SandhurstTrustees

Sandhurst Trustees Limited

Annual Financial Report 2013

For the year ended 30 June 2013

MINDFUL FAITHFUL LASTING
125 years
SINCE 1888
SANDHURST TRUSTEES

www.sandhursttrustees.com.au

Contents

Chairman's Report	3
Directors' Report	7
Auditor Independence Declaration	11
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to Financial Statements	16
Directors' Declaration	49
Corporate Information	50
Independent Audit Report	51

Chairman's report

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

Our core services continue to be 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.

This year has been a demanding year across all parts of the Sandhurst Trustees' business. In last year's report I advised of a significant amount of legislation expected to come into effect during the 2012/2013 financial year. Meeting the requirements of new legislation such as Future of Financial Advice reforms, Stronger Super reforms and the APRA Prudential Standards have been a priority during the year. We have adapted well and responded to significant legislative changes and believe we are well placed for success in the future. We continue to have good relationships and dialogue with our regulators, APRA and ASIC.

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.

The suite of Sandhurst products has performed well, with Bendigo SmartStart Super® achieving growth of $100 million and a 2,300 membership increase, since its relaunch.

Bendigo SmartStart Super was made available to the Bank's customers and we have seen great interest from the Bendigo Bank and Community Bank® branches.

Enthusiasm for our superannuation business has been bolstered by the receipt of an authorisation from APRA to offer a MySuper product. MySuper is a legislated superannuation product type that aims to ensure Australian's retirement benefits are effectively and efficiently managed.

Significant effort was required throughout the organisation to ensure the granting of the MySuper authorisation in such a timely manner. It is expected to provide the platform for significant growth over the next few years, as we aim to increase our share of the growing superannuation savings pool, and to continue to meet the superannuation needs of our customers.

Our managed funds business has experienced strong growth in a number of our recently launched funds. Our diversified fund suite has increased by $300 million and we have seen $50 million of inflows into the Sandhurst Strategic Income Fund following its formal launch in May 2013.

Over the past year our diversified funds have performed strongly, with annual total returns ranging from 8.15% for the Bendigo Defensive Index Fund through to 24.83% for the Bendigo High Growth Index Fund.

The Sandhurst team continues to be the trustee for the Bank's philanthropic Community Enterprise Foundation, which is one of our largest Trusts.

During 2013 the Foundation has:

- administered 254 grants programs
- ensured 984 grants were received by community groups; and
- facilitated the running of the Bank's Scholarship program.

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

Our promotion of the Sandhurst Trustees' brand has continued during the year through a combination of advertising, sponsorship and public events. This included celebrating the 125th anniversary of the incorporation of Sandhurst and Northern District Trustees Executors and Agency Company Limited.

125 years of continual operation is a significant milestone to have achieved. It was with great pride that I, Mike Hirst (the Bank's Managing Director) and Paul Rohan (General Manager, Sandhurst Trustees) spoke at our Gala 125th celebration, about the key contributions made by so many over the course of our history, and also of the dedication and commitment of our current staff.

The following pages highlight how this event was celebrated throughout the year. A lot of thought and hard work was required to deliver the impressive range of events that occurred. I would particularly like to record my thanks to Mandy Cooper, Michelle Roberts, Leanne Moon and Neil Athorn for all their time and energy spent in making these events a success and something we were all very proud to be involved with.

Jenny Dawson

Jenny Dawson
Chairman

Sandhurst Trustees celebrates 125 years

Over 125 years Sandhurst Trustees has grown from a humble traditional trustee service offering, to a fully functioning Wealth provider with award winning products that reach out to 1.5 million customers through the Bendigo and Adelaide Bank network.

Throughout wars, technology revolutions, society shifts, mergers and the global financial crisis, Sandhurst Trustees has remained true to its origins; its maxim 'MINDFUL, FAITHFUL, LASTING' has never meant or been more relevant.

2013 has been a year for Sandhurst Trustees to celebrate its 125 year milestone, with the following activity occurring:

- A launch event was held in February 2012 at Dudley House, View Street, Bendigo where a collection of business leaders, partners, customers and staff assembled. The Chairman, Jenny Dawson marked the commencement of our 125 year celebrations with the launch of the 'Sandhurst Series'. Her presentation contrasted in both words and pictures the Bendigo of the past, when our company was formed, with the Bendigo of today.

- Ongoing local advertising in the Bendigo Weekly, Bendigo Advertiser and Bendigo Magazine focussing on a combination of brand awareness, product promotion and promoting our role and involvement in the local community.

- Targeted 'Sandhurst Series' events including: "The practicalities of Testamentary Discretionary Trusts" presented by Adrian Green and "FoFA legislative changes" presented by Ernst and Young. These events have brought together specific areas of the business community to participate in awareness sessions as relevant to them.

- Launching 'Sandhurst past and present' videos at the Capital Theatre, Bendigo providing a wonderful reflection on our past, and a great way to educate current staff on who we are, where we come from, what we stand for, and what we have to offer.

- An oral history project commenced with local historian Michele Matthews contracted to interview Directors and staff, both past and present to document key recollections and stories around the events and characters involved in the history of the organisation. The taped interviews will form an important part of the organisations archives.

- Enhanced communications and awareness pieces for the Bendigo and Adelaide Bank staff with quizzes, promotional material (balloons, flyers, pins, pens, banners etc) and also a celebratory Sandhurst Trustees computer background for the months of July and August (nationally).

- Staff activity day at the Bendigo Bank room of the Capital Theatre, Bendigo drawing staff from Adelaide, Bendigo, Melbourne and Sydney together. For most staff this has been the first opportunity to 'put a face to the name' and interact together.

- A Nationwide morning tea for Bendigo and Adelaide Bank staff which was held on 26 July 2013 (the 125th anniversary of the first shareholders meeting), and reached staff across 406 branches and state support offices.

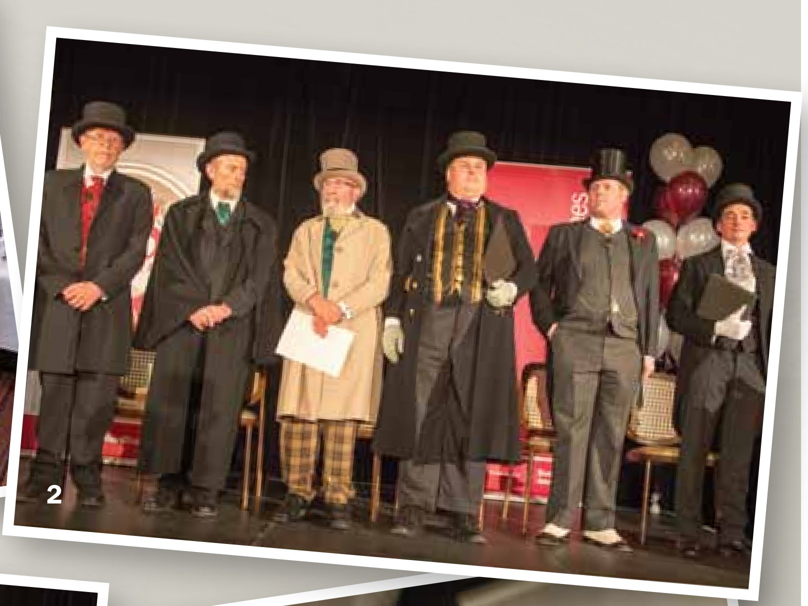
- A gala event held on 25 July 2013 at the Bendigo Town Hall.
  The biggest event in the Sandhurst Trustee calendar was all about celebrating our milestone with staff, business and community partners. This was truly evidenced in the broad cross – section of 300 plus guests including Bendigo's Mayor and councillors, several political representatives, the current Sandhurst Trustees board, management team and staff, Bendigo and Adelaide Bank MD, Mr Mike Hirst, board representatives and key staff, past Sandhurst Trustees directors and staff and local Bendigo business representatives.
  Guests enjoyed a cocktail reception with highlights including a historical display, an opening performance by the Bendigo Youth choir and a re-enactment of the first Shareholders meeting performed by the Bendigo Historical Society.

One of the prime objectives of the celebrations has been to reconnect with the Bendigo community. This year has been highlighted with interactions, involvement, support and sponsorship with business such as the Bendigo Business Council, Bowls Australia, the Sandhurst Football Netball Club, St John of God Hospital, Bendigo Health, the Bendigo Showgrounds and the Sheep Breeders Society, and countless others via the Community Enterprise Foundation.

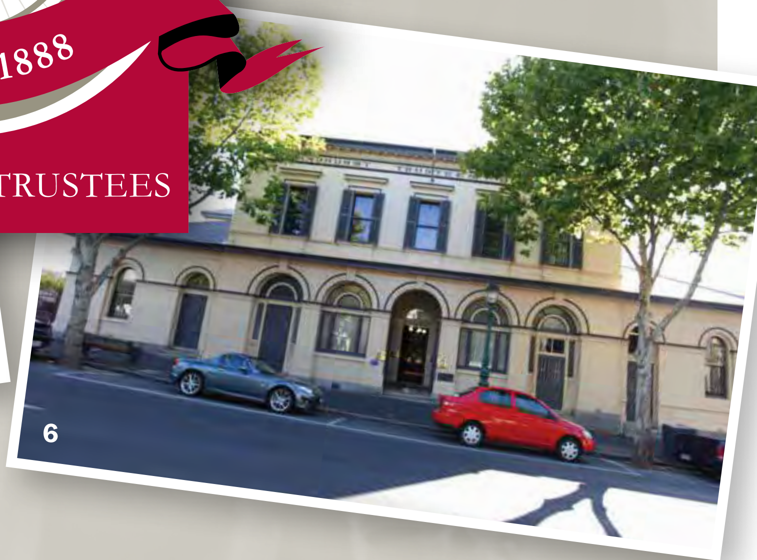
We have also enjoyed the privilege of hosting a number of events in our treasured View Street building, and the iconic board room.

In quieter moments these celebrations have provided an amazing opportunity for reflection; both on our journey this far, and what we need to do to succeed in the future. The Chairman noted in her speech at the Gala event that the original Directors were a diverse group with two things in common – a vision for improvement of their community; and a broad involvement within their community themselves. This same 'human interest' was identified by current General Manager Paul Rohan as a key to our future in his address to staff at our July celebration:

"All of you are part of an organisation with a heart and a soul. While we may not always get things right our intentions are anchored on this. Our continued success is guaranteed if we always think not only of our customer's outcomes but also their experience."



MINDFUL FAITHFUL LASTING
125 years
SINCE 1888
SANDHURST TRUSTEES



1. Staff celebrate at the Capital Theatre with GM Paul Rohan and Director Ian Mansbridge cutting the commemorative cake.
2. Celebrating the 125th Anniversary at the Bendigo Town Hall with the Bendigo Historical Society re-enactment of the first shareholders' meeting.
3. Celebrating the 125th Anniversary at the Bendigo Town Hall with GM Paul Rohan and Board members Ian Mansbridge, Jenny Dawson, Marnie Baker and John Billington cutting the commemorative cake.
4. GM Paul Rohan opening the 125th Anniversary celebrations at the Bendigo Town Hall.
5. Celebrating the 125th Anniversary at the Bendigo Town Hall.
6. Current office of Sandhurst Trustees at 18 View Street, Bendigo which has been occupied since 1891.

Sandhurst Trustees Limited ABN 16 004 030 737 AFSL 237906 a subsidiary of Bendigo and Adelaide Bank Limited ABN 11 068 049 178. (S46247) (09/13)

Proudly part of Bendigo and Adelaide Bank

Your directors submit the financial report of Sandhurst Trustees Limited (the Company) and its controlled entities for the year ended 30 June 2013.

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 2013 there were 72 (2012: 63) full time equivalent employees employed by Bendigo and Adelaide Bank Limited to undertake the above activities.

Consolidated results

Economic entity results in brief:

	2013	2012
	$	$
Profit before income tax	52,583,930	23,171,767
Profit after income tax	36,259,676	18,478,477

Divdends

	2013	2012
	$	$
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 $36,259,676. This represents an increase from the $18,478,477 profit from ordinary activities after income tax expense for 2012. Profit from ordinary activities before income tax expense was $52,583,930 compared to $23,171,767 for 2012.

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 loan liability balances in the Statement of Financial Performance.

Funds management

Total funds under management for our funds management and superannuation business increased for the year to $2.84 billion at 30 June 2013 ($2.54 billion - 2012).
The common fund investments decreased, with funds under management totalling $1.399 billion at 30 June 2013 ($1.507 billion – 2012).

The Sandhurst Industrial Share Fund increased to $275 million ($229 million - 2012).

The Sandhurst Future Leaders Fund totalled $16 million ($16 million - 2012). The professional series product suite decreased to $25 million ($29 million - 2012).

Funds management (cont'd.)

The other Sandhurst Trustees Limited managed funds, all managed by a collection of specialist investment managers (including Sandhurst itself), increased to $516 million at 30 June 2013 ($178 million - 2012).
The Adelaide CMT declined $13 million to $258 million ($271 million – 2012).

Funds under management for the Bendigo Superannuation Plan increased to $223 million ($216 million - 2012). The Bendigo Super Easy Superannuation Plan was relaunched in October 2011 with a new name, Bendigo SmartStart Super. Bendigo SmartStart Super fund assets grew to $127 million at the end of the period ($49 million - 2012).

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

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.

Auditor's Independence declaration

A copy of the Auditor's Independence Declaration is set out on the following page.

This report has been made in accordance with the resolution of directors.

Jennifer Dawson

Jennifer L Dawson
Chairman
Bendigo, 14 October 2013

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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 2013, 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
14 October 2013

SANDHURST TRUSTEES LIMITED
AND CONTROLLED ENTITIES

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated 2013 $	Consolidated 2012 $	Company 2013 $	Company 2012 $
Revenues	4	71,239,328	41,638,418	71,239,328	41,638,418
Total revenue	4	71,239,328	41,638,418	71,239,328	41,638,418
Fees and commissions expense	5	(9,354,410)	(8,670,210)	(9,354,410)	(8,670,210)
Business promotion expense	5	(157,075)	(137,227)	(157,075)	(137,227)
Employee benefits expense	5	(6,992,130)	(6,203,519)	(6,992,130)	(6,203,519)
Occupancy expense	5	(18,319)	(632,871)	(18,319)	(632,871)
Property, plant & equipment costs	5	(109,656)	(124,552)	(109,656)	(124,552)
Computer systems and software costs	5	(376,391)	(475,476)	(376,391)	(475,476)
Administration expense	5	(595,919)	(1,044,699)	(595,919)	(1,044,699)
Share of loss on joint ventures	5	(459,841)	(715,697)	(459,841)	(715,697)
Other expenses	5	(591,657)	(462,400)	(591,657)	(462,400)
Total expenses		(18,655,398)	(18,466,651)	(18,655,398)	(18,466,651)
Profit before income tax		52,583,930	23,171,767	52,583,930	23,171,767
Income tax expense	6	16,324,254	4,693,290	16,324,254	4,693,290
Net profit attributable to members of the parent		36,259,676	18,478,477	36,259,676	18,478,477
Other comprehensive income					
Available-for-sale financial assets					
Net fair value gains/(loss) on available for-sale financial assets		(34,224,372)	(9,680,425)	(34,224,372)	(9,680,425)
Tax effect on items taken directly to or transferred from equity		10,349,429	2,928,128	10,349,429	2,928,128
Net gain/(loss) recognised directly in equity		(23,874,943)	(6,752,297)	(23,874,943)	(6,752,297)
Total comprehensive income for the period attributable to members of the parent		12,384,733	11,726,180	12,384,733	11,726,180

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 2013

	Note	Consolidated 2013	Consolidated 2012	Company 2013	Company 2012
		$	$	$	$
Current assets					
Cash and cash equivalents	8	2,874,799	3,012,291	2,874,799	3,012,291
Trade and other receivables	9	3,208,492	2,543,410	3,208,492	2,543,410
Available-for-sale financial assets	10	21,580,523	128,634,543	21,580,523	128,634,543
Total current assets		27,663,814	134,190,244	27,663,814	134,190,244
Non - current assets					
Shares in controlled entities at cost		-	-	6	16
Shares in joint ventures	11	1,386,228	1,846,069	1,386,228	1,846,069
Trade and other receivables	9	2,245,078	229,523	2,550,592	229,523
Property, plant and equipment	12	1,716,399	1,753,706	1,716,399	1,753,706
Intangible assets	13	2,898	68,863	2,898	68,863
Deferred tax assets	6	63,994	73,722	63,994	73,722
Total non - current assets		5,414,597	3,971,883	5,720,117	3,971,899
Total assets		33,078,411	138,162,127	33,383,931	138,162,143
Current liabilities					
Trade and other payables	14	16,414,532	66,150,221	16,414,532	65,844,717
Total current liabilities		16,414,532	66,150,221	16,414,532	65,844,717
Non - current liabilities					
Deferred tax liability	6	561,130	12,863,890	561,130	12,863,890
Total non - current liabilities		561,130	12,863,890	561,130	12,863,890
Total liabilities		16,975,662	79,014,111	16,975,662	78,708,607
Net assets		16,102,749	59,148,016	16,408,269	59,453,536
Equity					
Equity attributable to equity holders					
Contributed equity	16	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	17	9,179,484	28,349,808	9,485,004	28,655,328
Reserves		1,923,265	25,798,208	1,923,265	25,798,208
Total equity		16,102,749	59,148,016	16,408,269	59,453,536

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 2013

Consolidated

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

Company

	Issued capital	Asset Revaluation reserve - Property	Asset Revaluation reserve - Shares	Retained earnings	Total equity
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
Balance at 1 July 2011	5,000,000	682,000	31,868,505	10,176,851	47,727,356
Other Comprehensive Income	-	-	(6,752,297)	-	(6,752,297)
Profit/(loss) for the period	-	-	-	18,478,477	18,478,477
Total Comprehensive income for the period	-	-	(6,752,297)	18,478,477	11,726,180
Dividends paid	-	-	-	-	-
Balance at 30 June 2012	5,000,000	682,000	25,116,208	28,655,328	59,453,536

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 2013

		Consolidated		Company	
	Note	**2013**	**2012**	**2013**	**2012**
		$	**$**	**$**	**$**
Cash flows from operating activities					
Fees and Commissions received		32,335,188	34,315,260	32,343,507	34,315,260
Payments to suppliers and employees		(17,321,807)	(17,175,362)	(17,330,126)	(17,175,362)
Income tax paid		(6,423,492)	(5,196,173)	(6,423,492)	(5,196,173)
Dividends received		487,620	7,648,903	487,620	7,648,903
Interest received		107,776	195,758	107,776	195,758
Net cashflow from operating activities	18 (b)	9,185,285	19,788,386	9,185,285	19,788,386
Cash flows from investing activities					
Purchase of property, plant and equipment		(10,541)	(10,439)	(10,541)	(10,439)
Purchase of intangible software		-	(2,750)	-	(2,750)
Proceeds from/(Payments for) sale of Available-for-sale financial assets		109,777,885	(10,500,000)	109,777,885	(10,500,000)
Payments for equity investments		-	(2)	-	(2)
Net cashflow from/ (used in) investing activities		109,767,344	(10,513,191)	109,767,344	(10,513,191)
Cash flows from financing activities					
Receipt/(Repayment) of funding from parent		(63,660,121)	(14,524,443)	(63,660,121)	(14,524,443)
Dividends paid		(55,430,000)	-	(55,430,000)	-
Net cashflow from/(used in) financing activities		(119,090,121)	(14,524,443)	(119,090,121)	(14,524,443)
Net increase/(decrease) in cash and cash equivalents held		(137,492)	(5,249,248)	(137,492)	(5,249,248)
Cash and cash equivalents at beginning of year		3,012,291	8,261,539	3,012,291	8,261,539
Cash and cash equivalents at end of year	18 (a)	2,874,799	3,012,291	2,874,799	3,012,291

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

Note 1 - Corporate information

The financial report of Sandhurst Trustees Limited for year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 14 October 2013.

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.

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 2013:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013
AASB 2012-2	Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 are not all met.	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013

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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: ► Repeat application of AASB 1 is permitted (AASB 1) ► Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).	1 January 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.	1 July 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013
AASB 1053	Application of Tiers of Australian Accounting Standards	This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this standard)	1 July 2013	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2013

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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 1053 (cont'd.)		(b) The Australian Government and State, Territory and Local governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1, 2012-7 and 2012-11.			
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

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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:	1 January 2015	Sandhurst Trustees Limited has not yet determined the extent of the impact on any amendments, if any.	1 July 2015

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

Reference	**Title**	**Summary**	**Application date of standard**	**Impact on Group financial report**	**Application date for Group**
AASB 9 (cont'd.)		► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.			

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

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

(c) Changes in accounting policies

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

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

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

(b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and

(c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

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

(a) Compliance with Australian Accounting Standards;

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

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

(d) Audit fees; and

(e) Imputation credits.

- *AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project*. The amendments emphasise the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. It clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. It provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions.

- *AASB 2010-6 Amendments to Australian Accounting Standards Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7].* This standard makes amendments to increase the disclosure requirements for transactions involving transfers of financial assets. Disclosures require enhancements to the existing disclosure in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosure for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.

.

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

(d) Principles of consolidation

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

(f) Cash and cash equivalents

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

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

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

(g) Trade and other receivables

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

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

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

(h) Investments and other financial assets

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

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

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

Derecognition of financial assets

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

(i) Property, plant and equipment

Plant and equipment are carried at historical cost less accumulated depreciation, and any impairment losses.
Land and buildings are independently valued in accordance with the accounting standards and are measured at fair value, less accumulated depreciation on buildings and any impairment losses recognised after the date of revaluation.

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

Revaluations

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

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

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

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

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

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

Depreciation/Amortisation

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

Major depreciation periods are:	2013	2012
Asset category		
Freehold buildings	*40*	*40*
Office furniture & equipment	*5*	*5*
Computer hardware	*3*	*3*
Motor vehicles	*5*	*5*

Impairment

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

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

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

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

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

Derecognition and disposal

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

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

(j) Intangible assets

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

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

(k) Trustee and funds management activities

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

(l) Accrued Expenses

Expenses are accrued for, once realised and are classified as accrued expenses if the following criteria is met;
- The amount can be accurately calculated.
- The period they belong to can be determined.
- The period they will be paid is known.

(m) Revenue recognition

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

Interest, fees and commissions

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

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

Dividends

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

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

Property revenue

Property revenue is recognised as income on an accruals basis.

Corpus commission

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

(n) Income tax

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

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

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

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

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

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

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

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

(o) Goods and Services Tax (GST)

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

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

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

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

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

(p) Trade and other payables

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

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

(q) Contributed equity

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

(r) Comparative figures

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

Note 3 - Financial risk management objectives and policies

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

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

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**	
	2013	**2012**	**2013**	**2012**
Gross maximum exposure	**$**	**$**	**$**	**$**
Cash and cash equivalents	2,874,799	3,012,291	2,874,799	3,012,291
Trade and other receivables	5,453,570	2,772,933	5,759,084	2,772,933
Available for sale financial assets	21,580,523	128,634,543	21,580,523	128,634,543
Shares in controlled entities at cost	-	-	6	16
Shares in joint ventures	1,386,228	1,846,069	1,386,228	1,846,069
Total credit risk exposure	31,295,120	136,265,836	31,600,640	136,265,852

Note 4 – Revenues

	Consolidated 2013 $	Consolidated 2012 $	Company 2013 $	Company 2012 $
Revenue				
- Commission and management fees received	33,689,233	33,132,984	33,689,233	33,132,984
- Interest	113,254	129,096	113,254	129,096
- Dividends [(a)]	487,620	7,648,903	487,620	7,648,903
- Property revenue	-	254,652	-	254,652
Total revenue	34,290,107	41,165,635	34,290,107	41,165,635
Other income				
- Net gains on sale of available-for-sale investments	36,948,237	-	36,948,237	-
- Other revenues	984	472,783	984	472,783
Total other income	36,949,221	472,783	36,949,221	472,783
Total revenues	71,239,328	41,638,418	71,239,328	41,638,418
(a) Dividends from:				
- Other corporations	-	7,354,718	-	7,354,718
- Managed investment schemes distributions	487,620	294,185	487,620	294,185
	487,620	7,648,903	487,620	7,648,903

Note 5 – Expenses

	Consolidated 2013 $	Consolidated 2012 $	Company 2013 $	Company 2012 $
Fees and Commissions paid				
- Managed investment schemes	(9,354,410)	(8,661,786)	(9,354,410)	(8,661,786)
- Superannuation	-	(8,424)	-	(8,424)
	(9,354,410)	(8,670,210)	(9,354,410)	(8,670,210)
Business promotion expense				
- Sponsorship	(21,414)	(19,807)	(21,414)	(19,807)
- Printing	(78,314)	(71,511)	(78,314)	(71,511)
- Promotional items	(293)	(258)	(293)	(258)
- Other	(57,054)	(45,651)	(57,054)	(45,651)
	(157,075)	(137,227)	(157,075)	(137,227)
Employee benefits expense				
- Salaries and wages recharge	(5,480,301)	(4,850,383)	(5,480,301)	(4,850,383)
- Superannuation contributions recharge	(532,813)	(468,118)	(532,813)	(468,118)
- Provision for annual leave recharge	(482,574)	(421,107)	(482,574)	(421,107)
- Provision for long service leave recharge	(105,590)	(90,812)	(105,590)	(90,812)
- Payroll tax recharge	(331,243)	(284,265)	(331,243)	(284,265)
- Fringe benefits tax recharge	(8,047)	(22,245)	(8,047)	(22,245)
- Other recharge	(51,562)	(66,589)	(51,562)	(66,589)
	(6,992,130)	(6,203,519)	(6,992,130)	(6,203,519)
Occupancy expense				
- Operating lease rental expense	-	(610,597)	-	(610,597)
- Rates and taxes	(18,004)	(21,989)	(18,004)	(21,989)
- Repairs and maintenance	(315)	(194)	(315)	(194)
- Outgoings	-	(91)	-	(91)
	(18,319)	(632,871)	(18,319)	(632,871)

Note 5 – Expenses (cont'd.)

	Consolidated		Company	
	2013	2012	2013	2012
	$	$	$	$
Property, plant & equipment costs				
- Building depreciation	(23,693)	(23,693)	(23,693)	(23,693)
- Plant and equipment depreciation	(19,998)	(19,938)	(19,998)	(19,938)
- Intangible software amortisation	(65,965)	(80,921)	(65,965)	(80,921)
	(109,656)	(124,552)	(109,656)	(124,552)
Computer systems and software costs				
- Computer line rental & installations	(49,403)	(30,512)	(49,403)	(30,512)
- Leasing costs	-	(57,510)	-	(57,510)
- Repairs and maintenance hardware	(911)	(16,014)	(911)	(16,014)
- Software maintenance	(326,077)	(371,440)	(326,077)	(371,440)
	(376,391)	(475,476)	(376,391)	(475,476)
Administration expense				
- Legal expenses	(126,166)	(144,714)	(126,166)	(144,714)
- Consulting expenses	(1,718)	(196,498)	(1,718)	(196,498)
- Accounting expenses	(164,586)	(281,232)	(164,586)	(281,232)
- Stationery and office supplies	(36,718)	(63,138)	(36,718)	(63,138)
- Motor vehicle expenses	(27,445)	(32,032)	(27,445)	(32,032)
- Insurance premiums	-	(3,429)	-	(3,429)
- Telephone	(50,803)	(78,776)	(50,803)	(78,776)
- Postage	(38,864)	(41,769)	(38,864)	(41,769)
- Travel expenses	(57,698)	(69,157)	(57,698)	(69,157)
- Subscriptions to associations	(76,307)	(117,826)	(76,307)	(117,826)
- Electricity / gas and fuel	(15,614)	(16,128)	(15,614)	(16,128)
	(595,919)	(1,044,699)	(595,919)	(1,044,699)
Share of loss on joint ventures	(459,841)	(715,697)	(459,841)	(715,697)
Other expenses	(591,657)	(462,400)	(591,657)	(462,400)
Total expenses	(18,655,398)	(18,466,651)	(18,655,398)	(18,466,651)

Note 6 – Income tax expense

	Consolidated		Company	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Major components of income tax expense are:				
Statement of Comprehensive Income				
Current income tax:				
Current income tax charge	18,199,858	8,176,259	18,199,858	8,176,259
Imputation credits	-	(3,177,338)	-	(3,177,338)
Adjustments in respect of current income tax of previous years	150,116	6,507	150,116	6,507
Deferred income tax:				
Relating to origination and reversal of temporary differences	(2,288,636)	14,854	(2,288,636)	14,854
Adjustments in respect of current income tax of previous years	241,923	(326,992)	241,923	(326,992)
Other items	20,993	-	20,993	-
Income tax expense reported in the Statement of Comprehensive Income	16,324,254	4,693,290	16,324,254	4,693,290
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	(10,349,429)	(2,928,128)	(10,349,429)	(2,928,128)
Income tax expense / (benefit) reported in equity	(10,349,429)	(2,928,128)	(10,349,429)	(2,928,128)

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	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Income tax attributable to:				
Accounting profit before income tax	52,583,930	23,171,767	52,583,930	23,171,767
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	15,775,179	6,951,531	15,775,179	6,951,531
Under/(over) provision in prior years	309,922	(320,485)	309,922	(320,485)
Tax credits and adjustments	-	(3,177,338)	-	(3,177,338)
Other income assessable for income tax purposes	137,952	-	137,952	-
Income not assessable for income tax purposes	1,420	-	1,420	-
Expenditure not allowable for income tax purposes	(3,329)	286,380	(3,329)	286,380
Movement in Booked Losses	20,993	-	20,993	-
Movement through Equity	82,117	-	82,117	-
Other	-	953,202	-	953,202
Income tax expense reported in the consolidated Statement of Comprehensive Income	16,324,254	4,693,290	16,324,254	4,693,290

Note 6 – Income tax expense (cont'd.)

	Statement of Financial Position	
	2013	2012
	$	$
Deferred income tax		
Deferred income tax at 30 June relates to the following:		
Consolidated		
Deferred tax liabilities		
Available-for-sale financial assets	(376,382)	(12,914,497)
Revaluations of land & buildings to fair value	(241,369)	35,540
Other	56,621	15,067
Deferred tax liabilities	(561,130)	(12,863,890)
Deferred tax assets		
Deferred income	44,904	35,352
Expenses tax depreciable	8,024	10,785
Plant & equipment	11,066	6,592
Other	-	20,993
Deferred tax assets	63,994	73,722
Sandhurst Trustees		
Deferred tax liabilities		
Available-for-sale financial assets	(376,382)	(12,914,497)
Revaluations of land & buildings to fair value	(241,369)	35,540
Other	56,621	15,067
Deferred tax liabilities	(561,130)	(12,863,890)
Deferred tax assets		
Deferred income	44,904	35,352
Expenses tax depreciable	8,024	10,785
Plant & equipment	11,066	6,592
Other	-	20,993
Deferred tax assets	63,994	73,722

At 30 June 2013, there is no unrecognised deferred income tax liability (2012: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or associate, as the Group has no liability for additional taxation should such amounts be remitted.

Tax consolidation

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

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

Note 6 – Income tax expense (cont'd.)

Nature of tax funding agreement

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

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

Taxation of Financial Arrangements

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

The Bendigo and Adelaide Bank Limited tax consolidated group made a transitional election to bring pre-existing arrangements into TOFA, which will result in deferred tax balances of affected financial arrangements progressively reversing over a four year period.

Note 7 - Dividends paid and proposed

	Consolidated		Company	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Total interim dividends paid 2013: $5.543 per share (2012: $0.00)	55,430,000	-	55,430,000	-

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

.

Note 8 - Cash and cash equivalents

	Consolidated		Company	
	2013	2012	2013	2012
	$	$	$	$
Cash at bank	281,175	1,365,348	281,175	1,365,348
11 am deposit	1,000,323	-	1,000,323	-
Deposits at short call	1,593,301	1,646,943	1,593,301	1,646,943
	2,874,799	3,012,291	2,874,799	3,012,291

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 2013 was 3.59% (2012 – 5.18%).

Note 9 - Trade and other receivables

	Consolidated		Company	
	2013	2012	2013	2012
	$	$	$	$
Current				
Sundry debtors and accrued income	3,208,492	2,543,410	3,208,492	2,543,410
Non-current				
Amounts receivable from ultimate parent entity [(a)]	2,017,272	-	2,322,786	-
Other debtors	227,806	229,523	227,806	229,523
	2,245,078	229,523	2,550,592	229,523

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	
	2013	2012	2013	2012
	$	$	$	$
Current				
Shares -				
In listed corporations/ securities at fair value	8,008,000	116,168,172	8,008,000	116,168,172
In managed investment schemes at fair value	13,572,523	12,466,371	13,572,523	12,466,371
	21,580,523	128,634,543	21,580,523	128,634,543

Available-for-sale share investments consist of investments in ordinary shares, 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.

During the year Sandhurst Trustees Limited sold all of its shares in IOOF Holdings Limited. This resulted in a profit to the Company of $36.95 million.

Note 11 – Shares in joint ventures

	Consolidated		Company	
	2013	2012	2013	2012
	$	$	$	$
Share in joint ventures	1,386,228	1,846,069	1,386,228	1,846,069

Sandhurst Trustees Limited holds a 40% interest in Linear Financial Holdings Pty Ltd at 30 June 2013 (40% - 2012).

Note 12 - Property, plant and equipment

	Consolidated		Company	
	2013	2012	2013	2012
	$	$	$	$
Total freehold land	850,000	850,000	850,000	850,000
Freehold buildings	947,721	947,721	947,721	947,721
Accumulated depreciation	(142,158)	(118,465)	(142,158)	(118,465)
Total freehold buildings	805,563	829,256	805,563	829,256
Plant and equipment at cost	515,037	1,027,940	515,037	1,027,940
Accumulated depreciation	(454,201)	(953,490)	(454,201)	(953,490)
Total plant and equipment	60,836	74,450	60,836	74,450
Total property, plant and equipment	1,716,399	1,753,706	1,716,399	1,753,706
Reconciliation				
Freehold land				
Carrying amount at beginning	850,000	850,000	850,000	850,000
Carrying amount at end	850,000	850,000	850,000	850,000
Freehold buildings				
Carrying amount at beginning	829,256	852,949	829,256	852,949
Depreciation expense	(23,693)	(23,693)	(23,693)	(23,693)
Carrying amount at end	805,563	829,256	805,563	829,256
Plant and equipment				
Carrying amount at beginning	74,450	83,949	74,450	83,949
Additions	6,384	10,439	6,384	10,439
Depreciation expense	(19,998)	(19,938)	(19,998)	(19,938)
Carrying amount at end	60,836	74,450	60,836	74,450

The fair values of freehold land and buildings have been determined by reference to director valuations, based upon independent valuations obtained 30 June 2007. The independent valuations are performed on an open market basis, being the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date. As part of the Bendigo and Adelaide Bank Limited group property revaluation process the Bendigo and Adelaide Bank Board reviewed the current valuations and determined no independent valuation was necessary for 30 June 2013.

Note 13 - Intangible assets

	Consolidated		Company	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Intangible software	604,055	604,055	604,055	604,055
Accumulated amortisation	(601,157)	(535,192)	(601,157)	(535,192)
Total intangible assets	2,898	68,863	2,898	68,863
Reconciliation				
Intangible software				
Carrying amount at beginning	68,863	147,033	68,863	147,033
Additions	-	2,750	-	2,750
Amortisation expense	(65,965)	(80,920)	(65,965)	(80,920)
Carrying amount at end	2,898	68,863	2,898	68,863

Note 14 - Trade and other payables

	Consolidated		Company	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Trade creditors and accrued expenses (a)	243,399	180,607	243,399	180,607
Amounts payable to ultimate parent entity (b)	-	61,642,846	-	61,337,342
Income tax due to parent	16,171,133	4,326,768	16,171,133	4,326,768
	16,414,532	66,150,221	16,414,532	65,844,717

Terms and conditions:

(a) Trade creditors and accrued expenses are non-interest bearing and are normally settled on commercial 30 day terms.

(b) The amounts payable to the ultimate parent entity are non-interest bearing and at call.

Note 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 processed for measuring and managing risk, and the management of capital.

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

a. Credit risk

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

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

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

None of the assets of the Group are past due (2012: Nil past due) and based on historic default rates, the Group believes that no impairment allowance is necessary in respect of assets not past due.

b. Liquidity risk

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

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

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

Note 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 2013					
Trade and other payables	16,414,532	16,414,532	-	-	16,414,532
Total financial liabilities	16,414,532	16,414,532	-	-	16,414,532
30 June 2012					
Trade and other payables	66,150,221	66,150,221	-	-	66,150,221
Total financial liabilities	66,150,221	66,150,221	-	-	66,150,221

Company

	Carrying Amount $'000	1 year or less $'000	1 to 5 years $'000	more than 5 years $'000	Total $'000
30 June 2013					
Trade and other payables	16,414,532	16,414,532	-	-	16,414,532
Total financial liabilities	16,414,532	16,414,532	-	-	16,414,532
30 June 2012					
Trade and other payables	65,844,717	65,844,717	-	-	65,844,717
Total financial liabilities	65,844,717	65,844,717	-	-	65,844,717

c. Market Risk

(i) Interest rate risk

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

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

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

Note 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	
	2013	2012	2013	2012
	$	$	$	$
Post tax profit				
+ 0.40% (40 Basis points)	1,125	5,461	1,125	5,461
- 0.40% (40 Basis points)	(1,125)	(5,461)	(1,125)	(5,461)
Equity				
+ 0.40% (40 Basis points)	1,125	5,461	1,125	5,461
- 0.40% (40 Basis points)	(1,125)	(5,461)	(1,125)	(5,461)

(ii) Equity price risk

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

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

Note 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 the ASX200. This would have increased/(decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2012.

Consolidated

	Profit or loss		Equity	
	10% increase $	**10% decrease $**	**10% increase $**	**10% decrease $**
30 June 2013				
Available-for-sale financial assets	-	-	2,158,052	(2,158,052)
30 June 2012				
Available-for-sale financial assets	-	-	12,863,454	(12,863,454)

Company

	Profit or loss		Equity	
	10% increase $	**10% decrease $**	**10% increase $**	**10% decrease $**
30 June 2013				
Available-for-sale financial assets	-	-	2,158,052	(2,158,052)
30 June 2012				
Available-for-sale financial assets	-	-	12,863,454	(12,863,454)

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 2013				Year ended 30 June 2012			
	Quoted market price (level 1)	Valuation technique market observable inputs (level 2)	Valuation technique non market observable inputs (level 3)	Total	Quoted market price (level 1)	Valuation technique market observable inputs (level 2)	Valuation technique non market observable inputs (level 3)	Total
Consolidated								
Financial assets								
Available-for-sale investments								
Listed Investments	8,008,000	-	-	8,008,000	116,168,172	-	-	116,168,172
Managed Investments	-	13,572,523	-	13,572,523	-	12,466,371	-	12,466,371
	8,008,000	13,572,523	-	21,580,523	116,168,172	12,466,371	-	128,634,543
Financial Liabilities								
	-	-	-	-	-	-	-	-

	Year ended 30 June 2013				Year ended 30 June 2012			
	Quoted market price (level 1)	Valuation technique market observable inputs (level 2)	Valuation technique non market observable inputs (level 3)	Total	Quoted market price (level 1)	Valuation technique market observable inputs (level 2)	Valuation technique non market observable inputs (level 3)	Total
Company								
Financial assets								
Available-for-sale investments								
Listed Investments	8,008,000	-	-	8,008,000	116,168,172	-	-	116,168,172
Managed Investments	-	13,572,523	-	13,572,523	-	12,466,371	-	12,466,371
	8,008,000	13,572,523	-	21,580,523	116,168,172	12,466,371	-	128,634,543
Financial Liabilities								
	-	-	-	-	-	-	-	-

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

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

e. Capital Management

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

Note 16 - Contributed equity

	Consolidated		Company	
	2013	2012	2013	2012
	$	$	$	$
Issued capital				
10,000,000 ordinary shares fully paid	5,000,000	5,000,000	5,000,000	5,000,000

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

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

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

Note 17 - Retained earnings

	Consolidated		Company	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Movements in retained earnings were as follows:				
Retained profits at the beginning of the financial year	28,349,808	9,871,331	28,655,328	10,176,851
Net profit attributable to members of the Company	36,259,676	18,478,477	36,259,676	18,478,477
Dividends provided for or paid	(55,430,000)	-	(55,430,000)	-
Retained profits at the end of the financial year	9,179,484	28,349,808	9,485,004	28,655,328

Note 18 - Cash flow information

	Consolidated		Company	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**

(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	281,175	1,365,348	281,175	1,365,348
11 am deposit	1,000,323	-	1,000,323	-
Deposits at short call	1,593,301	1,646,943	1,593,301	1,646,943
	2,874,799	3,012,291	2,874,799	3,012,291

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

Net profit after income tax	36,259,676	18,478,477	36,259,676	18,478,477
Adjustments:				
Depreciation	43,691	43,631	43,691	43,631
Amortisation	65,965	80,921	65,965	80,921
Share of joint ventures (profit)/loss	459,841	715,697	459,841	715,697
Property, plant and equipment (profit)/loss	4,157	-	4,157	-
Available-for-sale financial assets (profit)/loss	(36,948,237)	-	(36,948,237)	-
Tax effect on revaluations	10,349,429	2,928,128	10,349,429	2,928,128
Changes in assets and liabilities				
(Increase)/decrease in receivables	(663,362)	1,052,334 -	663,362	1,052,334
(Increase)/decrease in prepayments	-	549	-	549
(Increase)/decrease in deferred tax assets	9,728	21,163	9,728	21,163
(Decrease)/increase in deferred tax liability	(12,302,760)	(3,237,429)	(12,302,760)	(3,237,429)
(Decrease)/increase in accounts payable	30,953	(1,417)	30,953	(1,417)
(Decrease)/increase in deferred income	31,839	(78,923)	31,839	(78,923)
(Decrease)/increase in tax payable	11,844,365	(214,745)	11,844,365	(214,745)
Net cash from operating activities	9,185,285	19,788,386	9,185,285	19,788,386

(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	250,000	500,000	250,000

(d) Non-cash financing and investing activities

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

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
	$	$	$
Sandhurst Trustees Ltd			
2013	26,067,929	9,900,831	11,625,121
2012	16,669,975	10,282,188	59,971,976
Bendigo Asset Management			
2013	-	-	305,521
2012	-	-	305,521

(c) Sandhurst Trustees Limited holds investments in the Sandhurst Select Mortgage Fund, valued at $1,593,301 at 30 June 2013 ($1,646,943- 2012).

(d) Sandhurst Trustees Limited holds other managed fund investments in funds issued by Sandhurst Trustees Limited valued at $13,572,523 at 30 June 2013 ($12,466,371 - 2012).

(e) Sandhurst Trustees Limited holds an investment in a retail bond issued by Bendigo and Adelaide Bank Limited valued at $8,008,000 at 30 June 2013 ($8,000,000 – 2012).

(f) The parent entity provides a Guarantee of $500,000 ($250,000 - 2012) under normal commercial terms and conditions.

(g) 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.

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

Note 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

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

(b) The compensation of key management personnel based on reasonable time allocations is as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	$	$	$	$
Short term benefits	694,816	382,368	694,816	382,368
Post employment benefits	39,099	23,398	39,099	23,398
Other long term benefits	-	1,495	-	1,495
Share-based payment	45,548	101,545	45,548	101,545
Total	779,463	508,806	779,463	508,806

In accordance with the requirements of Australian Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year. The fair value of equity instruments which do not vest during the reporting period is calculated as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual senior executives may ultimately realise should the equity instruments vest. The fair value of performance shares as at the date of their grant has been calculated under AASB 2 Share Based Payments applying a Black-Scholes-Merton valuation method incorporating a Monte Carlo simulation option pricing model to estimate the probability of achieving the Total Shareholder Return hurdle and the number of options and performance shares vesting.

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.

No contingent liabilities or assets exist as at reporting date.

Estate administration

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

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

Note 24 - Subsequent events

Since 30 June 2013 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 25 - 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 2013 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulation 2001;

(b) the financial statements and notes also comply with the International Financial Reporting Standards as disclosed in Note 2; and

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

On behalf of the Board

Director Jennifer Dawson

Jennifer Dawson

Dated this 14 day of October 2013

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

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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

Report on the financial report

We have audited the accompanying financial report of Sandhurst Trustees Limited, which comprises the consolidated statement of financial position as at 30 June 2013, 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 2013 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Ernst & Young

Ernst & Young

T M Dring
Partner
Melbourne
14 October 2013

Mindful Faithful Lasting

(S45651-14) (08/13)