Sandhurst Trustees Limited

Annual Financial Report

For the year ended 30 June 2008

Sandhurst Trustees
SUBSIDIARY OF BENDIGO BANK

Contents

Chairman's report

In its 120th anniversary year, Sandhurst Trustees achieved strong growth in revenue, with total revenue up 5.2% on the previous financial year, while expenses were able to be maintained at the same level as last year. Total funds under management were $3.3 billion at 30 June 2008, a reduction of $65m during the year, following the recent turmoil in the Australian financial markets. Given the high quality and relevance to the Australian marketplace, I am certain the products and services offered by Sandhurst Trustees will continue to perform well, despite the testing financial market conditions currently being experienced.

This year saw Sandhurst Trustees' parent entity, Bendigo Bank, merge with the Adelaide Bank to become the Bendigo and Adelaide Bank. This merger creates strong opportunities for Sandhurst Trustees to expand its distribution capacity and increase awareness of its product range in the external market.

Profit after tax of $20.7 million for the year ended 30 June 2008 reflected an increase of $2.1 million (11%) from the previous year. Key drivers of this increase in profit after tax were:

- An increase of $3.1m (12%) in Common Funds revenue from the previous year.
- An increase of $0.3m (6%) in Corporate Trust services revenue, primarily due to new business growth.
- Continued growth in our Estates Will Bank and management of our continuing trusts including charitable trusts which have made important distributions to assist community projects and areas of need. This resulted in increased Estates revenue of almost $0.2m (18%) from the previous year.
- As mentioned above, operating expenses were held at the same level as the previous year.

During the year, Sandhurst Trustees also continued in its role of Trustee and Administrator for the Community Enterprise™ Foundation. The Foundation is a National Philanthropic Foundation with the aim to further enhance the prospects of communities we partner with across Australia. The Foundation, now in its fourth year of operations, has continued to grow and has now raised in excess of $14 million and distributed over $8.5 million since inception.

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

Ian Mansbridge
Chairman

Directors' report

Your Directors submit the financial report of Sandhurst Trustees Limited ABN 16 004 030 737 (the Company) and its controlled entities for the year ended 30 June 2008.

Directors

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

Ian G Mansbridge *Chairman*

Marnie A Baker *Chief Executive Officer*

Michael J Hirst

Timothy J Murphy

David A Oataway

Joint Company Secretary

The names of the joint company secretaries at the end of the financial year are:

David A Oataway

Mark S Hall

Corporate structure

Sandhurst Trustees Limited is a public company limited by shares that is incorporated and domiciled in Australia. Its ultimate parent entity is Bendigo and Adelaide Bank Limited ABN 11 068 049 178.

Principal activities

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

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

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

At 30 June 2008 there were 40 (2007: 48) staff employed by Bendigo and Adelaide Bank Limited to undertake the above activities.

Consolidated results

Economic entity results in brief	2008 $	2007 $
Profit before income tax	29,308,021	26,641,065
Profit after income tax	20,713,733	18,589,411

Dividends paid	2008 $	2007 $
Dividends paid	20,560,000	18,160,000

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

Share options

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

Significant changes in state of affairs

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

Review of operations

The economic entity achieved a profit from ordinary activities after income tax expense of $20,713,733. This represents an 11% increase from the $18,589,411 profit from ordinary activities after income tax expense for 2007. Profit from ordinary activities before income tax expense was $29,308,021 compared to $26,641,065 for 2007, representing a 10% increase.

The 2008 result reflected increased revenue, partially offset by volume-related increased operating costs. Sandhurst experienced another year of solid growth in funds under management during the year, which resulted in operating revenue of $52,747,397 being 5% ahead of 2007.

Funds management

Total Funds Under Management for our funds management and superannuation business managed by Sandhurst Trustees slightly declined for the year, with funds under management decreasing by $65 million to $3.3 billion at 30 June 2008, due to uncertain market conditions.

Common Funds continued to grow during the year and provided competitive returns to investors. Funds under management reached $2,474 million at 30 June 2008, up $164 million on the prior year.

The Sandhurst Industrial Share Fund ARSN 090 472 325 experienced the effect of the adverse market conditions during the year, decreasing to $346 million ($519 million - 2007). The Sandhurst Future Leaders Fund ARSN 100 172 601 also decreased to $36 million ($65 million - 2007). Growth in the Professional Series has been strong during the year, with fund assets growing by 78% to $96 million ($54 million - 2007).

The Bendigo Managed Funds, all managed by a collection of specialist investment managers, decreased by $8 million to $84 million at 30 June 2008.

Superannuation and share ownership continues to assume growing importance for Australians seeking to create wealth and plan for their retirement. Funds under management for The Bendigo Superannuation Plan ABN 57 526 653 420 fell to $278 million ($316 million - 2007). The Bendigo Super Easy Superannuation Plan, introduced during the 2007 financial year, offers customers a simple and low fee superannuation alternative. Fund assets grew by 2% to $15 million at the end of the period.

Corporate trustee & custodial services

During the current financial year, the Melbourne and Sydney offices continued to increase their revenue and asset base. Revenue from Corporate trustee and custodial services increased by 6% on the prior year. Growth included organic and new business particularly in the provision of custody and related services across the direct property and equity sectors.

Estate administration/will preparation

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

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

Significant events after balance date

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

Likely developments and expected results

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

Indemnification and insurance of officers and auditors

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

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

During or since financial year end, the Company paid insurance premiums to insure certain officers of the Company and related bodies corporate against liabilities for costs and expenses incurred by them in defending any legal action arising out of their conduct while acting in their various capacities. The officers covered by the insurance policy include the Directors listed in this report, the secretary and senior management of the Company.

Disclosure of the nature of the policy and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an auditor of the Company or a related body corporate.

Statutory Trustee

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

Environmental regulation and performance

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

Auditor independence declaration

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

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

Ian G Mansbridge
Chairman

Dated this 29th day of September 2008

Independent audit declaration

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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 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst + Young

Ernst & Young

Brett Kallio

Brett Kallio
Partner
29 September 2008

Income Statement

Sandhurst Trustees Limited and Controlled Entities
Income Statement for the year ended 30 June 2008

	Note	Consolidated		Company	
		2008 $	2007 $	2008 $	2007 $
Revenues	4	52,747,397	49,793,843	52,747,397	49,793,843
Other income	4	-	330,290	-	326,209
Total revenues	4	**52,747,397**	**50,124,133**	**52,747,397**	**50,120,052**
Fees and commissions expense	5	(15,320,644)	(15,458,231)	(15,320,644)	(15,458,231)
Business promotion expense	5	(482,299)	(383,690)	(482,299)	(383,690)
Employee benefits expense	5	(3,072,391)	(2,896,913)	(3,072,391)	(2,896,746)
Occupancy expense	5	(533,352)	(563,991)	(533,352)	(563,991)
Property, plant & equipment costs	5	(97,422)	(104,654)	(97,422)	(104,654)
Computer systems and software costs	5	(365,854)	(343,013)	(365,854)	(343,013)
Administration expense	5	(3,257,767)	(3,525,464)	(3,257,767)	(3,522,173)
Other expenses	5	(309,647)	(207,112)	(309,647)	(207,098)
Total expenses		**(23,439,376)**	**(23,483,068)**	**(23,439,376)**	**(23,479,596)**
Profit before income tax		**29,308,021**	**26,641,065**	**29,308,021**	**26,640,456**
Income tax expense	6	(8,594,288)	(8,051,654)	(8,594,288)	(8,051,471)
Net profit attributable to members of the parent		**20,713,733**	**18,589,411**	**20,713,733**	**18,588,985**

Balance Sheet

Sandhurst Trustees Limited and Controlled Entities
Balance Sheet as at 30 June 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Current assets					
Cash and cash equivalents	8	12,451,804	14,388,980	12,451,804	14,388,980
Trade and other receivables	9	3,951,205	1,616,596	3,951,205	1,616,596
Total current assets		**16,403,009**	**16,005,576**	**16,403,009**	**16,005,576**
Non - current assets					
Available-for-sale financial assets	10	1,714,170	2,564,915	1,714,186	2,564,931
Trade and other receivables	9	92,430	164,054	92,430	164,054
Property, plant and equipment	11	1,789,834	1,800,980	1,789,834	1,800,980
Intangible assets	12	2,727	73,690	2,727	73,690
Deferred tax assets	6	360,059	193,626	360,039	193,593
Total non - current assets		**3,959,220**	**4,797,265**	**3,959,216**	**4,797,248**
Total assets		**20,362,229**	**20,802,841**	**20,362,225**	**20,802,824**
Current liabilities					
Trade and other payables	14	1,067,830	2,104,561	766,052	1,802,795
Provisions	15	699,289	555,621	699,289	555,621
Income tax payable		7,789,967	6,822,366	7,789,980	6,822,354
Total current liabilities		**9,557,086**	**9,482,548**	**9,255,321**	**9,180,770**
Non - current liabilities					
Deferred tax liability	6	276,908	416,288	276,908	416,288
Provisions	15	50,858	45,795	50,858	45,795
Total non - current liabilities		**327,766**	**462,083**	**327,766**	**462,083**
Total liabilities		**9,884,852**	**9,944,631**	**9,583,087**	**9,642,853**
Net assets		**10,477,377**	**10,858,210**	**10,779,138**	**11,159,971**
Equity attributable to equity holders					
Contributed equity	17	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	18	5,093,061	4,915,635	5,394,822	5,217,396
Reserves		384,316	942,575	384,316	942,575
Total equity		**10,477,377**	**10,858,210**	**10,779,138**	**11,159,971**

Statement of Changes in Equity

Sandhurst Trustees Limited and Controlled Entities
Statement of Changes in Equity for the year ended 30 June 2008

Consolidated	Issued capital	Other reserves	Retained earnings	Total equity
Balance at 1 July 2006	5,000,000	608,109	4,463,434	10,071,543
Revaluation increments	-	503,291	-	503,291
Tax effect of revaluations	-	(146,035)	-	(146,035)
Total income & expense for the period recognised directly in equity	**-**	**357,256**	**-**	**357,256**
Profit/(loss) for the period	-	-	18,589,411	18,589,411
Total income for the period	**-**	**357,256**	**18,589,411**	**18,946,667**
Transfer to retained earnings	-	(22,790)	22,790	-
Dividends paid	-	-	(18,160,000)	(18,160,000)
Balance at 30 June 2007	**5,000,000**	**942,575**	**4,915,635**	**10,858,210**
Balance at 1 July 2007	5,000,000	942,575	4,915,635	10,858,210
Revaluation increments	-	(763,663)	-	(763,663)
Tax effect of revaluations	-	229,097	-	229,097
Total income & expense for the period recognised directly in equity	**-**	**(534,566)**	**-**	**(534,566)**
Profit/(loss) for the period	-	-	20,713,733	20,713,733
Total income for the period	**-**	**(534,566)**	**20,713,733**	**20,179,167**
Transfer to retained earnings	-	(23,693)	23,693	-
Dividends paid	-	-	(20,560,000)	(20,560,000)
Balance at 30 June 2008	**5,000,000**	**384,316**	**5,093,061**	**10,477,377**

Sandhurst Trustees Limited and Controlled Entities
Statement of Changes in Equity for the year ended 30 June 2008

Sandhurst Trustees	Issued capital	Other reserves	Retained earnings	Total equity
Balance at 1 July 2006	5,000,000	608,109	4,765,621	10,373,730
Revaluation increments	-	503,291	-	503,291
Tax effect of revaluations	-	(146,035)	-	(146,035)
Total income & expense for the period recognised directly in equity	**-**	**357,256**	**-**	**357,256**
Profit/(loss) for the period	-	-	18,588,985	18,588,985
Total income for the period	**-**	**357,256**	**18,588,985**	**18,946,241**
Transfer to retained earnings	-	(22,790)	22,790	-
Dividends paid	-	-	(18,160,000)	(18,160,000)
Balance at 30 June 2007	**5,000,000**	**942,575**	**5,217,396**	**11,159,971**
Balance at 1 July 2007	5,000,000	942,575	5,217,396	11,159,971
Revaluation increments	-	(763,663)	-	(763,663)
Tax effect of revaluations	-	229,097	-	229,097
Total income & expense for the period recognised directly in equity	**-**	**(534,566)**	**-**	**(534,566)**
Profit/(loss) for the period	-	-	20,713,733	20,713,733
Total income for the period	**-**	**(534,566)**	**20,713,733**	**20,179,167**
Transfer to retained earnings	-	(23,693)	23,693	-
Dividends paid	-	-	(20,560,000)	(20,560,000)
Balance at 30 June 2008	**5,000,000**	**384,316**	**5,394,822**	**10,779,138**

Nature and purpose of reserve

The reserve amount above relates to the asset revaluation reserve. This reserve is used to record increments and decrements in the value of non-current assets, including property and shares. The reserve can be used to pay dividends in limited circumstances.

Cash Flow Statement

Sandhurst Trustees Limited and Controlled Entities
Cash Flow Statement for the year ended 30 June 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Cash flows from operating activities					
Fees & commissions received		51,527,702	48,721,915	51,527,702	48,717,834
Payments to suppliers and employees		(25,236,517)	(20,172,938)	(25,236,517)	(20,169,466)
Income tax paid		(7,703,400)	(7,450,229)	(7,703,388)	(7,460,794)
Dividends received		230,618	430,306	230,618	430,306
Interest received		852,188	596,497	852,188	596,497
Net cash flows from operating activities	**19 (b)**	**19,670,591**	**22,125,551**	**19,670,603**	**22,114,377**
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		-	140,840	-	140,840
Purchase of property, plant and equipment		(15,312)	-	(15,312)	-
Proceeds from sale of intangible software		-	579	-	579
Purchase of intangible software		-	(12,907)	-	(12,907)
Proceeds from sale of financial assets		-	2,300,292	-	2,300,292
Net cash flows from investing activities		**(15,312)**	**2,428,804**	**(15,312)**	**2,428,804**
Cash flows from financing activities					
Receipt/(repayment) of parent entity payable		(1,032,455)	99,493	(1,032,467)	110,667
Dividends paid		(20,560,000)	(18,160,000)	(20,560,000)	(18,160,000)
Net cash flows used in financing activities		**(21,592,455)**	**(18,060,507)**	**(21,592,467)**	**(18,049,333)**
Net increase/(decrease) in cash and cash equivalents		**(1,937,176)**	**6,493,848**	**(1,937,176)**	**6,493,848**
Cash and cash equivalents at beginning of year		14,388,980	7,895,132	14,388,980	7,895,132
Cash and cash equivalents at end of year	**19 (a)**	**12,451,804**	**14,388,980**	**12,451,804**	**14,388,980**

Notes to the Financial Statements

Sandhurst Trustees Limited and Controlled Entities
Notes to the Financial Statements for the year ended 30 June 2008

Note 1 - Corporate information

The financial report of Sandhurst Trustees Limited for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the Directors on 29th September 2008.

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

The nature of the operations and principal activities of the Group are described in the Directors' report.

Note 2 - Summary of significant accounting policies

(a) Basis of preparation

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

The financial report is presented in Australian dollars.

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

(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 2008.

These are outlined in the table below:

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB Int. 12 and AASB 2007-2	Service Concession Arrangements and consequential amendments to other Australian Accounting Standards	Clarifies how operators recognise the infrastructure as a financial asset and/or an intangible asset – not as property, plant and equipment.	01-Jan-08	Unless the Group enters into service concession arrangements or public-private-partnerships (PPP), the amendments are not expected to have any impact on the Group's financial report.	01-Jul-08
AASB Int. 4 (Revised)	Determining whether an Arrangement contains a Lease	The revised Interpretation specifically scopes out arrangements that fall within the scope of AASB Interpretation 12.	01-Jan-08	Refer to AASB Int. 12 and AASB 2007-2 above.	01-Jul-08
AASB Int. 129	Service Concession Arrangements: Disclosures	Requires disclosure of provisions or significant features necessary to assist in assessing the amount, timing and certainty of future cash flows and the nature and extent of the various rights and obligations involved. These disclosures apply to both grantors and operators.	01-Jan-08	Refer to AASB Int. 12 and AASB 2007-2 above.	01-Jul-08

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

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 *Segment Reporting*, which adopts a management reporting approach to segment reporting.	01-Jan-09	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements, although it may indirectly impact the level at which goodwill is tested for impairment. In addition, the amendments may have an impact on the Group's segment disclosures.	01-Jul-09
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	01-Jan-09	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	01-Jul-09
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	01-Jan-09	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	01-Jul-09
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	01-Jan-09	The Group has share-based payment arrangements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any.	01-Jul-08

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

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 3 (Revised)	Business Combinations	The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	01-Jul-09	The Group may enter into some business combinations during the next financial year and may therefore consider early adopting the revised standard. The Group has not yet assessed the impact of early adoption, including which accounting policy to adopt.	01-Jul-08
AASB 127 (Revised)	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	01-Jul-09	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's income statement.	01-Jul-09
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	01-Jul-09	Refer to AASB 3 (Revised) and AASB 127 (Revised) above.	01-Jul-09

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

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
Amendments to International Financial Reporting Standards***	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	01-Jan-09	Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments. In addition, if the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a 'carry-over basis' rather than at fair value.	01-Jul-09
Amendments to International Financial Reporting Standards***	Improvements to IFRSs	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009.	The Group has not yet determined the extent of the impact of the amendments, if any.	01-Jul-09

*designates the beginning of the applicable annual reporting period unless otherwise stated

*** pronouncements that have been issued by the IASB and IFRIC but have not yet been issued by the AASB.

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

(c) Changes in accounting policies

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

(d) Principles of consolidation

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

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

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

All inter-company balances and transactions between entities in the economic entity 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 balance 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.

Long service leave

As discussed in note 2(l), the liability for long service leave is recognised and measured at the present value of future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition and pay increases through inflation have been taken into account.

(f) Cash and cash equivalents

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

For the purposes of the Cash Flow Statement, 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 using the effective interest rate method, less an allowance for any uncollectable 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 uncollectable 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.

All financial assets of Sandhurst Trustees Limited are currently classified as available-for-sale.

After initial recognition, investments which are classified as available-for-sale are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

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

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 Balance Sheet date. Investments with no active market are recorded at cost.

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 an independent third party.

(i) Property, plant and equipment

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

Land and buildings are independently valued at least every three 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 Balance Sheet unless it reverses a revaluation decrease of the same asset previously recognised in the Income Statement.

Any revaluation deficit is recognised in the Income Statement 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:

Asset category	2008	2007
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 the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

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

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

For property, plant and equipment, impairment losses are recognised in the Income Statement. 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 Income Statement in the period the item is derecognised.

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

(j) Intangible assets

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.

(k) Trustee and funds management activities

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

(l) Employee benefits

Wages and salaries, annual leave and sick leave

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

Long service leave

Long service leave has been assessed at full pro-rata entitlement in respect of all employees with more than five years service. The amount provided currently meets the requirement of Accounting Standard AASB 119 "*Employee Benefits*", which requires the assessment of the likely number of employees that will ultimately be entitled to long service leave, the estimated salary rates that will apply when the leave is paid, discounted to take account of the time value of money.

Superannuation

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

(m) Revenue recognition

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

Interest, fees and commissions

Revenue is recognised when control of a right to receive consideration for the provision of, or investment in, assets has been attained. Interest, fee and commission revenue is brought to account on an accruals basis. Interest is accrued using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

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

Property revenue

Property revenue is recognised as income on an accruals basis.

(n) Corpus commission

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

(o) Income tax

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

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

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

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 balance sheet 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 balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

(p) Goods and Services Tax (GST)

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

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

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

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

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

(q) Reserve fund

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

Refer to note 13 for a breakdown of asset amounts that comprise the Reserve fund.

(r) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company 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 consolidated entity. Payables to related parties are carried at the principal amount.

(s) Contributed equity

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

(t) Comparative figures

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

Note 3 - Financial risk management objectives and policies

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

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

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

The main risks arising from the Group's financial instruments are cash flow interest rate risk and credit risk.

Interest rate risk

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

Credit risk

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

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 Balance Sheet. 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 maximum exposure to any client or counterparty at 30 June 2008 was $11,683,023 (2007:$12,587,744).

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Note 4 - Revenues				
Revenue				
- Commission and management fees received	51,326,401	48,474,041	51,326,401	48,474,041
- Interest	947,315	598,298	947,315	598,298
- Dividends (a)	230,618	430,306	230,618	430,306
- Property revenue	243,063	291,198	243,063	291,198
Total revenue	**52,747,397**	**49,793,843**	**52,747,397**	**49,793,843**
Other income				
- Net gains on sale of available-for-sale investments	-	326,209	-	326,209
- Other revenues	-	4,081	-	-
Total other income	**-**	**330,290**	**-**	**326,209**
Total revenues	**52,747,397**	**50,124,133**	**52,747,397**	**50,120,052**
(a) Dividends from:				
- Other corporations	25,019	24,237	25,019	24,237
- Unit trust distributions	205,599	406,069	205,599	406,069
	230,618	**430,306**	**230,618**	**430,306**

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Note 5 - Expenses				
Management fees and commissions paid				
- Managed investment schemes	(15,186,053)	(15,228,141)	(15,186,053)	(15,228,141)
- Superannuation	(134,591)	(230,090)	(134,591)	(230,090)
	(15,320,644)	**(15,458,231)**	**(15,320,644)**	**(15,458,231)**
Business promotion expense				
- Sponsorship	(113,160)	(92,444)	(113,160)	(92,444)
- Printing	(359,371)	(238,231)	(359,371)	(238,231)
- Promotional items	(472)	(63)	(472)	(63)
- Other	(9,296)	(52,952)	(9,296)	(52,952)
	(482,299)	**(383,690)**	**(482,299)**	**(383,690)**
Employee benefits expense				
- Salaries and wages recharge	(2,221,203)	(2,260,397)	(2,221,203)	(2,260,397)
- Superannuation contributions recharge	(229,745)	(226,710)	(229,745)	(226,710)
- Provision for annual leave recharge	(244,818)	(221,243)	(244,818)	(221,243)
- Provision for long service leave recharge	(120,268)	(48,990)	(120,268)	(48,990)
- Other provisions recharge	(64,809)	40,022	(64,809)	40,022
- Payroll tax recharge	(148,488)	(146,333)	(148,488)	(146,166)
- Fringe benefits tax recharge	(10,093)	(9,692)	(10,093)	(9,692)
- Other recharge	(32,967)	(23,570)	(32,967)	(23,570)
	(3,072,391)	**(2,896,913)**	**(3,072,391)**	**(2,896,746)**
Occupancy expense				
- Operating lease rental expense	(495,324)	(526,159)	(495,324)	(526,159)
- Rates and taxes	(27,594)	(24,927)	(27,594)	(24,927)
- Repairs and maintenance	(7,705)	(10,176)	(7,705)	(10,176)
- Outgoings	(2,729)	(2,729)	(2,729)	(2,729)
	(533,352)	**(563,991)**	**(533,352)**	**(563,991)**
Property, plant and equipment costs				
- Building depreciation	(23,693)	(22,790)	(23,693)	(22,790)
- Plant and equipment depreciation	(2,766)	(9,493)	(2,766)	(9,493)
- Intangible software amortisation	(70,963)	(72,371)	(70,963)	(72,371)
	(97,422)	**(104,654)**	**(97,422)**	**(104,654)**

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Note 5 - Expenses (cont.)				
Computer systems and software costs				
- Computer line rental & installations	(22,393)	(19,200)	(22,393)	(19,200)
- Leasing costs	(51,025)	(74,337)	(51,025)	(74,337)
- Repairs and maintenance hardware	(8,503)	(8,578)	(8,503)	(8,578)
- Software maintenance	(245,752)	(205,875)	(245,752)	(205,875)
- Software purchases	(38,181)	(35,023)	(38,181)	(35,023)
	(365,854)	**(343,013)**	**(365,854)**	**(343,013)**
Administration expense				
- Parent entity cost recoveries	(2,775,473)	(3,108,192)	(2,775,473)	(3,108,192)
- Legal expenses	(29,656)	(17,300)	(29,656)	(17,300)
- Consulting expenses	(87,849)	(45,209)	(87,849)	(41,918)
- Accounting expenses	(136)	(1,560)	(136)	(1,560)
- Stationery and office supplies	(48,743)	(59,158)	(48,743)	(59,158)
- Motor vehicle expenses	(20,830)	(12,365)	(20,830)	(12,365)
- Insurance premiums	(12,487)	(11,924)	(12,487)	(11,924)
- Telephone	(57,137)	(52,567)	(57,137)	(52,567)
- Postage	(65,566)	(62,104)	(65,566)	(62,104)
- Travel expenses	(27,674)	(38,355)	(27,674)	(38,355)
- Subscriptions to associations	(114,141)	(100,711)	(114,141)	(100,711)
- Electricity / gas and fuel	(18,075)	(16,019)	(18,075)	(16,019)
	(3,257,767)	**(3,525,464)**	**(3,257,767)**	**(3,522,173)**
Other expenses	(309,647)	(207,112)	(309,647)	(207,098)
Total expenses	**(23,439,376)**	**(23,483,068)**	**(23,439,376)**	**(23,479,596)**

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

Note 6 - Income tax expense				
Major components of income tax expense are:				
Income Statement				
Current income tax:				
Current income tax charge	8,876,294	8,137,104	8,876,294	8,136,941
Adjustments in respect of current income tax of previous years	(194,569)	(114,116)	(194,569)	(114,116)
Deferred income tax:				
Relating to origination and reversal of temporary differences	(76,715)	39,053	(76,715)	39,033
Imputation credits	(10,722)	(10,387)	(10,722)	(10,387)
Income tax expense reported in the Income Statement	**8,594,288**	**8,051,654**	**8,594,288**	**8,051,471**

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Note 6 - Income tax expense (cont.)				
Statement of Changes in Equity				
Deferred income tax related to items charged or credited directly in equity:				
Unrealised gain of available-for-sale financial assets	(229,097)	14,644	(229,097)	14,644
Net gain on revaluation of land and buildings	-	136,344	-	136,344
Income tax expense / (benefit) reported in equity	**(229,097)**	**150,988**	**(229,097)**	**150,988**
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:				
Income tax attributable to:				
Accounting profit before income tax	29,308,021	26,641,065	29,308,021	26,640,456
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	8,792,406	7,992,319	8,792,406	7,992,136
Under (over) provision in prior years	(194,569)	(114,116)	(194,569)	(114,116)
Imputation credits	(10,722)	(10,387)	(10,722)	(10,387)
Revaluation of investments	-	81,651	-	81,651
Land, buildings & improvements	7,108	6,837	7,108	6,837
Plant & equipment	(1,927)	(4,328)	(1,927)	(4,328)
Capital allowances	35	(415)	35	(395)
Capital gains	-	98,163	-	98,163
Deferred tax movement	(76,715)	39,053	(76,715)	39,033
Expenditure not allowable for income tax purposes	30,081	908	30,081	908
Other	48,591	(38,031)	48,591	(38,031)
Income tax expense reported in the consolidated Income Statement	**8,594,288**	**8,051,654**	**8,594,288**	**8,051,471**
Effective income tax rate	29.32%	30.22%	29.32%	30.22%

	Balance Sheet		Income Statement	
	2008 $	2007 $	2008 $	2007 $
Note 6 - Income tax expense (cont.)				
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Consolidated				
Deferred tax liabilities				
Revaluations of investments	-	(131,518)	-	-
Land, buildings and improvements	(276,908)	(284,016)	(7,108)	(6,837)
Deferred expenses	-	(754)	(754)	754
Deferred tax liabilities	**(276,908)**	**(416,288)**	(7,862)	(6,083)
Deferred tax assets				
Revaluations of investments	123,705	-	(26,125)	-
Post-employment benefits	173,814	148,637	(25,177)	28,386
Expenses tax depreciable	1,588	1,553	(36)	415
Plant & equipment	9,698	11,624	1,927	4,328
Adjustment to employee provision	51,230	31,788	(19,443)	12,007
Other	24	24	-	-
Deferred tax assets	**360,059**	**193,626**	(68,854)	45,136
Deferred tax income/(expense)			**(76,716)**	**39,053**
Sandhurst Trustees				
Deferred tax liabilities				
Revaluations of investments	-	(131,518)	-	-
Revaluations of land & buildings to fair value	(276,908)	(284,016)	(7,108)	(6,837)
Deferred expenses	-	(754)	(754)	754
Deferred tax liabilities	**(276,908)**	**(416,288)**	(7,862)	(6,083)

	Balance Sheet		Income Statement	
	2008 $	2007 $	2008 $	2007 $
Note 6 - Income tax expense (cont.)				
Deferred tax assets				
Revaluations of investments	123,705	-	(26,125)	-
Post-employment benefits	173,814	148,637	(25,177)	28,386
Expenses tax depreciable	1,568	1,520	(48)	395
Plant & equipment	9,698	11,624	1,927	4,328
Adjustment to employee provision	51,230	31,788	(19,443)	12,007
Other	24	24	-	-
Deferred tax assets	**360,039**	**193,593**	(68,866)	45,116
Deferred tax income/(expense)			**(76,728)**	**39,033**

At 30 June 2008, there is no unrecognised deferred income tax liability (2007: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or associates, 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 taxation, the parent of Sandhurst Trustees, Bendigo and Adelaide Bank Limited and its 100% owned subsidiaries have formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is Bendigo and Adelaide Bank Limited. There has not been any material effect on tax assets or liabilities as a result of the revised tax legislation. 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.

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Note 7 - Dividends paid and proposed				
Total interim fully franked dividends paid, franked at tax rate of 30% (2007 - 30%) 2008: $2.056 per share (2007: $1.816)	20,560,000	18,160,000	20,560,000	18,160,000

Franking credits have been allocated to the head entity of the tax consolidated group, Bendigo and Adelaide Bank Limited. There were no dividends proposed or declared before the financial statements were authorised for issue.

Note 8 - Cash and cash equivalents				
Cash at bank	212,062	2,914,988	212,062	2,914,988
Cash on hand	166,610	466,786	166,610	466,786
Deposits at short call	12,073,132	11,007,206	12,073,132	11,007,206
	12,451,804	**14,388,980**	**12,451,804**	**14,388,980**

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

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Note 9 - Trade and other receivables				
Current				
Sundry debtors and accrued income	3,951,205	1,616,596	3,951,205	1,616,596
Non-current				
Other debtors	92,430	164,054	92,430	164,054

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 34 months.

Note 10 - Available-for-sale financial assets				
Non-current				
Shares -				
In unlisted controlled entities at cost	-	-	16	16
In listed corporations at fair value	433,807	689,570	433,807	689,570
In managed investment schemes at fair value	1,260,363	1,855,345	1,260,363	1,855,345
In unlisted other corporations at cost	20,000	20,000	20,000	20,000
	1,714,170	**2,564,915**	**1,714,186**	**2,564,931**

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

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

Unlisted shares are measured at cost as fair value cannot be reliably measured for these investments.

There are no individually material investments.

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Note 11 - Property, plant and equipment				
Total freehold land	**850,000**	**850,000**	**850,000**	**850,000**
Freehold buildings	947,721	947,721	947,721	947,721
Accumulated depreciation	(23,693)	-	(23,693)	-
Total freehold buildings	**924,028**	**947,721**	**924,028**	**947,721**
Plant and equipment at cost	912,573	897,261	912,573	897,261
Accumulated depreciation	(896,767)	(894,002)	(896,767)	(894,002)
Total plant and equipment	**15,806**	**3,259**	**15,806**	**3,259**
Total property, plant and equipment	**1,789,834**	**1,800,980**	**1,789,834**	**1,800,980**
Reconciliation				
Freehold land				
Carrying amount at beginning	850,000	500,000	850,000	500,000
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluation increment	-	350,000	-	350,000
Carrying amount at end	**850,000**	**850,000**	**850,000**	**850,000**
Freehold buildings				
Carrying amount at beginning	947,721	866,032	947,721	866,032
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	(23,693)	(22,790)	(23,693)	(22,790)
Revaluation increment	-	104,479	-	104,479
Carrying amount at end	**924,028**	**947,721**	**924,028**	**947,721**
Plant and equipment				
Carrying amount at beginning	3,259	153,592	3,259	153,592
Additions	15,312	-	15,312	-
Disposals	-	(140,840)	-	(140,840)
Depreciation expense	(2,765)	(9,493)	(2,765)	(9,493)
Carrying amount at end	**15,806**	**3,259**	**15,806**	**3,259**

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

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Note 12 - Intangible assets				
Intangible software	398,790	398,790	398,790	398,790
Accumulated amortisation	(396,063)	(325,100)	(396,063)	(325,100)
Total intangible assets	**2,727**	**73,690**	**2,727**	**73,690**
Reconciliation				
Intangible software				
Carrying amount at beginning	73,690	133,733	73,690	133,733
Additions	-	12,907	-	12,907
Disposals	-	(579)	-	(579)
Amortisation expense	(70,963)	(72,371)	(70,963)	(72,371)
Carrying amount at end	**2,727**	**73,690**	**2,727**	**73,690**

Note 13 - Reserve fund

The assets from time to time comprising the Reserve fund have been appropriated to that fund as required pursuant to section 36 of the *Trustee Companies Act 1984 (Vic)*.

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

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

At balance date, the entity has invested Reserve fund monies in the following assets, which are already included in the Balance Sheet:

Deposits at short call	10,074,695	8,261,344	10,074,695	8,261,344
Managed fund investments	1,260,363	1,855,345	1,260,363	1,855,345
Freehold land and buildings	1,774,028	1,797,721	1,774,028	1,797,721
Tasmanian Perpetual Trustees share investment	390,914	585,590	390,914	585,590
	13,500,000	**12,500,000**	**13,500,000**	**12,500,000**

Deposits at short call and managed fund investments are carried at fair value and are items readily convertible into cash and generally repayable on demand. The managed fund investments are regarded as available-for-sale assets. Freehold land and buildings are at Directors' valuation (based on an independent valuation at 30 June 2007). Tasmanian Perpetual Trustees shares are measured at fair value, being quoted market price at balance date, and are regarded as available-for-sale assets.

Note 14 - Trade and other payables				
Trade creditors and accrued expenses (a)	299,049	303,325	299,049	303,325
Amounts payable to ultimate parent entity (b)	768,781	1,801,236	467,003	1,499,470
	1,067,830	**2,104,561**	**766,052**	**1,802,795**

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, with no set repayment date and may be recalled at any time.

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Note 15 - Provisions				
Employee entitlements				
Current				
Provision for annual leave	294,487	299,924	294,487	299,924
Provision for long service leave	234,034	149,738	234,034	149,738
Provision for sick leave bonus	61,912	30,466	61,912	30,466
Provision for employee on-costs	108,856	75,493	108,856	75,493
	699,289	555,621	699,289	555,621
Non-Current				
Provision for long service leave	50,858	45,795	50,858	45,795
Total employee benefits	**750,147**	**601,416**	**750,147**	**601,416**
Movements				
Opening balance	601,416	736,059	601,416	736,059
Additional provisions recognised	420,608	310,549	420,608	310,549
Amounts utilised during the year	(258,655)	(252,417)	(258,655)	(252,417)
Reduction from settlement	(13,222)	(192,775)	(13,222)	(192,775)
Closing balance	**750,147**	**601,416**	**750,147**	**601,416**

Note 16 - Financial risk management

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

This note presents information about the Company'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 Company. The Company has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The maximum exposure to any client or counterparty at 30 June 2008 was $11,683,023 (2007:$12,587,744).

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

The carrying amount of financial assets recorded in the Balance Sheet, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

None of the assets of the Company are past due (2007: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

Note 16 - Financial risk management (cont.)

(b) 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. 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:

Consolidated	Carrying Amount $	Contractual Cash Flows $	1 year or less $	over 1 to 5 years $	more than 5 years $
30 June 2008					
Trade and other payables	1,067,830	1,067,830	1,067,830	-	-
Total financial liabilities	**1,067,830**	**1,067,830**	**1,067,830**	**-**	**-**
30 June 2007					
Trade and other payables	2,104,561	2,104,561	2,104,561	-	-
Total financial liabilities	**2,104,561**	**2,104,561**	**2,104,561**	**-**	**-**

Company	Carrying Amount $	Contractual Cash Flows $	1 year or less $	over 1 to 5 years $	more than 5 years $
30 June 2008					
Trade and other payables	766,052	766,052	766,052	-	-
Total financial liabilities	**766,052**	**766,052**	**766,052**	**-**	**-**
30 June 2007					
Trade and other payables	1,802,795	1,802,795	1,802,795	-	-
Total financial liabilities	**1,802,795**	**1,802,795**	**1,802,795**	**-**	**-**

Note 16 - Financial risk management (cont.)

(c) Market risk

(i) Interest rate risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. Management monitors the exposure to interest rate risk on a monthly basis.Note 16 - Financial risk management (cont.)

Sensitivity analysis

At the reporting date the interest rate profile of the Company's *interest bearing* financial instruments was:

	Carrying Amount			
	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Fixed rate instruments				
Financial assets	12,073,132	11,007,206	12,073,132	11,007,206
Financial liabilities	-	-	-	-
	12,073,132	**11,007,206**	**12,073,132**	**11,007,206**
Variable rate instruments				
Financial assets	212,062	2,914,988	212,062	2,914,988
Financial liabilities	-	-	-	-
	212,062	**2,914,988**	**212,062**	**2,914,988**

Cash flow 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 the Company's Income Statement and equity.

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Post tax profit				
+ 1% (100 basis points)	21,206	291,499	21,206	291,499
- 1% (100 basis points)	(21,206)	(291,499)	(21,206)	(291,499)
Equity				
+ 1% (100 basis points)	21,206	291,499	21,206	291,499
- 1% (100 basis points)	(21,206)	(291,499)	(21,206)	(291,499)

Note 16 - Financial risk management (cont.)

(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.

(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. 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 2007.

Consolidated	Profit or loss		Equity	
	10% increase $	10% decrease $	10% increase $	10% decrease $
30 June 2008				
Available-for-sale financial assets	-	-	169,417	(169,417)
30 June 2007				
Available-for-sale financial assets	-	-	254,491	(254,491)

Company	Profit or loss		Equity	
	10% increase $	10% decrease $	10% increase $	10% decrease $
30 June 2008				
Available-for-sale financial assets	-	-	169,417	(169,417)
30 June 2007				
Available-for-sale financial assets	-	-	254,491	(254,491)

(d) Net fair values

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

(e) Capital management

The Board's policy is to maintain a strong capital base so as to sustain the future development of the Company. Capital is represented by total equity as recorded in the Balance Sheet. The ultimate parent entity contributes additional capital to the Company as and when required.

Under Section 36(2) of the *Trustee Companies Act 1984 (Vic)* and *Trustee Companies Regulations 1995 (Vic)*, Sandhurst Trustees must maintain a Reserve Fund of not less than 0.5% of the value of Trust Estate and Common Fund monies held in the State of Victoria. Refer to note 13 for further detail.

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Note 17 - Contributed equity				
Issued capital				
10,000,000 ordinary shares fully paid	5,000,000	5,000,000	5,000,000	5,000,000

All shares are fully owned by Bendigo 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.

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Note 18 - Retained earnings				
Movements in retained earnings were as follows:				
Retained profits at the beginning of the financial year	4,915,635	4,463,434	5,217,396	4,765,621
Net profit attributable to members of the Company	20,713,733	18,589,411	20,713,733	18,588,985
Depreciation transfer for buildings	23,693	22,790	23,693	22,790
Dividends provided for or paid	(20,560,000)	(18,160,000)	(20,560,000)	(18,160,000)
Retained profits at the end of the financial year	**5,093,061**	**4,915,635**	**5,394,822**	**5,217,396**

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Note 19 - Cash flow information				
(a) Reconciliation of cash				
Cash at end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:				
Cash on hand	166,610	466,786	166,610	466,786
Cash at bank	212,062	2,914,988	212,062	2,914,988
Deposits at short call	12,073,132	11,007,206	12,073,132	11,007,206
	12,451,804	**14,388,980**	**12,451,804**	**14,388,980**
(b) Reconciliation of net profit after tax to net cash flows from operations				
Net profit after income tax	20,713,733	18,589,411	20,713,733	18,588,985
Adjustments:				
Depreciation	26,458	32,284	26,458	32,284
Amortisation	70,963	72,371	70,963	72,371
(Profit)/loss on investments sold	-	(326,209)	-	(326,209)
Revaluation of equity investments	87,083	-	87,083	-
Changes in assets and liabilities:				
(Increase)/decrease in receivables	(2,262,985)	3,268,386	(2,262,985)	3,268,386
(Increase)/decrease in deferred tax assets	(42,728)	43,996	(42,742)	43,976
(Decrease)/increase in tax provision	1,196,697	412,524	1,196,723	401,796
(Decrease)/increase in deferred tax liability	(263,085)	144,904	(263,085)	144,904
(Decrease)/increase in accounts payable	(4,276)	22,531	(4,276)	22,531
(Decrease)/increase in provisions	148,731	(134,647)	148,731	(134,647)
Net cash flows from operating activities	**19,670,591**	**22,125,551**	**19,670,603**	**22,114,377**
(c) Financing facilities available				
At balance date, the following financing facility with Bendigo and Adelaide Bank had been negotiated and was available:				
Stand-by Australian dollar loan facility	20,000,000	20,000,000	20,000,000	20,000,000
Guarantee	250,000	250,000	250,000	250,000
(d) Non-cash financing and investing activities				
During the financial year no non-cash financing and investing activities occurred.				

Note 20 - Related party disclosures

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

(a) The ultimate parent entity of Sandhurst Trustees Limited is Bendigo and Adelaide Bank Limited.

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

		Receipts and fees received from Bendigo and Adelaide Bank Ltd $	Supplies, Fixed Assets and service fees charged by Bendigo and Adelaide Bank Ltd $	Net Amount Owing to Bendigo and Adelaide Bank Ltd $
Sandhurst Trustees Ltd	- 2008	28,830,741	30,246,058	466,987
	- 2007	30,697,231	27,426,125	(1,882,304)
Bendigo Asset Management	- 2008	-	12	301,794
	- 2007	14,647	3,472	301,782

(c) The parent entity provides a standby funding facility of $20,000,000 ($20,000,000 - 2007) under normal commercial terms and conditions. The facility is unsecured.

(d) The Company pays the parent entity an inter-company cross-charge, on normal terms and conditions, for the provision of administrative and support services - $2,775,473 - 2008 ($3,108,192 - 2007).

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Note 21 - Director and executive disclosures				
(a) Details of key management personnel				
Ian G Mansbridge *Chairman*				
Marnie A Baker *Chief Executive Officer*				
Michael J Hirst				
Timothy J Murphy				
David A Oataway				
(b) The compensation of key management personnel is as follows:				
Short term benefits	415,557	735,406	415,557	735,406
Post employment benefits	35,709	57,386	35,709	57,386
Other long term benefits	(9,433)	16,177	(9,433)	16,177
Termination benefits	-	-	-	-
Share-based payments	64,641	134,748	64,641	134,748
Total	**506,474**	**943,717**	**506,474**	**943,717**

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Note 22 - Capital and leasing commitments				
Operating lease commitments				
Payable -				
Not later than 1 year	10,240	56,964	10,240	56,964
Later than 1 but not later than 5 years	-	12,216	-	12,216
Later than 5 years	-	-	-	-
	10,240	**69,180**	**10,240**	**69,180**

Operating lease commitment is a property lease with a term of 3 years expiring September 2008.

Note 23 - Economic dependence

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

Note 24 - Controlled entities

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

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

Non-operating controlled entities are excluded from the above list.

Note 25 - Segment reporting

The economic entity operates in the trustee and financial services business segment where it offers specialised trustee and funds management services throughout Australia. The entity operates in the one geographical segment, within Australia.

Note 26 - Contingent liabilities and assets

The economic entity has no material contingent liabilities.

Estate administration
The Company acts as executor and trustee for a significant number of trusts and estates. In this capacity, the Company 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 27 - Subsequent events

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

Note 28 - 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 holding company.

Directors' declaration

Sandhurst Trustees Limited and Controlled Entities
Directors' declaration

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

1. In the opinion of the directors:

   (a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

      (ii) complying with Standards in Australia to the extent described in note 1 to the financial statements and complying with *Corporations Regulations 2001*; and

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

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

Chairman

Ian G Mansbridge

Dated this 29th day of September 2008

Independent audit report

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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 balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the 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 met 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.

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. 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 financial position of Sandhurst Trustees Limited and the consolidated entity at 30 June 2008 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 Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Ernst + Young

Ernst & Young

Brett Kallio

Brett Kallio
Partner
Melbourne
29 September 2008

Corporate information

Directors

Ian G Mansbridge Chairman
Marnie A Baker
Michael J Hirst
Timothy J Murphy
David A Oataway

Joint Company Secretary

David A Oataway
Mark S Hall

Registered Office

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Auditors

Ernst & Young