

SANDHURST TRUSTEES LIMITED

ABN 16 004 030 737

AFSL 237906

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

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Chairman's report

Sandhurst Trustees continues to honour the principles of providing "Mindful, Faithful and Lasting" services to our community.

Our core services continue to be the provision of:

- Corporate trustee services;
- Personal trustee services; such as Will writing and administration of estates and perpetual trusts;
- Managed investment funds; and
- Superannuation funds.

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

During the year, funds under management in our wholesale funds exceeded \$1 billion with 95 percent growth in our Bendigo Managed Wholesale Funds product set.

We continue to build and refine our product and service range and successfully launched our Bendigo SmartStart Pension, Bendigo MySuper and Bendigo SmartStart Super Employer Sponsored products. Considerable investment has been made in the overall functionality of our superannuation products – specifically the introduction of online applications, with the goal of making it easier for our customers to do business with us.

Sandhurst has received or maintained a range of positive awards and ratings, including:

- 5 Star quality rating from research house Canstar for our flagship Bendigo SmartStart Super product
- Sandhurst Strategic Income Fund once again rated "A" by Australia Ratings in 2014, with growth in this product of 125 percent during the financial year

- 7 out of 10 of the Bendigo Managed Wholesale Funds were ranked in the top 10 in their category and 9 of the 10 funds are ranked in the top quartile of Morningstars rankings
- Bendigo Conservative Wholesale Fund and Bendigo SmartStart Super were both singled out for inclusion in The Weekend Australian's Wealth Liftout, *Top 100 Picks for 2014* by a panel of leading finance and business writers.

Legislative and regulatory change continues to be a considerable focus for the business, especially in light of the change in Federal Government and its review of new legislation such as FOFA and ACNC. The progressive implementation of the superannuation reforms including the new prudential standards, MySuper, SuperStream and data reporting standards reforms has also required a significant amount of monitoring and implementation effort.

During the year, and in line with revised regulations, we constituted a new Superannuation Audit Committee. This committee is chaired by Independent Director Mr Ian Mansbridge. Mr Michael O'Shea was appointed as a new independent member to this committee. We welcome Michael as a valued member of the company's overall governance structure.

In March 2014 a significant grant was made to the Bendigo Art Gallery Foundation from The Frances & Harold Abbott Foundation, a grant-making trust of which Sandhurst Trustees is the trustee. This grant was recognised by exhibition space in the newly-expanded gallery being named The Frances & Harold Abbott Foundation Gallery.

Sandhurst Trustees continues to be the trustee for the trusts administered by the Bank's philanthropic arm, including the Community Enterprise Foundation which is one of our largest trusts.

Chairman's report (cont.)

During 2014 the Community Enterprise Foundation team has:

- administered 213 grants programs
- made 884 grants to community groups; and
- facilitated the operation of the Scholarship program conducted by the Bank.

During 2014, 173 first and second year students shared \$866,000 in scholarships from the Bank and its Community Bank® partners. Combined with the \$240,000 value of La Trobe University's on campus accommodation credit, the total value of scholarships offered in 2014 was over \$1.1 million.

Since inception in 2007, more than 260 students have received assistance of over \$2.4 million (in the form of cash payments and La Trobe University on campus accommodation credits).

In all, more than \$8.3 million was administered or distributed by the Community Enterprise Foundation team in this 12 month period.

We are well positioned to continue to excel in the delivery of our many services into the future.

Jenny Dawson
Chairman

Managed investment and superannuation plans named in this document are issued by Sandhurst Trustees Limited ABN 16 004 030 737 AFSL 237906. You should read the relevant product disclosure statement available at www.sandhrusttrustees.com.au before deciding to invest. Total return figures are calculated before tax and after fees and costs; using withdrawal prices and assumes distributions are reinvested. Past performance is not an indication of future performance.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Your directors submit the financial report of Sandhurst Trustees Limited (the Company) and its controlled entities for the year ended 30 June 2014.

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, Non-executive director
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
Rochelle Parker

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 provider;
- Personal trustee, estate administrator / Will preparer; and
- Registrable superannuation entity licensee of superannuation funds.

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

At 30 June 2014 there were 79 (2013: 72) full time equivalent employees employed by Bendigo and Adelaide Bank Limited to undertake the above activities.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Consolidated results

Economic entity results in brief:

	2014	2013
	\$	\$
Profit before income tax	14,192,008	52,583,930
Profit after income tax	9,738,407	36,259,676

Dividends

	2014	2013
	\$	\$
Dividends paid	-	55,430,000

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

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 \$9,738,407. This represents a decrease from the \$36,259,676 profit from ordinary activities after income tax expense for 2013. Profit from ordinary activities before income tax expense was \$14,192,008 compared to \$52,583,930 for 2013.

The 2013 profit includes a one-off gain of \$36.95 million attributable to the sale of shares in IOOF Holdings Limited. This sale also accounts for the decline in the corresponding asset and liability balances in the Statement of Financial Position.

Funds management

Total funds under management for our funds management and superannuation business increased for the year to \$3.31 billion at 30 June 2014 (\$2.84 billion - 2013).

The growth in funds under management was underpinned by our diversified fund options which include active and passive Bendigo Managed Diversified Funds. These funds grew to \$739 million (\$469 million). The Strategic Income Fund also experienced strong inflows during the year and increased to \$96m (\$43million – 2013).

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Funds management (cont'd.)

The common fund investments increased, with funds under management totalling \$1.44 billion at 30 June 2014 (\$1.40 billion – 2013).

The Sandhurst Industrial Share Fund increased to \$293 million (\$279 million - 2013).

The Sandhurst Future Leaders Fund totalled \$16 million (\$16 million - 2013). The professional series product suite decreased to \$24 million (\$25 million - 2013).

The Adelaide CMT totalled \$258 million (\$258 million – 2013).

Bendigo SmartStart Super fund assets grew to \$278 million at the end of the year (\$127 million - 2013) whilst Bendigo Superannuation Plan decreased to \$169 million (\$223 million - 2013) ahead of an expected relaunch of the fund in 2015.

Corporate trustee and custodial services

Revenue from corporate trustee and custodial services remained consistent with 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.

Significant events after balance date

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

Likely developments and expected results

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

Indemnification and insurance of officers and auditors

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

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

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

During or since financial year end, the Company paid insurance premiums to insure certain officers of the Company and related bodies corporate against liabilities for costs and expenses incurred by them in defending any legal action arising out of their conduct while acting in their various capacities. The officers covered by the insurance policy include the directors listed in this report, the secretary and the senior management of the Company. In addition, the Group's Corporate Professional Indemnity Policy extends to cover the external members of the Sandhurst Compliance Committee.

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.

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

Signed in accordance with a resolution of the board of directors.

Director



Jennifer Dawson

Dated this 21 day of October 2014



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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 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

T M Dring
Partner
Melbourne
21 October 2014

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated		Company	
		2014 \$	2013 \$	2014 \$	2013 \$
Revenues	4	35,824,661	71,239,328	35,824,661	71,239,328
Total revenue	4	35,824,661	71,239,328	35,824,661	71,239,328
Fees and commissions expense	5	(10,510,286)	(9,354,410)	(10,510,286)	(9,354,410)
Business promotion expense	5	(87,674)	(157,075)	(87,674)	(157,075)
Employee benefits expense	5	(7,900,670)	(6,992,130)	(7,900,670)	(6,992,130)
Occupancy expense	5	(30,481)	(18,319)	(30,481)	(18,319)
Property, plant & equipment costs	5	(44,024)	(109,656)	(44,024)	(109,656)
Computer systems and software costs	5	(351,777)	(376,391)	(351,777)	(376,391)
Administration expense	5	(669,802)	(595,919)	(669,802)	(595,919)
Share of loss on associates	5	(1,045,876)	(459,841)	(1,045,876)	(459,841)
Other expenses	5	(992,063)	(591,657)	(992,063)	(591,657)
Total expenses		(21,632,653)	(18,655,398)	(21,632,653)	(18,655,398)
Profit before income tax		14,192,008	52,583,930	14,192,008	52,583,930
Income tax expense	6	4,453,601	16,324,254	4,453,601	16,324,254
Net profit attributable to members of the parent		9,738,407	36,259,676	9,738,407	36,259,676
Other comprehensive income					
Available-for-sale financial assets					
Net fair value gains/(loss) on available-for-sale financial assets & property revaluation		1,394,130	(34,224,372)	1,394,130	(34,224,372)
Tax effect on items taken directly to or transferred from equity		(401,240)	10,349,429	(401,240)	10,349,429
Net gain/(loss) recognised directly in equity		992,890	(23,874,943)	992,890	(23,874,943)
Total comprehensive income for the period attributable to members of the parent		10,731,297	12,384,733	10,731,297	12,384,733

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 2014

	Note	Consolidated		Company	
		2014	2013	2014	2013
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents	8	8,442,412	2,874,799	8,442,412	2,874,799
Trade and other receivables	9	3,246,804	3,208,492	3,246,803	3,208,492
Available-for-sale financial assets	10	19,366,394	21,580,523	19,366,394	21,580,523
Total current assets		31,055,610	27,663,814	31,055,609	27,663,814
Non - current assets					
Shares in controlled entities at cost		-	-	6	6
Shares in associates	11	340,353	1,386,228	340,353	1,386,228
Trade and other receivables	9	147,679	2,245,078	147,679	2,550,592
Property, plant and equipment	12	2,282,981	1,716,399	2,282,981	1,716,399
Intangible assets	13	550	2,898	550	2,898
Deferred tax assets	6	11,505	63,994	11,505	63,994
Total non - current assets		2,783,068	5,414,597	2,783,074	5,720,117
Total assets		33,838,678	33,078,411	33,838,683	33,383,931
Current liabilities					
Trade and other payables	14	6,027,086	16,414,532	5,721,571	16,414,532
Total current liabilities		6,027,086	16,414,532	5,721,571	16,414,532
Non - current liabilities					
Deferred tax liability	6	977,546	561,130	977,546	561,130
Total non - current liabilities		977,546	561,130	977,546	561,130
Total liabilities		7,004,632	16,975,662	6,699,117	16,975,662
Net assets		26,834,046	16,102,749	27,139,566	16,408,269
Equity					
Equity attributable to equity holders					
Contributed equity	16	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	17	18,917,891	9,179,484	19,223,411	9,485,004
Reserves		2,916,155	1,923,265	2,916,155	1,923,265
Total equity		26,834,046	16,102,749	27,139,566	16,408,269

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

**SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES**
**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

Consolidated

	Issued capital	Asset Revaluation reserve - Property	Asset Revaluation reserve - Shares	Retained earnings	Total equity
Balance at 1 July 2013	5,000,000	682,000	1,241,265	9,179,484	16,102,749
Other Comprehensive Income	-	442,781	550,109	-	992,890
Profit/(loss) for the period	-	-	-	9,738,407	9,738,407
Total Comprehensive income for the period	-	442,781	550,109	9,738,407	10,731,297
Dividends paid	-	-	-	-	-
Balance at 30 June 2014	5,000,000	1,124,781	1,791,374	18,917,891	26,834,046

Balance at 1 July 2012	5,000,000	682,000	25,116,208	28,349,808	59,148,016
Other Comprehensive Income	-	-	(23,874,943)	-	(23,874,943)
Profit/(loss) for the period	-	-	-	36,259,676	36,259,676
Total Comprehensive income for the period	-	-	(23,874,943)	36,259,676	12,384,733
Dividends paid	-	-	-	(55,430,000)	(55,430,000)
Balance at 30 June 2013	5,000,000	682,000	1,241,265	9,179,484	16,102,749

Company

	Issued capital	Asset Revaluation reserve - Property	Asset Revaluation reserve - Shares	Retained earnings	Total equity
Balance at 1 July 2013	5,000,000	682,000	1,241,265	9,485,004	16,408,269
Other Comprehensive Income	-	442,781	550,109	-	992,890
Profit/(loss) for the period	-	-	-	9,738,407	9,738,407
Total Comprehensive income for the period	-	442,781	550,109	9,738,407	10,731,297
Dividends paid	-	-	-	-	-
Balance at 30 June 2014	5,000,000	1,124,781	1,791,374	19,223,411	27,139,566

Balance at 1 July 2012	5,000,000	682,000	25,116,208	28,655,328	59,453,536
Other Comprehensive Income	-	-	(23,874,943)	-	(23,874,943)
Profit/(loss) for the period	-	-	-	36,259,676	36,259,676
Total Comprehensive income for the period	-	-	(23,874,943)	36,259,676	12,384,733
Dividends paid	-	-	-	(55,430,000)	(55,430,000)
Balance at 30 June 2013	5,000,000	682,000	1,241,265	9,485,004	16,408,269

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 2014

	Note	Consolidated		Company	
		2014	2013	2014	2013
		\$	\$	\$	\$
Cash flows from operating activities					
Fees and Commissions received		34,387,483	32,335,188	34,387,483	32,343,507
Payments to suppliers and employees		(19,971,995)	(17,321,807)	(19,971,995)	(17,330,126)
Income tax paid		(18,595,144)	(6,423,492)	(18,595,144)	(6,423,492)
Dividends received		564,603	487,620	564,603	487,620
Interest received		127,363	107,776	127,363	107,776
Net cashflow from operating activities	18 (b)	<u>(3,487,690)</u>	<u>9,185,285</u>	<u>(3,487,690)</u>	<u>9,185,285</u>
Cash flows from investing activities					
Proceeds from/(Payments for) property, plant and equipment		11,605	(10,541)	11,605	(10,541)
Proceeds from/(Payments for) sale of Available-for-sale financial assets		3,000,000	109,777,885	3,000,000	109,777,885
Net cashflow from/ (used in) investing activities		<u>3,011,605</u>	<u>109,767,344</u>	<u>3,011,605</u>	<u>109,767,344</u>
Cash flows from financing activities					
Receipt/(Repayment) of funding from parent		6,043,698	(63,660,121)	6,043,698	(63,660,121)
Dividends paid		-	(55,430,000)	-	(55,430,000)
Net cashflow from/(used in) financing activities		<u>6,043,698</u>	<u>(119,090,121)</u>	<u>6,043,698</u>	<u>(119,090,121)</u>
Net increase/(decrease) in cash and cash equivalents held		5,567,613	(137,492)	5,567,613	(137,492)
Cash and cash equivalents at beginning of year		<u>2,874,799</u>	<u>3,012,291</u>	<u>2,874,799</u>	<u>3,012,291</u>
Cash and cash equivalents at end of year	18 (a)	<u>8,442,412</u>	<u>2,874,799</u>	<u>8,442,412</u>	<u>2,874,799</u>

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 1 - Corporate information

The financial report of Sandhurst Trustees Limited for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 21 October 2014.

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 Sandhurst Trustees Limited 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.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 2014:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Company
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 2014
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.	1 January 2018	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2018

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Company
AASB 9 (cont'd.)		<p>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.</p> <p>c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <p>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.</p>			

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 9 (cont'd.)		<p>The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes:</p> <ol style="list-style-type: none"> 1. New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures 2. Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time <p>In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018</p>			
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2014
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	<p>These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 Business Combinations when it obtains control of another entity.</p> <p>These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.</p> <p>These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.</p>	1 January 2014	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2014

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Company
AASB 2013-7	Amendments to AASB 1038 arising from AASB 10 in relation to Consolidation and Interests of Policyholders [AASB 1038]	AASB 2013-7 removes the specific requirements in relation to consolidation from AASB 1038, which leaves AASB 10 as the sole source for consolidation requirements applicable to life insurer entities.	1 January 2014	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2014
Annual Improvements 2010–2012 Cycle	Annual Improvements to IFRSs 2010–2012 Cycle	<p>This standard sets out amendments to International Financial Reporting Standards (IFRS) 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.</p> <p>The following items are addressed by this standard:</p> <ul style="list-style-type: none"> ▶ IFRS 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ▶ IFRS 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to IAS 37. <p>IFRS 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets.</p>	1 July 2014	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2014

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Company
Annual Improvements 2010–2012 Cycle (cont'd.)		<p>► IAS 16 & IAS 38 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.</p> <p>IAS 24 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of IAS 24 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.</p>			
Annual Improvements 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle	<p>This standard sets out amendments to International Financial Reporting Standards (IFRS) 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.</p> <p>The following items are addressed by this standard:</p> <p>IFRS 13 - Clarifies that the portfolio exception in paragraph 52 of IFRS 13 applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32.</p>	1 July 2014	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2014

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Company
Annual Improvements 2011–2013 Cycle (cont'd.)		IAS 40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of IFRS 3 that includes an investment property. That judgment is based on guidance in IFRS 3.			
AASB 1031	Materiality	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.	1 January 2014	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2014

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.

(c) Changes in accounting policies

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

- *AASB 10 Consolidated Financial Statements*. This standard establishes a new control model that applies to all entities. It replaces AASB 127 Consolidated and Separate Financial Statements dealing with the UIG-112 Consolidation - Special Purpose Entities. There has been no material impact on the financial statements.
- *AASB 11 Joint Arrangements*. This standard uses the principal of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. It removes the option to account for jointly controlled entities (JCE's) using proportionate consolidation. There has been no significant impact on the financial statements.
- *AASB 12 Disclosure of Interests in Other Entities*. This standard includes all disclosures relating to an entity's interest in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists. As a result of AASB 12, the Group has expanded disclosures about its interests in associates and structured entities.

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AND CONTROLLED ENTITIES
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FOR THE YEAR ENDED 30 JUNE 2014

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

- *AASB 13 Fair Value Measurement*. This standard establishes a single source of guidance for determining the fair value of assets and liabilities. The standard does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair values is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. The change had no significant impact on the measurements of the Group's assets and liabilities.

- *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.

(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 22 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.

Managed investment funds

The Group acts as a responsible entity for certain managed investment funds. The decision-making rights of the funds are restricted by the Product Disclosure Statements. The fees that are received are not variable, are commensurate with the services provided, and are consistent with similar funds in the market. Where the Group holds investments in the funds and is exposed to variability of returns, the magnitude of the variability is assessed to determine if it is significant enough to result in the Group being a principal. As long as the aggregated economic interest (taking into account any fees and direct holdings) by the Group represents less than 37% of the total units in the fund, it is concluded that the Group is an agent and consolidation is not required. This percentage may change depending on certain factors, such as dilution of unit ownership and duration of operation. As the Group's economic interest represents less than 37% the funds are unconsolidated structured entities as disclosed in note 24.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

(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 investments 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 investments are stated at nominal value.

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.

(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.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

(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.

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:	2014	2013
<i>Asset category</i>		
Freehold buildings	40	40
Office furniture & equipment	5	5
Computer hardware	3	3
Motor vehicles	5	5

Impairment

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

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

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

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.

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. An assessment of each fund has occurred as per AASB 10 *Consolidated Financial Statements*. Note 24 provides the relevant information regarding the unstructured entities. 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.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

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.

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 of current taxes and deferred taxes to allocate to members of the tax consolidated group.

SANDHURST TRUSTEES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 adheres to this risk management 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 Board level down to operational levels, covering all aspects of risk.

The Company's principal financial instruments comprise of cash, short term deposits, managed funds 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 regularly monitors the impact of its exposures and together with the Bank's Board, considers the holding of equity investments in terms of its value, potential future value and the strategy of the Bendigo and Adelaide Bank Limited group.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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.

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

	Consolidated		Company	
	2014	2013	2014	2013
Gross maximum exposure	\$	\$	\$	\$
Cash and cash equivalents	8,442,412	2,874,799	8,442,412	2,874,799
Trade and other receivables	3,394,483	5,453,570	3,394,482	5,759,084
Available-for-sale financial assets	19,366,394	21,580,523	19,366,394	21,580,523
Shares in controlled entities at cost	-	-	6	6
Shares in associates	340,353	1,386,228	340,353	1,386,228
Total credit risk exposure	<u>31,543,642</u>	<u>31,295,120</u>	<u>31,543,647</u>	<u>31,600,640</u>

SANDHURST TRUSTEES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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Note 4 – Revenues

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Revenue				
- Commission and management fees received	35,095,922	33,689,233	35,095,922	33,689,233
- Interest	163,311	113,254	163,311	113,254
- Managed investment schemes distributions	564,603	487,620	564,603	487,620
Total revenue	<u>35,823,836</u>	<u>34,290,107</u>	<u>35,823,836</u>	<u>34,290,107</u>
Other income				
- Net gains on sale of available-for-sale investments	-	36,948,237	-	36,948,237
- Other revenues	825	984	825	984
Total other income	<u>825</u>	<u>36,949,221</u>	<u>825</u>	<u>36,949,221</u>
Total revenues	<u>35,824,661</u>	<u>71,239,328</u>	<u>35,824,661</u>	<u>71,239,328</u>

Note 5 – Expenses

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Fees and Commissions paid:				
- Adviser and agency commissions	(9,414,065)	(8,260,520)	(9,414,065)	(8,260,520)
- Community Bank commissions	(1,096,221)	(1,093,890)	(1,096,221)	(1,093,890)
	<u>(10,510,286)</u>	<u>(9,354,410)</u>	<u>(10,510,286)</u>	<u>(9,354,410)</u>
Business promotion expense				
- Sponsorship	(22,841)	(21,414)	(22,841)	(21,414)
- Printing	(17,806)	(78,314)	(17,806)	(78,314)
- Promotional items	(525)	(293)	(525)	(293)
- Other	(46,502)	(57,054)	(46,502)	(57,054)
	<u>(87,674)</u>	<u>(157,075)</u>	<u>(87,674)</u>	<u>(157,075)</u>
Employee benefits expense				
- Salaries and wages recharge	(6,187,413)	(5,480,301)	(6,187,413)	(5,480,301)
- Superannuation contributions recharge	(611,850)	(532,813)	(611,850)	(532,813)
- Provision for annual leave recharge	(532,277)	(482,574)	(532,277)	(482,574)
- Provision for long service leave recharge	(106,275)	(105,590)	(106,275)	(105,590)
- Payroll tax recharge	(383,094)	(331,243)	(383,094)	(331,243)
- Fringe benefits tax recharge	(5,611)	(8,047)	(5,611)	(8,047)
- Other recharge	(74,150)	(51,562)	(74,150)	(51,562)
	<u>(7,900,670)</u>	<u>(6,992,130)</u>	<u>(7,900,670)</u>	<u>(6,992,130)</u>
Occupancy expense				
- Rates and taxes	(22,162)	(18,004)	(22,162)	(18,004)
- Repairs and maintenance	(8,319)	(315)	(8,319)	(315)
	<u>(30,481)</u>	<u>(18,319)</u>	<u>(30,481)</u>	<u>(18,319)</u>

SANDHURST TRUSTEES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 5 – Expenses (cont'd.)

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Property, plant & equipment costs				
- Building depreciation	(24,654)	(23,693)	(24,654)	(23,693)
- Plant and equipment depreciation	(17,022)	(19,998)	(17,022)	(19,998)
- Intangible software amortisation	(2,348)	(65,965)	(2,348)	(65,965)
	<u>(44,024)</u>	<u>(109,656)</u>	<u>(44,024)</u>	<u>(109,656)</u>
Computer systems and software costs				
- Computer line rental & installations	(20,167)	(49,403)	(20,167)	(49,403)
- Repairs and maintenance hardware	(32,979)	(911)	(32,979)	(911)
- Software maintenance	(298,631)	(326,077)	(298,631)	(326,077)
	<u>(351,777)</u>	<u>(376,391)</u>	<u>(351,777)</u>	<u>(376,391)</u>
Administration expense				
- Legal expenses	(50,819)	(126,166)	(50,819)	(126,166)
- Consulting expenses	(14,087)	(1,718)	(14,087)	(1,718)
- Accounting expenses	(167,535)	(164,586)	(167,535)	(164,586)
- Stationery and office supplies	(80,905)	(36,718)	(80,905)	(36,718)
- Motor vehicle expenses	(40,554)	(27,445)	(40,554)	(27,445)
- Telephone	(45,075)	(50,803)	(45,075)	(50,803)
- Postage	(70,645)	(38,864)	(70,645)	(38,864)
- Travel expenses	(93,222)	(57,698)	(93,222)	(57,698)
- Subscriptions to associations	(88,826)	(76,307)	(88,826)	(76,307)
- Electricity / gas and fuel	(18,134)	(15,614)	(18,134)	(15,614)
	<u>(669,802)</u>	<u>(595,919)</u>	<u>(669,802)</u>	<u>(595,919)</u>
Share of loss on associates	<u>(1,045,876)</u>	<u>(459,841)</u>	<u>(1,045,876)</u>	<u>(459,841)</u>
Other expenses	<u>(992,063)</u>	<u>(591,657)</u>	<u>(992,063)</u>	<u>(591,657)</u>
Total expenses	<u>(21,632,653)</u>	<u>(18,655,398)</u>	<u>(21,632,653)</u>	<u>(18,655,398)</u>

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Note 6 – Income tax expense

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Major components of income tax expense are:				
Statement of Comprehensive Income				
<i>Current income tax:</i>				
Current income tax charge	4,449,802	18,199,858	4,449,802	18,199,858
Adjustments in respect of current income tax of previous years	(46,865)	150,116	(46,865)	150,116
<i>Deferred income tax:</i>				
Relating to origination and reversal of temporary differences	91,191	(2,288,636)	91,191	(2,288,636)
Adjustments in respect of current income tax of previous years	(40,527)	241,923	(40,527)	241,923
Other items	-	20,993	-	20,993
Income tax expense reported in the Statement of Comprehensive Income	<u>4,453,601</u>	<u>16,324,254</u>	<u>4,453,601</u>	<u>16,324,254</u>

Statement of Changes in Equity

Deferred income tax related to items charged or credited directly in equity

Land and buildings	165,478	-	165,478	-
Unrealised gain of available-for-sale financial assets	<u>235,762</u>	<u>10,349,429</u>	<u>235,762</u>	<u>10,349,429</u>
Income tax expense / (benefit) reported in equity	<u>401,240</u>	<u>10,349,429</u>	<u>401,240</u>	<u>10,349,429</u>

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

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Income tax attributable to:				
Accounting profit before income tax	<u>14,192,008</u>	<u>52,583,930</u>	<u>14,192,008</u>	<u>52,583,930</u>

The income tax expense comprises amounts set aside as:

Provision attributable to current year at statutory rate, being				
Prima facie tax on accounting profit before tax	4,257,602	15,775,179	4,257,602	15,775,179
Under/(over) provision in prior years	(87,392)	309,922	(87,392)	309,922
Other income assessable for income tax purposes	313,763	137,952	313,763	137,952
Income not assessable for income tax purposes	-	1,420	-	1,420
Expenditure not allowable for income tax purposes	4,813	(3,329)	4,813	(3,329)
Movement in Booked Losses	-	20,993	-	20,993
Other	(35,185)	82,117	(35,185)	82,117
Income tax expense reported in the consolidated Statement of Comprehensive Income	<u>4,453,601</u>	<u>16,324,254</u>	<u>4,453,601</u>	<u>16,324,254</u>

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Note 6 – Income tax expense (cont'd.)

	Statement of Financial Position	
	2014	2013
	\$	\$
Deferred income tax		
Deferred income tax at 30 June relates to the following:		
Consolidated		
<i>Deferred tax liabilities</i>		
Available-for-sale financial assets	(612,143)	(376,382)
Revaluations of land & buildings to fair value	(416,450)	(241,369)
Other	51,047	56,621
Deferred tax liabilities	(977,546)	(561,130)
 <i>Deferred tax assets</i>		
Deferred income	(3,389)	44,904
Expenses tax depreciable	7,076	8,024
Plant & equipment	7,818	11,066
Deferred tax assets	11,505	63,994
 Sandhurst Trustees		
<i>Deferred tax liabilities</i>		
Available-for-sale financial assets	(612,143)	(376,382)
Revaluations of land & buildings to fair value	(416,450)	(241,369)
Other	51,047	56,621
Deferred tax liabilities	(977,546)	(561,130)
 <i>Deferred tax assets</i>		
Deferred income	(3,389)	44,904
Expenses tax depreciable	7,076	8,024
Plant & equipment	7,818	11,066
Deferred tax assets	11,505	63,994

At 30 June 2014, there is no unrecognised deferred income tax liability (2013: 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.

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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	
	2014	2013	2014	2013
	\$	\$	\$	\$
Total interim dividends paid				
2014: \$0.000 per share (2013 \$5.543)	-	55,430,000	-	55,430,000

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

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Note 8 - Cash and cash equivalents

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash at bank	1,928,744	281,175	1,928,744	281,175
11 am deposit	1,009,055	1,000,323	1,009,055	1,000,323
Deposits at short call	5,504,613	1,593,301	5,504,613	1,593,301
	<u>8,442,412</u>	<u>2,874,799</u>	<u>8,442,412</u>	<u>2,874,799</u>

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

Deposits at short call mature on a quarterly basis. The average interest rate for the year ended 30 June 2014 was 4.20% (2013 – 3.59%).

Note 9 - Trade and other receivables

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<i>Current</i>				
Sundry debtors and accrued income	3,246,804	3,208,492	3,246,803	3,208,492
<i>Non-current</i>				
Amounts receivable from ultimate parent entity ^(a)	-	2,017,272	-	2,322,786
Other debtors	147,679	227,806	147,679	227,806
	<u>147,679</u>	<u>2,245,078</u>	<u>147,679</u>	<u>2,550,592</u>

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

Non-current receivables are non-interest bearing and have an average maturity of 48 months.

(a) The amounts receivable from the ultimate parent entity are non-interest bearing and at call.

Note 10 - Available-for-sale financial assets

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<i>Current</i>				
Shares -				
In listed corporations/ securities at fair value	-	8,008,000	-	8,008,000
In managed investment schemes at fair value	19,366,394	13,572,523	19,366,394	13,572,523
	<u>19,366,394</u>	<u>21,580,523</u>	<u>19,366,394</u>	<u>21,580,523</u>

Available-for-sale share investments consist of investments in listed securities 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.

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Note 11 – Shares in associates

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Share in associates	340,353	1,386,228	340,353	1,386,228

Sandhurst Trustees Limited holds a 36% interest in Linear Financial Holdings Pty Ltd at 30 June 2014 (40% - 2013) which provides asset management services in Australia. The Group's interest in Linear Financial Holdings Pty Ltd is accounted for using the equity method.

Note 12 - Property, plant and equipment

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<i>Total freehold land</i>	950,000	850,000	950,000	850,000
Freehold buildings	1,300,000	947,721	1,300,000	947,721
Accumulated depreciation	(10,833)	(142,158)	(10,833)	(142,158)
<i>Total freehold buildings</i>	1,289,167	805,563	1,289,167	805,563
Plant and equipment at cost	454,006	515,037	454,006	515,037
Accumulated depreciation	(410,192)	(454,201)	(410,192)	(454,201)
<i>Total plant and equipment</i>	43,814	60,836	43,814	60,836
<i>Total property, plant and equipment</i>	2,282,981	1,716,399	2,282,981	1,716,399

Reconciliation

Freehold land				
Carrying amount at beginning	850,000	850,000	850,000	850,000
Revaluation increment	100,000	-	100,000	-
Carrying amount at end	950,000	850,000	950,000	850,000
Freehold buildings				
Carrying amount at beginning	805,563	829,256	805,563	829,256
Depreciation expense	(24,654)	(23,693)	(24,654)	(23,693)
Revaluation increment	508,258	-	508,258	-
Carrying amount at end	1,289,167	805,563	1,289,167	805,563
Plant and equipment				
Carrying amount at beginning	60,836	74,450	60,836	74,450
Additions	-	6,384	-	6,384
Depreciation expense	(17,022)	(19,998)	(17,022)	(19,998)
Carrying amount at end	43,814	60,836	43,814	60,836

The fair values of freehold land and buildings have been determined by reference to director valuations, based upon independent valuations obtained on 31 December 2013. 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.

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Note 13 - Intangible assets

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Intangible software	604,055	604,055	604,055	604,055
Accumulated amortisation	(603,505)	(601,157)	(603,505)	(601,157)
Total intangible assets	<u>550</u>	<u>2,898</u>	<u>550</u>	<u>2,898</u>
<i>Reconciliation</i>				
Intangible software				
Carrying amount at beginning	2,898	68,863	2,898	68,863
Amortisation expense	(2,348)	(65,965)	(2,348)	(65,965)
Carrying amount at end	<u>550</u>	<u>2,898</u>	<u>550</u>	<u>2,898</u>

Note 14 - Trade and other payables

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade creditors and accrued expenses ^(a)	38,735	243,399	38,735	243,399
Amounts payable to ultimate parent entity ^(b)	4,026,427	-	3,720,912	-
Income tax due to parent	1,961,924	16,171,133	1,961,924	16,171,133
	<u>6,027,086</u>	<u>16,414,532</u>	<u>5,721,571</u>	<u>16,414,532</u>

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.

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Note 15 - 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 processes for measuring and managing risk, and the management of capital.

The board of directors has overall responsibility for the establishment and oversight of the risk management framework.

a. Credit risk

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

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

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

None of the assets of the Group are past due (2013: 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:

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Note 15 - 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 2014					
Trade and other payables	6,027,086	6,027,086	-	-	6,027,086
Total financial liabilities	<u>6,027,086</u>	<u>6,027,086</u>	<u>-</u>	<u>-</u>	<u>6,027,086</u>

30 June 2013

Trade and other payables	16,414,532	16,414,532	-	-	16,414,532
Total financial liabilities	<u>16,414,532</u>	<u>16,414,532</u>	<u>-</u>	<u>-</u>	<u>16,414,532</u>

Company

	Carrying Amount \$'000	1 year or less \$'000	1 to 5 years \$'000	more than 5 years \$'000	Total \$'000
30 June 2014					
Trade and other payables	5,721,571	5,721,571	-	-	5,721,571
Total financial liabilities	<u>5,721,571</u>	<u>5,721,571</u>	<u>-</u>	<u>-</u>	<u>5,721,571</u>

30 June 2013

Trade and other payables	16,414,532	16,414,532	-	-	16,414,532
Total financial liabilities	<u>16,414,532</u>	<u>16,414,532</u>	<u>-</u>	<u>-</u>	<u>16,414,532</u>

c. Market Risk

(i) Interest rate risk

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

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

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

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Note 15 - 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	
	2014	2013	2014	2013
	\$	\$	\$	\$
Post tax profit				
+ 1.00% (100 Basis points)	19,287	2,812	19,287	2,812
- 1.00% (100 Basis points)	(19,287)	(2,812)	(19,287)	(2,812)
Equity				
+ 1.00% (100 Basis points)	19,287	2,812	19,287	2,812
- 1.00% (100 Basis points)	(19,287)	(2,812)	(19,287)	(2,812)

(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.

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Note 15 - 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 an average of the 5 year standard deviation of the following indices; S&P/ASX 300 TR Index, MSCI World ex Australia NR Index (unhedged), UBS Composite Bond Index, Barclays Global aggregate Bond index (Unhedged). 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 2013.

Consolidated

	Profit or loss		Equity	
	5.2% increase \$	5.2% decrease \$	5.2% increase \$	5.2% decrease \$
30 June 2014				
Available-for-sale financial assets	-	-	1,007,052	(1,007,052)
30 June 2013				
Available-for-sale financial assets	-	-	1,122,187	(1,122,187)

Company

	Profit or loss		Equity	
	5.2% increase \$	5.2% decrease \$	5.2% increase \$	5.2% decrease \$
30 June 2014				
Available-for-sale financial assets	-	-	1,007,052	(1,007,052)
30 June 2013				
Available-for-sale financial assets	-	-	1,122,187	(1,122,187)

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Note 15 - 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 2014				Year ended 30 June 2013			
	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
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated								
Financial assets								
Available-for-sale investments								
Listed Investments	-	-	-	-	8,008,000	-	-	8,008,000
Managed Investments	-	19,366,394	-	19,366,394	-	13,572,523	-	13,572,523
	-	19,366,394	-	19,366,394	8,008,000	13,572,523	-	21,580,523
Financial Liabilities								
	-	-	-	-	-	-	-	-

	Year ended 30 June 2014				Year ended 30 June 2013			
	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
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Company								
Financial assets								
Available-for-sale investments								
Listed Investments	-	-	-	-	8,008,000	-	-	8,008,000
Managed Investments	-	19,366,394	-	19,366,394	-	13,572,523	-	13,572,523
	-	19,366,394	-	19,366,394	8,008,000	13,572,523	-	21,580,523
Financial Liabilities								
	-	-	-	-	-	-	-	-

SANDHURST TRUSTEES LIMITED
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Note 15 - Financial Risk Management (cont'd.)

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 16 - Contributed equity

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
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.

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Note 17 - Retained earnings

	2014	2013	2014	2013
	\$	\$	\$	\$
<i>Movements in retained earnings were as follows:</i>				
Retained profits at the beginning of the financial year	9,179,484	28,349,808	9,485,004	28,655,328
Net profit attributable to members of the Company	9,738,407	36,259,676	9,738,407	36,259,676
Dividends provided for or paid	-	(55,430,000)	-	(55,430,000)
Retained profits at the end of the financial year	<u>18,917,891</u>	<u>9,179,484</u>	<u>19,223,411</u>	<u>9,485,004</u>

Note 18 - Cash flow information

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
(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 at bank	1,928,744	281,175	1,928,744	281,175
11 am deposit	1,009,055	1,000,323	1,009,055	1,000,323
Deposits at short call	5,504,613	1,593,301	5,504,613	1,593,301
	<u>8,442,412</u>	<u>2,874,799</u>	<u>8,442,412</u>	<u>5,874,799</u>

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

Net profit after income tax	9,738,407	36,259,676	9,738,407	36,259,676
<i>Adjustments:</i>				
Depreciation	41,676	43,691	41,676	43,691
Amortisation	2,348	65,965	2,348	65,965
Share of associates (profit)/loss	1,045,876	459,841	1,045,876	459,841
Property, plant and equipment (profit)/loss	(11,605)	4,157	(11,605)	4,157
Available-for-sale financial assets (profit)/loss	-	(36,948,237)	-	(36,948,237)
Tax effect on revaluations	(401,240)	10,349,429	(401,240)	10,349,429
<i>Changes in assets and liabilities</i>				
(Increase)/decrease in receivables	41,816	(663,362)	41,816	(663,362)
(Increase)/decrease in deferred tax assets	52,489	9,728	52,489	9,728
(Decrease)/increase in deferred tax liability	416,416	(12,302,760)	416,416	(12,302,760)
(Decrease)/increase in accounts payable	(43,689)	30,953	(43,689)	30,953
(Decrease)/increase in deferred income	(160,975)	31,839	(160,975)	31,839
(Decrease)/increase in tax payable	(14,209,209)	11,844,365	(14,209,209)	11,844,365
Net cash from operating activities	<u>(3,487,690)</u>	<u>9,185,285</u>	<u>(3,487,690)</u>	<u>9,185,285</u>

(c) Financing facilities available

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

Guarantee	500,000	500,000	500,000	500,000
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(d) Non-cash financing and investing activities

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

SANDHURST TRUSTEES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 19 - 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 \$
2014	422,420	11,216,875	830,666
2013	26,067,929	9,900,831	11,625,121
Bendigo Asset Management			
2014	-	-	305,521
2013	-	-	305,521

- (c) Sandhurst Trustees Limited holds investments in the Sandhurst Select Mortgage Fund, valued at \$5,504,613 at 30 June 2014 (\$1,593,301- 2013).
- (d) Sandhurst Trustees Limited holds other managed fund investments in funds issued by Sandhurst Trustees Limited valued at \$19,366,394 at 30 June 2014 (\$13,572,523 - 2013).
- (e) Sandhurst Trustees Limited has received \$564,603 (\$487,620 – 2013) in distributions from the managed fund investments it holds in funds issued by Sandhurst Trustees Limited.
- (f) Sandhurst Trustees Limited held an investment in a retail bond issued by Bendigo and Adelaide Bank Limited valued at \$nil at 30 June 2014 (\$8,008,000 - 2013).
- (g) Sandhurst Trustees Limited holds an 11am deposit issued by Bendigo and Adelaide Bank Limited valued at \$1,009,055 at 30 June 2014 (\$1,000,323 - 2013).
- (h) The parent entity provides a Guarantee of \$500,000 (\$500,000 - 2013) under normal commercial terms and conditions.
- (i) 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.
- (j) 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.

SANDHURST TRUSTEES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 20 - Director and executive disclosures

(a) Details of key management personnel

Jennifer Dawson	Chairman, Non-executive director
Ian Mansbridge	Non-executive director
Marnie Baker	Executive director
John Billington	Executive director
Paul Rohan	Head of Sandhurst Trustees Limited

(b) The compensation of key management personnel

Key management personnel are employed and paid by Bendigo and Adelaide Bank Limited.

Remuneration of directors is paid directly by Bendigo and Adelaide Bank Limited, the ultimate parent entity of Sandhurst Trustees Limited. The directors do not receive any remuneration directly from Sandhurst Trustees. In relation to non-executive director fees, Ms Dawson received an annual fee of \$85,000 plus superannuation of \$7,863 (FY2013: \$85,000 plus superannuation of \$7,863) and Mr Mansbridge received an annual fee of \$80,000 plus superannuation of \$7,200 (FY2013: \$80,000 plus superannuation of \$7,200).

Note 21 - 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 22 - 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
- Bendigo Asset Management Proprietary Limited

Note 23 - 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.

A specific litigation risk exists in relation to the class action raised by Debenture holders in LKM Capital. The plaintiffs' Statement of Claim has not quantified the amount of loss and damage that the plaintiffs have allegedly suffered. In this circumstances, no contingent liability has crystallised.

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 23 - Contingent liabilities and assets (cont'd.)

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 24 – Involvement in unconsolidated entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual arrangements. Involvement with structured entities varies and includes debt financing of these entities as well as other relationships. In accordance with Note 2, it is established whether the involvement with these entities results in significant influence, joint control or control over the structured entity. There are no structured entities over which control can be exercised and therefore are not consolidated. The Group has no contractual arrangements that would require it to provide financial or other support to an unconsolidated structured entity. The Group has not previously provided financial support to an unconsolidated structured entity, and has no current intentions to provide such support.

Interests in unconsolidated structured entities

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

<i>Type of structured entity</i>	<i>Nature and purpose</i>	<i>Interest held by the Group</i>
Managed investment funds	To generate: > a range of investment opportunities for external investors; and > fees from managing assets on behalf of third party investors for the Group.	Investment in units issued by the funds Management fees

Risks associated with unconsolidated structured entities

The following table summarises the carrying values recognised in the balance sheet in relation to unconsolidated structured entities as of 30 June 2014:

	\$
Available-for-sale financial assets	<u>19,366,394</u>

SANDHURST TRUSTEES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 24 – Involvement in unconsolidated entities (cont'd.)

Maximum exposure to loss

The maximum exposure to loss is the current carrying value of these interests representing the amortised cost at reporting date. The following table summarises the Group's maximum exposure to loss from its involvement at 30 June 2014 and 30 June 2013 with structured entities.

	Carrying amount		Maximum loss exposure	
	2014	2013	2014	2013
	\$	\$	\$	\$
Available-for-sale financial assets	19,366,394	13,572,523	19,366,394	13,572,523

Significant restrictions

There are no significant restrictions imposed by any unconsolidated structured entity on the Group's ability to access or use its assets or settle its liabilities.

Note 25 - Subsequent events

Since 30 June 2014 there has not been any matter or circumstances not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Company.

Note 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* (Cth), including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulation 2001;
- (b) the financial statements and notes also comply with the International Financial Reporting Standards as disclosed in Note 2; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Director



Jennifer Dawson

Dated this 21 day of October 2014

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
Level 3, 169 Pirie Street
ADELAIDE South Australia 5000

Internet Address

www.sandhursttrustees.com.au

Auditors

Ernst & Young

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

Report on the financial report

We have audited the accompanying financial report of Sandhurst Trustees Limited, which comprises the consolidated statement of financial position as at 30 June 2014, 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 2014 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



T M Dring
Partner
Melbourne
21 October 2014