scope of the Standard. The revised version of AASB 1048 updates the lists of Interpretations for new and amended Interpretations issued since the June 2010 version of AASB 1048.

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

(d) Principles of consolidation

The consolidated financial statements are the financial statements of Sandhurst Trustees Limited and all of its controlled entities (the Group). A list of controlled entities is contained in Note 23 to the financial statements.

Controlled entities prepare financial reports for consolidation in conformity with the 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.

(g) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, 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.

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

(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.

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:	2012	2011
Asset category		
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 exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

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 responsible entity for a number of funds. The assets and liabilities of these funds are not included in the consolidated financial statements. These funds are not 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.

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

Property revenue

Property revenue is recognised as income on an accruals basis.

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.

(n) 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 Bendigo and Adelaide Bank Limited 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.

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

(o) 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.

(p) 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.

(q) 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.

(r) Comparative figures

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

Note 3 - Financial risk management objectives and policies

The management of risk is an essential element of Sandhurst Trustees Limited's strategy and profitability and the way it operates as a wholly owned subsidiary of Bendigo and Adelaide Bank Limited.

The Bendigo and Adelaide Bank Board (the "Bank's Board"), being ultimately responsible for risk management associated with the Bendigo and Adelaide Bank Limited group's activities, has established an integrated governance and accountability framework, policies and controls to identify, assess, monitor and manage risk. As a member of the Bendigo and Adelaide Bank Limited group, Sandhurst Trustees Limited adopts this risk framework.

The risk management strategy is based upon risk principles approved by the Bank's Board and is underpinned by a system of delegations, passing from the Bank's Board through Board committees, management committees to the various risk, support and business units of the Bendigo and Adelaide Bank Limited group.

Further, the Board of Sandhurst Trustees Limited has established additional governance and compliance frameworks to satisfy its specific obligations as, a registrable superannuation entity licensee, a responsible entity and a holder of an Australian Financial Services Licence.

A structured framework has been established to ensure that risk management is linked to the Company's operations. The risk management framework is also underpinned by an integrated framework of responsibilities and functions driven from the Bank's 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 underpin the financial stability of the Company's operations and to meet the minimum net tangible asset position as required by regulatory requirements. The Company 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 interest rate risk, market risk, liquidity risk and credit counterparty 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.

Market risk

Market risk is the risk that changes in market prices, such as equity prices, will affect the Company's income and the value of its financial instruments. The Company has a significant exposure to an equity investment that is listed on the Australian stock exchange. As at 30 June 2012, the value of the equity investment was $108.17 million. The Company regularly monitors the impact of its exposure and together with the Bank's Board, considers the holding of this equity investment in terms of its value, potential future value and the strategy of the Bendigo and Adelaide Bank Limited group.

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

The Company also holds investments in various unlisted investments. The value of these investments will fluctuate over time consistent with the financial performance of the underlying investment.

Liquidity risk

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

Credit counterparty 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.

With respect to credit risk arising from the financial assets of the Company, the Company'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 Company trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables.

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	
	2012	2011	2012	2011
Gross maximum exposure	$	$	$	$
Cash and cash equivalents	3,012,291	8,261,539	3,012,291	8,261,539
Trade and other receivables	2,772,933	3,802,747	2,772,933	3,802,747
Prepayments	-	549	-	549
Available for sale financial assets	128,634,543	127,814,969	128,634,543	127,814,969
Shares in controlled entities at cost	-	-	16	16
Shares in joint ventures	1,846,069	2,561,764	3,000,002	3,000,000
Total credit risk exposure	136,265,836	142,441,568	137,419,785	142,879,820

Note 4 – Revenues

	Consolidated 2012 $	Consolidated 2011 $	Company 2012 $	Company 2011 $
Revenue				
- Commission and management fees received	33,132,984	31,483,903	33,132,984	31,483,903
- Interest	129,096	704,271	129,096	704,271
- Dividends [a]	7,648,903	7,058,470	7,648,903	7,058,470
- Property revenue	254,652	243,780	254,652	243,780
Total revenue	41,165,635	39,490,424	41,165,635	39,490,424
Other income				
- Other revenues	472,783	800	472,783	800
Total other income	472,783	800	472,783	800
Total revenues	41,638,418	39,491,224	41,638,418	39,491,224
(a) Dividends from:				
- Other corporations	7,354,718	6,995,951	7,354,718	6,995,951
- Managed investment schemes distributions	294,185	62,519	294,185	62,519
	7,648,903	7,058,470	7,648,903	7,058,470

Note 5 – Expenses

	Consolidated 2012 $	Consolidated 2011 $	Company 2012 $	Company 2011 $
Fees and Commissions paid				
- Managed investment schemes	(8,661,786)	(6,476,179)	(8,661,786)	(6,476,179)
- Superannuation	(8,424)	(9,906)	(8,424)	(9,906)
	(8,670,210)	(6,486,085)	(8,670,210)	(6,486,085)
Business promotion expense				
- Sponsorship	(19,807)	(32,596)	(19,807)	(32,596)
- Printing	(71,511)	(55,696)	(71,511)	(55,696)
- Promotional items	(258)	(315)	(258)	(315)
- Other	(45,651)	(41,989)	(45,651)	(41,989)
	(137,227)	(130,596)	(137,227)	(130,596)
Employee benefits expense				
- Salaries and wages recharge	(4,850,383)	(4,087,760)	(4,850,383)	(4,087,760)
- Superannuation contributions recharge	(468,118)	(404,717)	(468,118)	(404,717)
- Provision for annual leave recharge	(421,107)	(366,409)	(421,107)	(366,409)
- Provision for long service leave recharge	(90,812)	(90,376)	(90,812)	(90,376)
- Payroll tax recharge	(284,265)	(249,094)	(284,265)	(249,094)
- Fringe benefits tax recharge	(22,245)	(25,389)	(22,245)	(25,389)
- Other recharge	(66,589)	(37,973)	(66,589)	(37,973)
	(6,203,519)	(5,261,718)	(6,203,519)	(5,261,718)
Occupancy expense				
- Operating lease rental expense	(610,597)	(537,744)	(610,597)	(537,744)
- Rates and taxes	(21,989)	(22,290)	(21,989)	(22,290)
- Repairs and maintenance	(194)	(9,082)	(194)	(9,082)
- Outgoings	(91)	-	(91)	-
	(632,871)	(569,116)	(632,871)	(569,116)

Note 5 – Expenses (cont'd.)

	Consolidated		Company	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Property, plant & equipment costs				
- Building depreciation	(23,693)	(23,693)	(23,693)	(23,693)
- Plant and equipment depreciation	(19,938)	(22,815)	(19,938)	(22,815)
- Intangible software amortisation	(80,921)	(54,336)	(80,921)	(54,336)
	(124,552)	(100,844)	(124,552)	(100,844)
Computer systems and software costs				
- Computer line rental & installations	(30,512)	(42,567)	(30,512)	(42,567)
- Leasing costs	(57,510)	(69,149)	(57,510)	(69,149)
- Repairs and maintenance hardware	(16,014)	(12,367)	(16,014)	(12,367)
- Software maintenance	(371,440)	(414,916)	(371,440)	(414,916)
	(475,476)	(538,999)	(475,476)	(538,999)
Administration expense				
- Parent entity cost recoveries [(a)]	-	(1,796,754)	-	(1,796,754)
- Legal expenses	(144,714)	(55,752)	(144,714)	(55,752)
- Consulting expenses	(196,498)	(89,976)	(196,498)	(89,976)
- Accounting expenses	(281,232)	(52,664)	(281,232)	(52,664)
- Stationery and office supplies	(63,138)	(47,178)	(63,138)	(47,178)
- Motor vehicle expenses	(32,032)	(30,402)	(32,032)	(30,402)
- Insurance premiums	(3,429)	-	(3,429)	-
- Telephone	(78,776)	(74,439)	(78,776)	(74,439)
- Postage	(41,769)	(46,019)	(41,769)	(46,019)
- Travel expenses	(69,157)	(66,373)	(69,157)	(66,373)
- Subscriptions to associations	(117,826)	(140,019)	(117,826)	(140,019)
- Electricity / gas and fuel	(16,128)	(20,084)	(16,128)	(20,084)
	(1,044,699)	(2,419,660)	(1,044,699)	(2,419,660)
Share of loss on joint ventures	(715,697)	(438,236)	-	-
Other expenses	(462,400)	(455,460)	(462,400)	(455,460)
Total expenses	(18,466,651)	(16,400,714)	(17,750,954)	(15,962,478)

(a) The ultimate parent entity provides administrative services that were charged back to the reporting entity. These charges ceased in July 2011.

Note 6 – Income tax expense

	Consolidated		Company	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Major components of income tax expense are:				
Statement of Comprehensive Income				
Current income tax:				
Current income tax charge	8,176,259	7,865,217	8,390,968	7,996,688
Imputation credits	(3,177,338)	(2,998,265)	(3,177,338)	(2,998,265)
Adjustments in respect of current income tax	6,507	38,104	6,507	38,104
Deferred income tax:				
Relating to origination and reversal of temporary differences	14,854	(30,765)	14,854	(30,765)
Adjustments in respect of current income tax of previous years	(326,992)	(114,015)	(326,992)	(114,015)
Other items	-	-	-	-
Income tax expense reported in the Statement of Comprehensive Income	4,693,290	4,760,276	4,907,999	4,891,747
Statement of Changes in Equity				
Deferred income tax related to items charged or credited directly in equity				
Unrealised gain of available-for-sale financial assets	(2,928,128)	3,372,161	(2,928,128)	3,372,161
Income tax expense / (benefit) reported in equity	(2,928,128)	3,372,161	(2,928,128)	3,372,161

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	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Income tax attributable to:				
Accounting profit before income tax	23,171,767	23,090,510	23,887,464	23,528,746
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	6,951,531	6,927,153	7,166,240	7,058,624
Under (over) provision in prior years	(320,485)	(75,911)	(320,485)	(75,911)
Tax credits and adjustments	(3,177,338)	(2,998,265)	(3,177,338)	(2,998,265)
Expenditure not allowable for income tax purposes	286,380	7,819	286,380	7,819
Other	953,202	899,480	953,202	899,480
Income tax expense reported in the consolidated Statement of Comprehensive Income	4,693,290	4,760,276	4,907,999	4,891,747

Note 6 – Income tax expense (cont'd.)

	Statement of Financial Position	
	2012	2011
	$	$
Deferred income tax		
Deferred income tax at 30 June relates to the following:		
Consolidated		
Deferred tax liabilities		
Deferred expenses	-	(3,110)
Available-for-sale financial assets	(12,914,497)	(15,842,624)
Revaluations of land & buildings to fair value	35,540	(255,585)
Other	15,067	-
Deferred tax liabilities	(12,863,890)	(16,101,319)
Deferred tax assets		
Deferred income	35,352	59,029
Expenses tax depreciable	10,785	8,364
Plant & equipment	6,592	6,499
Other	20,993	20,993
Deferred tax assets	73,722	94,885
Sandhurst Trustees		
Deferred tax liabilities		
Deferred expenses	-	(3,110)
Available-for-sale financial assets	(12,914,497)	(15,842,624)
Revaluations of land & buildings to fair value	35,540	(255,585)
Other	15,067	-
Deferred tax liabilities	(12,863,890)	(16,101,319)
Deferred tax assets		
Deferred income	35,352	59,029
Expenses tax depreciable	10,785	8,364
Plant & equipment	6,592	6,499
Other	20,993	20,993
Deferred tax assets	73,722	94,885

At 30 June 2012, there is no unrecognised deferred income tax liability (2011: 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.

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 Taxation of Financial Arrangements ("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	
	2012	2011	2012	2011
	$	$	$	$
Total interim dividends paid 2012: $0.00 per share (2011: $1.406)	-	14,060,000	-	14,060,000

On the 31 August 2012 a dividend of $5.543 per share ($55.43 million) was declared and paid. This dividend consisted of profits for the financial year and profit from the sale of the IOOF Holdings Limited shares received in August 2012.

Note 8 - Cash and cash equivalents

	Consolidated		Company	
	2012	2011	2012	2011
	$	$	$	$
Cash at bank	1,365,348	1,559,486	1,365,348	1,559,486
Cash on hand	-	492,285	-	492,285
Deposits at short call	1,646,943	6,209,768	1,646,943	6,209,768
	3,012,291	8,261,539	3,012,291	8,261,539

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 2012 was 5.18% (2011 – 5.39%).

Note 9 - Trade and other receivables

	Consolidated		Company	
	2012	2011	2012	2011
	$	$	$	$
Current				
Sundry debtors and accrued income	2,543,410	2,778,500	2,543,410	2,778,500
Non-current				
Other debtors	229,523	1,046,767	229,523	1,046,767

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	
	2012	2011	2012	2011
	$	$	$	$
Current	-	549	-	549

Note 11 - Available-for-sale financial assets

	Consolidated		Company	
	2012	2011	2012	2011
	$	$	$	$
Current				
Shares -				
In listed corporations at fair value	116,168,172	126,313,025	116,168,172	126,313,025
In managed investment schemes at fair value	12,466,371	1,501,944	12,466,371	1,501,944
	128,634,543	127,814,969	128,634,543	127,814,969

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 units 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.

Following a recent strategic review Sandhurst Trustees Limited sold all of its shares in IOOF Holdings Limited on the 9 August 2012. The sale represents 93% of the total value of investments in listed corporations and will result in a profit to the Company of $36.95 million

Note 12 – Shares in joint ventures

	Consolidated		Company	
	2012	2011	2012	2011
	$	$	$	$
Share in joint ventures	1,846,069	2,561,764	3,000,002	3,000,000

Sandhurst Trustees Limited holds a 40% interest in Linear Financial Holdings Pty Ltd at 30 June 2012 (24% - 2011).

Note 13 - Property, plant and equipment

	Consolidated		Company	
	2012	2011	2012	2011
	$	$	$	$
Total freehold land	850,000	850,000	850,000	850,000
Freehold buildings	947,721	947,721	947,721	947,721
Accumulated depreciation	(118,465)	(94,772)	(118,465)	(94,772)
Total freehold buildings	829,256	852,949	829,256	852,949
Plant and equipment at cost	1,027,940	1,017,501	1,027,940	1,017,501
Accumulated depreciation	(953,490)	(933,552)	(953,490)	(933,552)
Total plant and equipment	74,450	83,949	74,450	83,949
Total property, plant and equipment	1,753,706	1,786,898	1,753,706	1,786,898
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	852,949	876,642	852,949	876,642
Depreciation expense	(23,693)	(23,693)	(23,693)	(23,693)
Carrying amount at end	829,256	852,949	829,256	852,949
Plant and equipment				
Carrying amount at beginning	83,949	88,151	83,949	88,151
Additions	10,439	18,613	10,439	18,613
Depreciation expense	(19,938)	(22,815)	(19,938)	(22,815)
Carrying amount at end	74,450	83,949	74,450	83,949

The fair values of freehold land and buildings have been determined by reference to Director valuations, based upon independent valuations obtained 30 June 2007. 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. As part of the Bendigo and Adelaide Bank Limited group property revaluation process the Directors reviewed the current valuations and determined no independent valuation was necessary for 30 June 2012.

Note 14 - Intangible assets

	Consolidated		Company	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Intangible software	604,055	601,305	604,055	601,305
Accumulated amortisation	(535,192)	(454,272)	(535,192)	(454,272)
Total intangible assets	68,863	147,033	68,863	147,033
Reconciliation				
Intangible software				
Carrying amount at beginning	147,033	79,548	147,033	79,548
Additions	2,750	121,821	2,750	121,821
Amortisation expense	(80,920)	(54,336)	(80,920)	(54,336)
Carrying amount at end	68,863	147,033	68,863	147,033

Note 15 - Trade and other payables

	Consolidated		Company	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Trade creditors and accrued expenses [(a)]	180,607	260,947	180,607	260,947
Amounts payable to ultimate parent entity [(b)]	61,642,846	76,167,289	61,337,342	75,861,785
Income tax due to parent	4,326,768	4,541,513	4,672,948	4,672,984
	66,150,221	80,969,749	66,190,897	80,795,716

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 16 - Financial Risk Management

The Group has exposure to credit risk, liquidity risk and market risk (including interest rate and equity price 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 processed 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 (2011: 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:

Note 16 - 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 2012					
Trade and other payables	66,150,221	66,150,221	-	-	66,150,221
Total financial liabilities	66,150,221	66,150,221	-	-	66,150,221
30 June 2011					
Trade and other payables	80,969,749	80,969,749	-	-	80,969,749
Total financial liabilities	80,969,749	80,969,749	-	-	80,969,749

Company

	Carrying Amount $'000	1 year or less $'000	1 to 5 years $'000	more than 5 years $'000	Total $'000
30 June 2012					
Trade and other payables	66,190,897	66,190,897	-	-	66,190,897
Total financial liabilities	66,190,897	66,190,897	-	-	66,190,897
30 June 2011					
Trade and other payables	80,795,716	80,795,716	-	-	80,795,716
Total financial liabilities	80,795,716	80,795,716	-	-	80,795,716

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.

Note 16 - 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 Statement of Changes In Equity.

	Consolidated		Company	
	2012	2011	2012	2011
	$	$	$	$
Post tax profit				
+ 1% (100 Basis points)	136,535	155,949	136,535	155,949
- 1% (100 Basis points)	(136,535)	(155,949)	(136,535)	(155,949)
Equity				
+ 1% (100 Basis points)	136,535	155,949	136,535	155,949
- 1% (100 Basis points)	(136,535)	(155,949)	(136,535)	(155,949)

(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.

Note 16 - 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 2011.

Consolidated

	Profit or loss		Equity	
	10% increase	10% decrease	10% increase	10% decrease
	$	$	$	$
30 June 2012				
Available-for-sale financial assets	-	-	12,863,454	(12,863,454)
30 June 2011				
Available-for-sale financial assets	-	-	12,781,497	(12,781,497)

Company

	Profit or loss		Equity	
	10% increase	10% decrease	10% increase	10% decrease
	$	$	$	$
30 June 2012				
Available-for-sale financial assets	-	-	12,863,454	(12,863,454)
30 June 2011				
Available-for-sale financial assets	-	-	12,781,497	(12,781,497)

Note 16 - 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 2012				Year ended 30 June 2011			
	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	116,168,172	-	-	116,168,172	126,313,025	-	-	126,313,025
Managed Investments	-	12,466,371	-	12,466,371	-	1,501,944	-	1,501,944
	116,168,172	12,466,371	-	128,634,543	126,313,025	1,501,944	-	127,814,969
Financial Liabilities								
	-	-	-	-	-	-	-	-

	Year ended 30 June 2012				Year ended 30 June 2011			
	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	116,168,172	-	-	116,168,172	126,313,025	-	-	126,313,025
Managed Investments	-	12,466,371	-	12,466,371	-	1,501,944	-	1,501,944
	116,168,172	12,466,371	-	128,634,543	126,313,025	1,501,944	-	127,814,969
Financial Liabilities								
	-	-	-	-	-	-	-	-

Note 16 - 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 investment scheme value is determined by Net Asset Value provided by the fund manager as published through the respective fund manager's website.

e. Capital Management

Sandhurst Trustees Limited is a wholly owned subsidiary of the Bendigo and Adelaide Bank Limited. Sandhurst Trustees Limited manages and maintains capital to meet regulatory requirements.

Note 17 - Contributed equity

	Consolidated		Company	
	2012	2011	2012	2011
	$	$	$	$
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.

Note 18 - Retained earnings

	Consolidated		Company	
	2012	2011	2012	2011
	$	$	$	$
Movements in retained earnings were as follows:				
Retained profits at the beginning of the financial year	9,871,331	5,601,097	10,483,616	5,906,617
Net profit attributable to members of the Company	18,478,477	18,330,234	18,979,465	18,636,999
Dividends provided for or paid	-	(14,060,000)	-	(14,060,000)
Retained profits at the end of the financial year	28,349,808	9,871,331	29,463,081	10,483,616

Note 19 - Cash flow information

	Consolidated		Company	
	2012	2011	2012	2011
	$	$	$	$

(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	-	492,285
Cash at bank	1,365,348	1,559,486	1,365,348	1,559,486
Deposits at short call	1,646,943	6,209,768	1,646,943	6,209,768
	3,012,291	8,261,539	3,012,291	8,261,539

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

Net profit after income tax	18,478,477	18,330,234	18,979,465	18,636,999
Adjustments:				
Depreciation	43,631	46,508	43,631	46,508
Amortisation	80,921	54,336	80,921	54,336
Share of joint ventures (profit)/loss	715,697	438,236	-	-
Tax effect on revaluations	2,928,128	(3,372,161)	2,928,128	(3,372,161)
Changes in assets and liabilities				
(Increase)/decrease in receivables	1,052,334	(403,103)	1,052,334	(403,103)
(Increase)/decrease in prepayments	549	(549)	549	(549)
(Increase)/decrease in deferred tax assets	21,163	(65,782)	21,163	(65,782)
(Decrease)/increase in deferred tax liability	(3,237,429)	3,293,163	(3,237,429)	3,293,163
(Decrease)/increase in accounts payable	(1,417)	(698,102)	(1,417)	(698,102)
(Decrease)/increase in deferred income	(78,923)	77,637	(78,923)	77,637
(Decrease)/increase in tax payable	(214,745)	808,576	(36)	940,047
Net cash from operating activities	19,788,386	18,508,993	19,788,386	18,508,993

(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

(d) Non-cash financing and investing activities

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

Note 20 - 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			
2012	16,669,975	10,282,188	59,971,976
2011	18,277,351	10,398,524	66,359,762
Bendigo Asset Management			
2012	-	-	305,521
2011	-	-	305,521

(c) Sandhurst Trustees Limited previously paid the parent entity an inter-company cross-charge, on normal terms and conditions, for the provision of administrative and support services of $nil - 2012 ($1,796,754 - 2011). These charges ceased in July 2011.

(d) Sandhurst Trustees Limited holds investments in the Sandhurst common funds, valued at $1,646,943 at 30 June 2012 ($6,209,768 - 2011).

(e) Sandhurst Trustees Limited holds other managed fund investments in funds managed by Sandhurst Trustees Limited valued at $12,466,371 at 30 June 2012 ($1,501,944 - 2011).

(f) Sandhurst Trustees Limited holds an investment in a retail bond issued by Bendigo and Adelaide Bank Limited valued at $8,000,000 at 30 June 2012 ($7,920,000 – 2011)

(g) The parent entity provides a Guarantee of $250,000 ($250,000 - 2011) under normal commercial terms and conditions.

(h) The directors of Sandhurst Trustees Limited may invest in funds managed by Sandhurst Trustees from time to time. All investments are held on commercial terms and are at an arm's length basis.

(i) The directors of Sandhurst Trustees Limited may have a loan with a mortgage fund issued by Sandhurst Trustees from time to time. All loans held are on commercial terms and are at an arm's length basis.

Note 21 - 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

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 based on reasonable time allocations is as follows:

	Consolidated		Company	
	2012	2011	2012	2011
	$	$	$	$
Short term benefits (1)	382,368	389,571	382,368	389,571
Post employment benefits (2)	23,398	14,221	23,398	14,221
Other long term benefits (3)	1,495	5,731	1,495	5,731
Share-based payment (4)	101,545	111,499	101,545	111,499
Total	508,806	521,022	508,806	521,022

In accordance with the requirements of the Accounting Standards (AASB 119), remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year. The fair value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual Senior Executives may ultimately realise should the equity instruments vest. The fair value of Performance Rights and Options as at the date of their grant has been determined in accordance with AASB 124 applying a Black-Scholes-Merton valuation method.

1. Short term benefits include cash salary amounts and the net movement in the KMP's annual leave accrual for the year and sacrifice components of KMP salary. It only includes the notional value of the interest free loan benefit provided under the group's employee share plans.
   A notional benefit is calculated using the average outstanding loan balance and the Bank's average cost of funds.
2. Represents superannuation contributions made on behalf of key management personnel in accordance with the Superannuation Guarantee Charge legislation.
3. The amounts disclosed relate to movements in long service leave entitlement accruals.
4. Represents the fair value of grants under the Employee Salary Sacrifice, Deferred Share and Performance Share Plan in 2009/10 and 2010/11.

Note 22 - 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 23 - 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 Proprietary Limited

Sandhurst Nominees (Canberra) Proprietary Limited

Bendigo Asset Management Proprietary Limited

Note 24 - Contingent liabilities and assets

From time to time, Sandhurst Trustees Limited may be subject to material litigation, regulatory actions, legal or arbitration proceedings and other contingent liabilities which, if they crystallise, may adversely affect the financial position or the performance of the Company.

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 25 - Subsequent events

Since 30 June 2012 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, other than set out below.

Following a recent strategic review Sandhurst Trustees Limited sold all of its shares in IOOF Holdings Limited on the 9 August 2012. The sale represents 93% of the total value of investments in listed corporations (disclosed in Note 11) and will result in a profit to the Company of $36.95 million.

On the 31 August 2012 a dividend of $5.543 per share ($55.43 million) was declared and paid. This dividend consisted of profits for the financial year and profit from the sale of the IOOF Holdings Limited shares received in August 2012.

Note 26 - 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 2012 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

Jennifer Dawson

Dated this 21 day of September 2012

Corporate Information

Directors

Jennifer Dawson, Chairman

Ian Mansbridge

Marnie Baker

John Billington

Joint Company Secretaries

David Oataway

Rochelle Parker

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

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001
Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

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 consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement 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 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 consolidated entity's financial position as at 30 June 2012 and of its 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.

Ernst & Young

Ernst & Young

T M Dring
Partner
Melbourne
21 September 2012

Mindful Faithful Lasting

(S41000-14) (07/12)