

THE BENDIGO TRUST

ANNUAL REPORT, 2009/10

Financials



37th Edition



FINANCIALS

Directors' Report	3
Auditor's Independence Declaration	5
Income Statement	6
Balance Sheet	6
Statement of Changes in Equity	7
Cash Flow Statement	7
Notes to the Financial Statements	8
Directors' Declaration	17
Independent Audit Report	18

DIRECTORS' REPORT

Directors

The names of directors in office throughout the year and at the date of this report are:

Name	Position	Meetings Attended
Mr Lloyd Cameron	Director/Chairman	10/10
Mrs Patti Cotton	Director	9/10
Mr Jos Duivenvorden	Director/Company Secretary	7/10
Mr Michael McGowan	Director	10/10
Mr Greg Noonan – resigned October 2009	Director	2/3
Mr Dennis O'Hoy	Director	10/10
Dr Garry Price – resigned October 2009	Director	0/3
Cr James Reade	Director	8/10
Mr Clive Walker	Director/Chairman – Audit Committee	8/10
Mr David Wright	Director/Deputy Chairman	7/10
Mrs Helen Yorston	Director	8/10

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the Bendigo Trust during the financial year were tourist operations and development and maintenance of heritage assets. There were no significant changes in the nature of the principal activities of the Trust during the financial year.

Operating Results

The net result from ordinary activities of the Trust for the reporting period amounted to a Net Surplus of \$1,210,455 (2009: Deficit \$23,916).

Dividends paid or recommended

The Company does not have share capital and it is precluded from paying dividends.

Review of Operations

The net result before capital and specific items was \$602,851 compared to \$217,494 last year. This was on a turnover of \$3,023,119 compared with \$2,245,877 previously.

The Trust received the go ahead to develop the Tramways depot with funding of \$3,020,000 available. Works have commenced and is anticipated to be completed in the second half of 2011. It is an exciting project for us as this will lead to an increased works program for not only our staff but for people interested in developing traditional trade skills that are so much valued.

The Trust and Discovery formally merged on 30 June and this will lead to savings in operational costs whilst still maintaining the decision-making process of the Discovery Board of Directors.

Admissions income decreased by 3% from last year and was below budget expectations. Visitation decreased by 8.2% from 78,304 last year to 71,908 this year. To arrest this decline the Sales & Marketing department have increased resources to pursue the group market and continued the ongoing improvement in print and web marketing materials. We are pleased with this strategy.

Third party work at Bendigo Tram Heritage Rail Workshop increased by 85% this year. This was encouraging and hopefully this business continues to grow. We have a highly skilled workforce depot which creates opportunities for the Trust, and in so doing ensure that these types of skills are maintained into the future.

Merchandise sales are up 3% with a turnover of \$199,000. New tills and point of sale (POS) software is now in place at all sites and is helping to control stock levels and ordering while also providing Sales & Marketing with useful real-time data.

Reimbursement for contract works generally associated with major works funded by the City of Greater Bendigo's project funding increased by 56% on income of \$471,550. The increase this year was due to the Trust managing and undertaking more of the major works directly.

Payroll costs increased by 7% to \$1,489,440. Our Union Collective Agreement accounts for 4% of the increase and rising staff numbers and leave entitlements accounted for the rest. It is a challenge to keep payroll costs in check but it is imperative particularly if there is a downturn in our business.

DIRECTORS' REPORT (Cont.)

Financial Position

The balance sheet shows that the organisation's equity has increased from \$2,435,343 to \$3,707,123 and increased cash & investments from \$178,178 to \$889,032. This is a strengthening of the Trust's cash position by \$711,000 which includes a \$9,683 increase in the value of investments.

Accordingly the continuing viability of the Trust and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependant upon the Trust being successful in:

- continuing to achieve sufficient future cash flows from its operations, including ongoing Council and Government support, to enable its obligations to be met;
- obtaining additional funding, capital raising or donations; and/or
- continuing agreement with the City of Greater Bendigo in respect to maintenance, repair and replacement of its mine and tram infrastructure.

The Directors believe that the Trust will be successful in achieving the above objectives and accordingly have prepared the financial report on an ongoing basis.

Future Developments, Prospects and Business Strategies

To improve further the Trust's result the following developments are intended to continue or be implemented in the future:

- A focus on increasing visitations of schools and tour groups.
- Continued product development, including new products.
- Seeking opportunities that fit with our policy of developing our products and improving our bottom line.
- Seeking methods that are environmentally friendly.
- Continued work on the maintenance and renewal of assets to ensure that the Trust has a solid asset base on which to increase its visitations.

After Balance Date events

No matters or circumstance have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

Indemnifying Directors, Officers and Auditor

During or since the end of the financial year the Trust has paid premiums in respect of a contract insuring all the Directors and Officers of the Trust against a liability in their role as Directors and Officers of the entity, except where:

- a) the liability arises out of conduct involving a wilful breach of duty; or
 - b) there has been a contravention of Sections 182 or 183 of the Corporations Act 2001
- An amount has been paid in respect of each Director.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year for any person or entity that is, or has been an auditor of the Trust.

Proceeds on behalf of the Entity

No person has applied for leave of court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings. The entity was not a party to any such proceedings during the year.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the Corporations Act 2001, for the year ended 30 June 2010 is attached to the report.

Signed in accordance with a resolution of the Board of Directors




L E Cameron
Chairman
Dated this 26th day of October 2010



L C Walker
Director, Chairman—Finance & Audit Committee

AUDITOR'S DECLARATION




EVOLVE
ACCOUNTING SOLUTIONS
Successfully growing your financial future

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF TO THE DIRECTORS OF THE BENDIGO TRUST

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010, there have been:

- (1) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (2) no contraventions of any applicable code of professional conduct in relation to the audit.

EVOLVE ACCOUNTING SOLUTIONS


Paul Best
Dated: 19th October 2010

BENDIGO
3 Kennedy Street, PO Box 1023, Bendigo VIC 3552
T - 03 5441 4966 • F - 03 5441 8654

ECHUCA
211 Anstruther Street, PO Box 336, Echuca VIC 3564
T - 03 5482 1198 • F - 03 5482 3488

www.evolveaccounting.com.au

FINANCIAL STATEMENTS

The Bendigo Trust - ABN 39 005 014 175

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 30 JUNE 2010

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$		Note	2010 \$	2009 \$
Revenue				Current Assets			
Revenue from				Cash and Cash Equivalents	4	793,144	91,973
Operating Activities	2	3,023,119	2,245,877	Trade and Other Receivables		153,469	53,224
Expenses				Investment Property	5	245,000	183,675
Employee Benefits	3	(1,489,440)	(1,391,180)	Inventories		103,978	90,246
Supply Items	3	(241,037)	(235,377)	Other Current Assets		2,554	2,264
Other	3	(678,111)	(389,308)	Total Current Assets		<u>1,298,145</u>	<u>421,382</u>
Finance Costs	3	(4,280)	(7,488)				
Audit Fees	13	(7,400)	(5,030)	Non Current Assets			
				Other Financial Assets	6	95,888	86,205
Net Result before Capital and Specific Items		<u>602,851</u>	<u>217,494</u>	Property, Plant and Equipment	7	2,992,534	2,375,026
				Total Non Current Assets		<u>3,088,422</u>	<u>2,461,231</u>
Capital Purpose Income	2	800,000	0				
Depreciation	3a	(202,079)	(197,615)	Total Assets		<u>4,386,567</u>	<u>2,882,613</u>
Available For Sale Revaluation Reserve gain/(loss) recognised	14	9,683	(43,795)				
Net Result for the Year		<u>1,210,455</u>	<u>(23,916)</u>	Current Liabilities			
				Trade and Other Payables	8	285,795	96,425
Other Comprehensive Income				Interest-Bearing Liabilities	9	62,237	61,013
Net fair value revaluation on Non-Financial Assets - Investment Property	5	61,325	0	Provisions	10	203,659	171,215
				Total Current Liabilities		<u>551,691</u>	<u>328,653</u>
Comprehensive Result for the year		<u><u>1,271,780</u></u>	<u><u>(23,916)</u></u>	Non Current Liabilities			
				Interest-Bearing Liabilities	9	18,240	38,407
				Provisions	10	109,513	80,210
				Total non Current Liabilities		<u>127,753</u>	<u>118,617</u>
				Total Liabilities		<u>679,444</u>	<u>447,270</u>
				Net Assets		<u><u>3,707,123</u></u>	<u><u>2,435,343</u></u>
				Equity			
				Retained Earnings	14b	3,562,323	2,290,543
				Reserves	14a	144,800	144,800
				Total Equity	14	<u>3,707,123</u>	<u>2,435,343</u>
				Contingent Assets and Liabilities	15		
				Commitments for Expenditure	17		

FINANCIAL STATEMENTS

The Bendigo Trust - ABN 39 005 014 175

STATEMENT OF CHANGES IN EQUITY YEAR ENDED 30TH JUNE 2010

	Note	Asset Revaluation Reserve \$	Available For Sale Reserve \$	Accumulated Surplus (Deficit) \$	Total Equity \$
2010					
Balance at beginning of the financial year		144,800	0	2,290,543	2,435,343
Net Result for the Period		0	(9,683)	1,271,790	1,262,107
Revaluation Increment/(Decrement)		0	9,683	0	9,683
Balance at end of the financial year	14	<u>144,800</u>	<u>0</u>	<u>3,562,333</u>	<u>3,707,133</u>
2009					
Balance at beginning of the financial year		139,800	0	2,314,459	2,454,259
Net Result for the Period		0	43,795	(23,916)	19,879
Revaluation Increment/(Decrement)		5,000	(43,795)	0	(38,795)
Balance at end of the financial year	14	<u>144,800</u>	<u>0</u>	<u>2,290,543</u>	<u>2,435,343</u>

STATEMENT OF CASH FLOWS YEAR ENDED 30TH JUNE 2010

	Note	2010 \$	2009 \$
Cash Flows from Operating Activities			
Receipts from customers & governments		3,504,276	2,381,909
Interest paid		(4,280)	(7,488)
Employee benefits		(1,390,951)	(1,325,707)
Supply items		(780,389)	(734,924)
GST paid to ATO		(208,209)	(122,610)
Net Cash Inflow/(Outflow) from Operating Activities	4b	<u>1,120,447</u>	<u>191,180</u>
Cash Flows from Investing Activities			
Payment for property, plant and equipment		(381,655)	(247,118)
Receipt of Cash from merger with Bendigo Discovery Centre		17,802	0
Net Cash Inflow/(Outflow) from Investing Activities		<u>(363,853)</u>	<u>(247,118)</u>
Cash Flows from Financing Activities			
Payment for Investments		0	70,000
Repayment of borrowings		(55,423)	(52,217)
Net Cash Inflow/(Outflow) from Financing Activities		<u>(55,423)</u>	<u>17,783</u>
Net Increase/(Decrease) in Cash Held		<u>701,171</u>	<u>(38,155)</u>
Cash and Cash Equivalents at beginning of period		91,973	130,128
Cash and Cash Equivalents at end of period	4a	<u><u>793,144</u></u>	<u><u>91,973</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation – Statement of compliance: The financial statements are general purpose financial statements which has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations, the “Standards”) and the Corporations Act 2001. The Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. The entity is a not-for-profit entity and therefore applies the additional Aus paragraphs applicable to “not-for-profit” entities under the Standards.

The accounting policies set out below have been applied in preparing the financial report for the year ended 30 June 2010 and the comparative information presented in these financial statements for the year ended 30 June 2009.

(a) Going Concern

As at 30 June 2010, the Bendigo Trust (The Trust) had Equity, represented by Retained Earnings and Asset Revaluation Reserve, of \$3,707,123 (\$2,435,343 in 2009) and a working capital surplus of \$746,454 (Deficit of \$92,729 in 2009). The Trust Recorded a Net Result of \$1,210,455 for the year compared to a Net Deficit of (\$23,916) in 2009, with a positive Net Cash Flows from Operating Activities (also positive in 2009). Overall cash movement was an increase of \$701,171 (decrease of \$38,155 in 2009). The Net Result before Capital & Specific Items was \$602,851 (\$217,494 in 2009).

This continues the improvement of the financial viability of the Trust, due primarily to continued City of Greater Bendigo funding support. The Trust believes that there may be continued capital renewal commitments in the future arising from its use of assets that it operates on behalf of the City of Greater Bendigo but does not own. Accordingly, the continuing viability of the Trust and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Trust being successful in:

- continuing to achieve sufficient future cash flows from its operations, including ongoing Council and Government support, to enable its obligations to be met;
- obtaining additional funding, capital raising or donations; and/or
- continuing agreement with the City of Greater Bendigo in respect to maintenance, repair and replacement of its mine and tram infrastructure.

The Directors believe that The Trust will be successful in achieving the above objectives and accordingly have prepared the financial report on a going concern basis.

At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report as at 30 June 2010. Accordingly, no adjustments have been made to the financial report relating to the recoverability and the classification of the asset carrying amounts or the amounts and classifications of liabilities that might be necessary should the Trust not continue as a going concern.

(b) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash.

(c) Receivables

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where doubt as to collection exists. Bad debts are written off when identified.

Receivables are recognised initially at fair value and subsequently

measured at amortised cost, using the effective interest rate method, less any accumulated impairment.

(d) Financial Instruments

Initial Recognition of Measurement: Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Trust commits itself to either purchase or sell the asset (ie: trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified “at fair value through profit or loss” in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial assets at fair value through profit or loss

Financial assets are classified at ‘fair value through profit or loss’ when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The Trust has not held any financial assets at fair value through profit or loss in the current or comparative financial year.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments. The Trust has not held any held-to-maturity investments in the current or comparative financial year.

Available-for-sale investments

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by the board. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed determinable payments.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At each reporting date, the Trust assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

NOTES TO FINANCIAL STATEMENTS

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the Trust no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(e) Property, Plant and Equipment

Plant and Equipment are measured on a cost basis less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Trust to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values to determine recoverable amounts.

(f) Depreciation

Assets with a cost in excess of \$1,000 (2008/09 and 2009/10) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost over their estimated useful lives using the straight-line method. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually. Leasehold improvements are presented over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The following table indicates the expected useful lives of non current assets on which the depreciation charges are based.

Buildings	Up to 40 years
Tram Infrastructure	Up to 40 years
Tram Rolling Stock	Up to 5 years
Plant & Equipment	Up to 15 years

Residual values and useful lives of assets are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(g) Disposal on Non-Financial Assets

Any gain or loss of the sale of non-financial assets is recognised in the Statement of Comprehensive Income at the date that the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at the time.

Impairment of Non-Financial Assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment, except for:

- inventories
- assets arising from employee benefits
- financial instrument assets
- investment property that is measured at fair value
- non-current assets held for sale

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off as an expense except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced

unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

(h) Payables

These amounts consist predominantly of liabilities for goods and services.

Payables are initially recognised at fair value, then subsequently carried at amortised cost and represent liabilities for goods and services provided to The Bendigo Trust prior to the end of the financial year that are unpaid, and arise when The Bendigo Trust becomes obliged to make future payments in respect of the purchase of these goods and services.

The normal credit terms are usually Nett 30 days.

(i) Provisions

Provisions are recognised when the Trust has a present obligation, the future sacrifice of economic benefits is provable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(j) Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown exclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

(k) Employee Benefits

Wages and Salaries, Annual Leave and Accrued Days Off: Liabilities for wages and salaries, including non-monetary benefits, annual leave and accrued days off expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee's services up to the reporting date, classified as current liabilities and measured at nominal values.

Those liabilities that the association does not expect to settle within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long Service Leave

Current Liability — unconditional LSL (representing 10 or more years of continuous service) is disclosed as a current liability even where The Bendigo Trust Ltd. does not expect to settle the liability within 12 months as it does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- present value – component that The Bendigo Trust does not expect to settle within 12 months; and
- nominal value – component that The Bendigo Trust expects to settle within 12 months.

Non-Current Liability – conditional LSL (representing less than 10 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

NOTES TO FINANCIAL STATEMENTS

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates of Commonwealth Government guaranteed securities in Australia.

Superannuation

Contributions to employee superannuation plans are expensed when incurred.

(l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset or ownership over the term of the lease. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(m) Income Recognition

Income is recognised in accordance with AASB 118 Revenue and is recognised as to the extent it is earned. Unearned income at reporting date is reported as income received in advance. Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Sales of Goods & Admissions

Revenue from the sale of goods and admissions is recognised upon delivery of the goods and services to customers.

Government Grants

Grants are recognised as income when The Bendigo Trust gains control of the underlying assets in accordance with AASB 1004 Contributions. For reciprocal grants, The Bendigo Trust is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants, The Bendigo Trust is deemed to have assumed control when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Membership

Income from memberships is recognised upon receipt.

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield of the financial asset.

(n) Financial Asset Available-for-sale Revaluation Reserve

The available-for-sale revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued asset is sold that portion of the reserve which relates to that financial asset is effectively realised, and is recognised in the Statement of Comprehensive Income. Where a revalued financial asset is impaired that portion of the reserve which related to that financial asset is recognised in the Statement of Comprehensive Income.

(o) Income Tax

The Bendigo Trust is exempt from income tax under Section 50.10 of the Income Tax Assessment Act 1997 as amended.

(p) Net Result Before Capital & Specific Items

The subtotal entitled "Net Result Before Capital & Specific Items" is included in the Statement of Comprehensive Income to enhance the understanding of the financial performance of The Bendigo Trust. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, and items of unusual nature and amount such as specific revenues and expenses. The exclusion of these items are made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years. The Net Result Before Capital & Specific Items is used by the management of The Bendigo Trust, to measure the ongoing result of the entity. Capital and specific items, which are excluded from this sub-total comprise:

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Specific income/expense, comprises the following items, where material:
 - Voluntary departure packages
 - Write-down of inventory
 - Non-current asset revaluation increments/decrements
 - Diminution of investments
 - Restructuring of operations
 - Litigation settlements
 - Non-current assets lost or found
 - Forgiveness of loans
 - Reversals of provisions
 - Voluntary changes in accounting policies (which are not required by an accounting standard or other authoritative pronouncement of the Australian Accounting Standards Board)
- Impairment of non current assets, includes all impairment losses (and reversal of previous impairment losses), related to non current assets only which have been recognised
- Depreciation and amortisation
- Assets provided or received free of charge
- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold, or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the Statement of Financial Position, where funding for that expenditure is from capital purpose income

(q) Key Judgements

Other Financial Assets

The Bendigo Trust maintains a portfolio of securities with a carrying amount of \$95,888 at reporting date. The overall investment has declined in value by \$34,113. The Board believes this decline constitutes a significant or prolonged decline below cost at this stage and hence an impairment has been recognised.

(r) Adoption of New and Revised Accounting Standards

During the current year the Trust adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which become mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of The Bendigo Trust.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on The Trust's financial statements.

NOTES TO FINANCIAL STATEMENTS

Disclosure impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Statement of Comprehensive Income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the Statement of Comprehensive Income, or two statements, a separate income statement and a Statement of Comprehensive Income. The previous version of AASB 101 required that only the presentation of a single Income Statement.

The Trust's financial statements now contain a Statement of Comprehensive Income.

Other comprehensive income – The revised AASB 101 introduces the concept of 'other comprehensive income' which comprises of

income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the Statement of Comprehensive Income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

(s) New Accounting Standards and Interpretations

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting period. As at 30 June 2010, the following standards and interpretations had been issued but were not mandatory for the reporting period ending 30 June 2010. The Trust has not and does not intend to adopt these standards early.

Standard/Interpretation	Summary	Applicable for reporting periods beginning on or ending on	Impact on Association's Annual Statements
AASB 2009-5 Further amendments to Australian Accounting Standards arising from the annual improvements project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]	Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes.	Beginning on 1 January 2010	Terminology and editorial changes. Impacts minor.
AASB 2009-9 Amendments to Australian Accounting Standards - additional exemptions for first-time adopters [AASB 1]	Applies to Associations adopting Australian Accounting Standards for the first time, to ensure Associations will not face undue cost or effort in the transition process in particular situations.	Beginning on 1 January 2010	No impact. Relates only to first time adopters of Australian Accounting Standards.
AASB 124 Related party disclosures (Dec 2009)	Associations have been granted partial exemption with certain disclosure requirements.	Beginning on 1 January 2011	Preliminary assessment suggests that impact is insignificant. However, the Association is still assessing the detailed impact and whether to early adopt.
AASB 2009-14 Amendments to Australian Interpretation - Prepayments of a minimum funding requirement [AASB Interpretation 14]	Amendments to Interpretation 14 arising from the issuance of Prepayments of a minimum funding requirement.	Beginning on 1 January 2011	Expected to have no significant impact.
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial instruments: recognition and measurement (AASB 139 financial Instruments: recognition and measurement).	Beginning on 1 January 2013	Detail of impact is still being assessed.
AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This gives effect to consequential changes arising from the issuance of AASB 9).	Beginning on 1 January 2013	Detail of impact is still being assessed.

NOTES TO FINANCIAL STATEMENTS

NOTE 12: RELATED PARTIES (continued)

Type of Transaction	Related Party	Terms and Conditions	2010	2009
Corporate Sponsorship, Bank Charges & interest received, credit card purchases and Loan Repayments	Bendigo Bank	Normal commercial terms and conditions	\$(52,938)	\$(62,277)
Training (café tram & mine)	BRIT	Normal commercial terms and conditions	\$0	\$(180)
Victoria Hill Site & Joss House mgt, Insurance, rates, Grants, Loans and reimbursements and sponsorship.	City of Greater Bendigo	Normal commercial terms and conditions	\$645,156	\$578,924

- Mr Clive Walker is an employee of Bendigo Bank.
- Mr Lloyd Cameron is a director of BRIT.
- Cr James Reade was/is a councillor
- Mr David Wright and Mr Jos Duivenvoorden are employees of the City of Greater Bendigo.
These transactions occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing with the director or director-related entity at arm's length in the same circumstances.

NOTE 13: AUDITORS REMUNERATION

	2010	2009
	\$	\$
External Audit Services	7,400	5,030
Total Auditors Remuneration	7,400	5,030

NOTE 14: EQUITY

(a) Reserves		
<u>Property, Plant and Equipment Revaluation Reserve</u>		
	2010	2009
	\$	\$
Balance at beginning of reporting period	144,800	139,800
Revaluation Increment/ (Decrement)		
- Land	0	19,000
- Buildings	0	(14,000)
<i>Balance at end of reporting period</i>	144,800	144,800
 <u>Financial Assets Available for Sale Revaluation Reserve</u>		
Balance at beginning of reporting period	0	0
Valuation gain/(loss) recognised	9,683	(43,795)
Cumulative (gain)/loss transferred to Operating Statement on impairment of Financial Assets	(9,683)	43,795
<i>Balance at end of reporting period</i>	0	0
Total Reserves	144,800	144,800
 (b) Accumulated Surplus (Deficit)		
Balance at the beginning of the reporting period	2,290,543	2,314,459
Net result for the year	1,271,780	(23,916)
<i>Balance at the end of the reporting period</i>	3,562,323	2,290,543
 (c) Total Equity at end of financial year	3,707,123	2,435,343

NOTE 15: CONTINGENT ASSETS AND CONTINGENT LIABILITIES
On 30 June 2010 The Bendigo Trust and Bendigo Science & Technology Museum Inc merged. The agreement however allowed for the return of Fixed Assets at WDV to Bendigo Science & Technology Museum Inc at the end of the merger period being 30 June 2015. At 30 June 2010 this amount is \$552,400. There are no other known contingent assets or contingent liabilities at 30 June 2010.

NOTE 16: EVENTS SUBSEQUENT TO REPORTING DATE
There has been no material category of non-adjusting event after the reporting date.

NOTE 17: COMMITMENTS FOR EXPENDITURE
At balance date, The Bendigo Trust had no contracted Capital Commitments. There were no commitments for any contracted Operating Lease expenditure.

NOTE 18: FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies
The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Carrying Amount 2010	Carrying Amount 2009
<u>Financial Assets</u>		\$	\$
Cash and cash equivalents	4	793,144	91,973
Trade & other receivables		153,469	53,224
Other Financial Assets	6	95,888	86,205
Total Financial Assets		1,042,501	231,402
 <u>Financial Liabilities (at amortised cost)</u>			
Trade and other payables	8	285,795	96,425
Interest bearing liabilities	9	80,477	99,420
Total Financial Liabilities		366,272	195,845

Specific Financial Risk Exposures and Management
(a) Credit risk
Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to The Trust. The Trust does not have any material credit risk exposures.
Credit risk exposures: The maximum exposure to credit risk, by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. The Trust has no significant concentration of credit risk exposure to any single counterparty or group of counterparties.

(b) Liquidity Risk
Liquidity risk arises from the possibility that The Trust might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Trust manages this risk through the following mechanisms:
- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities; and
- only investing surplus cash with major financial institutions.
The table below discloses the contractual maturity analysis for The Trust's financial liabilities:

NOTES TO FINANCIAL STATEMENTS

NOTE 18: FINANCIAL INSTRUMENTS (continued)

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
<u>Financial Liabilities due for payment</u>								
Trade and Other Payables	285,795	96,425	0	0	0	0	285,795	96,425
Interest Bearing Liabilities	62,237	61,013	18,240	38,407	0	0	80,477	99,420
Total contractual outflows	348,032	157,438	18,240	38,407	0	0	366,272	195,845
Total expected outflows	348,032	157,438	18,240	38,407	0	0	366,272	195,845
 <u>Financial assets – Cash flow realisable</u>								
Cash and cash equivalents	793,144	91,973	0	0	0	0	793,144	91,973
Trade and Other Receivables	153,469	53,224	0	0	0	0	153,469	53,224
Other Financial assets	95,888	86,205	0	0	0	0	95,888	86,205
Total anticipated inflows	1,042,501	231,402	0	0	0	0	1,042,501	231,402
 Net (outflow)/inflow on financial instruments	694,469	73,964	(18,240)	(38,407)	0	0	676,229	35,557

(c) Market Risk
(i) Interest rate risk
The financial assets of The Trust are not exposed to any significant interest rate risk since cash balances are maintained at various fixed interest rates. Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that are used. The interest rate exposure on the debt portfolio is managed by appropriate budgeting strategies and by managing in accordance with target maturity profiles.

(ii) Price risk:
Price risk relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust is exposed to insignificant foreign currency risk and other price risks.

Sensitivity analysis
The following table illustrates sensitivities to The Trust's exposure to changes in interest rates. The table indicates the impact on how profit at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.
- A parallel shift of + 1% and -2% in market interest rates (AUD):

	Profit	Equity
	\$	\$
Year ended 30 June 2010		
+1% in interest rates	6,322	6,322
-2% in interest rates	(14,253)	(14,253)
 Year ended 30 June 2009		
+1% in interest rates	(74)	(74)
-2% in interest rates	149	149

No sensitivity analysis has been performed on foreign exchange risk as The Trust is not exposed to foreign currency fluctuations.

Net Fair Values
Fair value estimation:
The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying values as presented in the Statement of Financial Position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by The Trust. Most of these instruments which re carried at amortised cost (i.e. trade receivables, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to The Trust.

... See next page.

NOTES TO FINANCIAL STATEMENTS

	Net Carrying Amount 2010 \$	Net Fair Value 2010 \$	Net Carrying Amount 2009 \$	Net Fair Value 2009 \$
<i>Financial Assets</i>				
Cash and cash equivalents	793,144	793,144	91,973	91,973
Trade and other receivables	153,469	153,469	53,224	53,224
Other Financial Assets	95,888	95,888	86,205	86,205
Total Financial Assets	1,042,501	1,042,501	231,402	231,402
<i>Financial Liabilities</i>				
Trade & Other Payables	285,795	285,795	96,425	96,425
Interest Bearing Liabilities	80,477	80,477	99,420	99,420
Total Financial Liabilities	366,272	366,272	195,845	195,845

NOTE 19: SPECIFIC INCOME — DISCOVERY MERGER

On 30 June 2010, The Bendigo Trust and Bendigo Science & Technology Museum Inc were merged. The Net Assets of Bendigo Science & Technology Museum Inc are based on the following assets and liabilities in the accounts of the Science Centre at 30 June 2010. This merger was agreed to at a Board of Directors meeting dated 20 May 2010. The Net Assets were transferred to the Bendigo Trust, at 30 June 2010.

Assets	Note	\$
Cash		17,802
Receivables		33,785
Inventory		7,806
Fixed Assets at Fair Value		552,400
Total Assets		611,793
Liabilities		
Creditors		23,844
Borrowings		36,480
Employee entitlements		17,316
Total Liabilities		77,640
Fair Value of Assets contributed on Merger	2a	534,153

NOTE 20: CAPITAL GRANT

According to Australian Accounting Standard AASB 1004 Contributions, Government Grants are recognised as income when The Bendigo Trust gains control of the funding. During the year the Bendigo Trust received \$800,000 for funding of the Tram Depot upgrade project from the Federal Government.

At 30 June 2010, \$695,788 remains unspent. The underlying Net Result after adjusting for the unspent funds and the merger with Bendigo Science & Technology Museum Inc would be a deficit of \$19,486 represented as follows:

	\$
Reported Net Result	1,210,455
Less Income from Discovery Merger	(534,153)
Less Unspent funds	(695,788)
Underlying net result	(19,486)

NOTE 21: ENTITY DETAILS

The principal place of business is:
76 Violet Street
Bendigo
VIC 3550

DIRECTORS' DECLARATION

THE BENDIGO TRUST ABN 39 005 014 175 DIRECTORS' DECLARATION

The directors of The Bendigo Trust declare that:

- The financial statements and notes, as set out in previous pages are in accordance with the Corporations Act 2001 and:
 - comply with Accounting Standards and the Corporations Regulations 2001; and
 - give a true and fair view of the financial position as the 30 June 2010 and of the performance for the year ended on that date of the Trust;
- The Chief Executive Officer has declared that
 - the financial records of the company for the financial year have properly maintained in accordance with section 286 of the Corporations Act 2001;
 - the financial statements and notes for the financial year comply with the Accounting Standards; and
 - the financial statements and notes for the financial year give a true and fair view;
- In the Directors' opinion there are reasonable grounds to believe that the Trust will be able to pay its debts as when they become due and payable.

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



T G Seddon
Chief Executive Officer



L C Walker
Chairman, Finance & Audit Committee

Dated this 26th day of October, 2010

AUDITOR'S REPORT



Independent Audit Report to the Members of

THE BENDIGO TRUST

Report on the Financial Report

We have audited the accompanying financial report of The Bendigo Trust, which comprises the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, 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 control 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 control. 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.

BENDIGO
3 Kennedy Street, PO Box 1023, Bendigo VIC 3552
T - 03 5441 4866 • F - 03 5441 8654

ECHUCA
211 Anstruther Street, PO Box 336, Echuca VIC 3564
T - 03 5482 1198 • F - 03 5482 3488

www.evolveaccounting.com.au

AUDITOR'S REPORT


Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of The Bendigo Trust, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of The Bendigo Trust as at 30 June 2010, and its financial performance and cash flows for the year ended in accordance with the *Corporations Act 2001* and the Australian Accounting Standards (including the Australian Accounting Interpretations).

EVOLVE ACCOUNTING SOLUTIONS


Paul Best
Dated: 27th October 2010

©2010, The Bendigo Trust

Published by The Bendigo Trust
ABN 39 005 014 175

The Bendigo Trust is a not for profit company limited by guarantee. It is endorsed as a Tax Concession Charity and a Deductible Gift Recipient by the Australian Taxation Office.

Office: 76 Violet Street, Bendigo, Victoria 3550

Websites: www.bendigotrust.com.au
www.bendigotramways.com
www.central-deborah.com
www.discovery.asn.au

Email: office@bendigotrust.com.au
Telephone: (03) 54438117
Facsimile: (03) 5443 8341