



annual report **2012**

Sarina & District Community
Financial Services Limited

ABN 28 112 407 182

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Chairman's report

For year ending 30 June 2012

My report on behalf of the Board of Directors covers Sarina and District Community Financial Services Ltd activities from 1 July 2011 to 30 June 2012.

Business activity has been good and is a testament to the dedication of all of our staff and the leadership of our manager Roanna Brady. Banking business on the books has grown 20.8% and gross income has risen by 18.1% in comparison to the previous financial year. This has translated into \$81,007 profit after tax. Last financial year the figure was \$60,375 and the previous year was \$56,253.

However, these figures tell only a little of the real story of our business. Our business is set up to give a fair return to shareholders and to invest a large portion of our income share in grants and sponsorships to not for profit organisations. Our capacity to contribute to the sustainability and prosperity of our community has more than doubled. In 2011/12 we have made provision for future Community Grants for \$194,318. We have already paid out sponsorships and donations to local organisations of \$67,044.

This is a very gratifying result which is a combination of increasing support from existing and new customers and the exemplary efforts of our staff and Directors. Our actual figures have bettered budget targets. For example, gross income was 16.8% above budget and gross expenses were 5.45% under budget.

Our partnership with CQUniversity continues to develop with the awarding of our first scholarship to Jennifer Hickey. This scholarship has made a world of difference in enabling Jennifer to concentrate more fully on her studies. Jennifer also featured as first customer in the media coverage of the opening of our ATM at CQUniversity late March 2012. This is our first venture in expanding our footprint.

Young people and schools are a strong focus of our activity. Since opening in 2005 we have contributed nearly \$80,000 directly to local schools and youth groups. Some examples are:

- Chaplaincy – \$9,865 as well as a further partnership for \$15,000 spread over three years
- Healthy Breakfast Program at Sarina State School – \$1,390, complementing playground installation \$5,709
- More than \$25,000 to Sarina High School – canteen stove \$5,792, cattle yard \$7,526, work readiness program \$5,000, technology challenge \$2,000, awards nights, Motorworks etc
- Yr 7 Graduation – \$10,000
- Youth group \$2,000, Adventure Club \$2,000, Youth Kokoda Trail \$2,000.

This is apart from the substantial funds we have also been able to deploy to Safety House, Sarina Kindergarten, Lifesavers, Athletics Club, BMX, Skate Park concept design, Bowls Club, Golf Club, Soccer Club, Netball, Touch Football, Landcare and tertiary scholarships.

We would like to do more and see that the way ahead involves partnerships with the different levels of government, industry and other groups that provide leverage to our own funds.

As an example, community planning forums have expressed the need for the development of a high quality skate park facility in Sarina. Our pledge of \$30,000 immediately attracted service club support of \$40,000 which then enabled a credible approach to Mackay Regional Council which has committed \$100,000. This allows the project committee to approach other potential partners with confidence.

Similarly, our interest in supporting the “work readiness programme” at Sarina State High School resulted in partnering with BMC (BHP Billiton Metallurgical Coal). Partnering leverages our \$5,000 contribution to now deliver an outcome of two to three times that amount at the completion of the hands-on “Defensive Driving” component.

At the same time we have strongly supported shareholders during 2011/12 by declaring a dividend of 8 cents in the year. This is an increase from 7 cents the previous year.

Chairman's report (continued)

I would like to recognise the unflagging energy and expertise of company Secretary Lesley Ward and company Treasurer Rodney Nunn alongside that of all of our Directors. It was with regret that we accepted the resignations of Grants Program Director Margie Newport and Marketing Committee Director Paul Marshall due to their increased work commitments. We are in the process of recruiting new Directors and expect to fill positions before the end of the year.

Bendigo and Adelaide Bank are our business partners and provide all financial products and services, so customers of Sarina **Community Bank**[®] Branch are able to bank at any one of approximately 500 branches across Australia as well as free use of Suncorp ATMs. We are part of the fifth largest bank in Australia which has consistently surveyed top in customer service and Bendigo and Adelaide Bank also received a credit upgrade late 2011.

We look to the future with confidence. We do so in the expectation that our community will continue to support our efforts and recognise the mutual benefit of the **Community Bank**[®] model.

Yours faithfully,



Ralph Johnson
Chairman

Manager's report

For year ending 30 June 2012

To our shareholders and customers,

The sustainability and profitability of the branch has grown considerably despite an extremely challenging environment and added pressures of more staff changes. As of 30 June 2012, Sarina **Community Bank**[®] Branch holds a lending book of \$51.025 million and a deposit book of \$35.578 million, with our total business for the period of 2011/12 growing from \$85.7 million in the previous year to \$103.164 million, which is a remarkable achievement.

This phenomenal growth means two things to me:

1. We have increased significantly the amount of funds that we can return into the community,
2. Our community is proud of our achievements, believing in the benefits of our banking and consequently offering increased support.

Performance

I am proud to announce we settled a massive \$26.459 million in loans compared to \$12.717 million the previous year. It is amazing what our little branch can achieve with our community's support. We had the highest lending activity within our region of 10 branches over the past 12 months; an outstanding accomplishment for our branch. We also remain strong with our depositors managing to have had a further growth of \$3.5 million just in the last 12 months, which I am quite pleased with considering the unprecedented competitive dynamics we faced again over the past financial year. It was extremely rewarding for me to make known to our staff that all of our hard work did not go unnoticed when we were announced Branch of the Year, winning seven branch of the month awards. I was also proclaimed Manager of the Year, which was well deserved for some solid efforts over the past 12 months.

I strongly believe these results are due to our local community members telling their family, friends and work colleagues about the benefits of the **Community Bank**[®] concept. We are touching more and more people through our sponsorships and grants.

Our dedicated staff are following through by committing to our 100% customer service satisfaction rating. We are professionally committed to achieving an exceptional standard of customer satisfaction, customer advocacy, brand trust, sustainability and corporate responsibility.

Meet our team

- Roanna Brady – Full-time Branch Manager
- Kerry Usher – Full-time Customer Relationship Officer
- Tyson Limpus – Full-time Customer Service Officer
- Kim Ashford – Full-time Customer Service Officer
- Mary Blinco – Part-time Customer Service Officer
- Sandra Window – Casual Customer Service Officer
- Megan Gablonski – Casual Customer Service Officer

All of our staff are extremely passionate about our Sarina **Community Bank**[®] Branch and are quite proud to be advocates for the branch outside of their working hours. We all love to get involved in community events such as: Relay for Life, Sarina Show, Coal to Coast, Arts Extravaganza, even personally attending the Year 7 graduations at the end of the year. We are involved in so much more than just your banking.

Manager's report (continued)

Appreciation

This successful financial year was made possible by our shareholders and customers. Thank you for sharing your stories and continuing to bank with Sarina **Community Bank**[®] Branch. My commitment to you is and has been, that my team and I, will continue to greet you with a friendly smile and we will go the extra mile. We offer our exceptional service with competitive products and we stand by "what's good for you is good for our community".

This year I would like to personally thank and mention some remarkable individuals.

- Our dedicated Chairman, Ralph Johnson
I congratulate Ralph for not just his leadership and support to his Board of Directors and staff, but his ability to drive the branch into further success through his strategic vision of establishing some very valuable relationships. We now have a strong partnership with CQU and the Mackay Hospital Foundation who believe in our concept and will continue to work with us.
- Our Secretary and Treasurer
Lesley Ward and Rod Nunn both go above and beyond what is expected of them. Lesley's unrelenting passion striving for continued success within our branch and community. Rod's invaluable wealth of skills and knowledge has not gone unnoticed. He has been a tremendous support to my staff, the Board and myself.
- Also, our Regional Manger Geoff Power
Geoff has bought a wealth of experience to our region and has been a huge support to our branch. For a man who is time poor, he manages to visit Sarina regularly and take the time to have coffee with our valued customers.

Thank you to my team, past staff members, Directors and past Directors who all contributed to our success. All of our hard work has resulted in our branch becoming even more successful than ever.

Over the past 4 years of working for Sarina **Community Bank**[®] Branch I have seen the words "Community" and "Bank" become one. Our success is a true indication that our community believes in our **Community Bank**[®] branch. We are seeing some real benefits and with the support we are getting from you, our shareholders and customers, the possibilities are endless.



Roanna Brady
Branch Manager

Secretary's report

For year ending 30 June 2012

It is with great pleasure that I provide the following Secretary's report. Most people are now aware that the company Secretary is responsible for the overall governance of the community company and also the compliance and reporting to relevant bodies such as ASIC (Australian Securities and Investment Commission) and the NSX (National Stock Exchange) as we are a listed company.

In January 2012 the company transferred to the NSX due to the Bendigo Stock Exchange ceasing to operate. The implementation of good governance practices in our **Community Bank**[®] branch has resulted in a continual improvement in the management of Board processes and the transparency of governance to shareholders.

Over the past year my role has encompassed the following:

- The overall management of Board processes.
- Ensuring members' and Directors' meetings are properly called and held.
- Provision of agenda's for general meetings and Directors' meetings.
- Providing minutes of meetings.
- Ensuring records of members' and Directors' meetings are kept in compliance with the Corporations Act and our own constitution.
- Ensuring legal requirements with ASIC and other various regulations are met.
- Ensuring that the continuous disclosure rules of the NSX are met.
- Ensuring that any Directors' interests or conflicts of interest are recorded as stated at Directors' meetings.

As you are aware from the Annual Report, Directors' meetings are held each month and may be called more often if required for special issues. Our experience has been that the company's business has been adequately dealt with at monthly Directors' meetings.

The Share Registry

In March 2009, the Directors accepted the offer of Sharedata Pty Ltd to maintain the Share Registry of the company and provide any new share certificates required. Sharedata Pty Ltd maintains the registry in full accordance with the NSX requirements. The Board is satisfied that Sharedata Pty Ltd manages this process in an independent and professional manner.

Shareholder information

The Company intends to distribute dividend payment via direct credit to your nominated bank account. If this information has not been provided you should complete the required form and forwarded to Sharedata Pty Ltd, or via Sarina **Community Bank**[®] Branch staff as a matter of urgency. When changing any of your details like address, banking or tax file number details you should advise the Share Registry or the branch staff. By not declaring your tax file number to the share registry they must retain 46.5% of the dividend which is then forwarded to the Australian Taxation Office.

ShareData Pty Ltd

ATF ShareData Trust
PO Box 269, St. Agnes SA 5097
Phone: (08) 8395 2308 Mobile: 0418 892 544 Fax: (08) 8396 4490
Email: info@sharedata.com.au Web: www.sharedata.com.au

Secretary's report (continued)

Trading shares in Sarina & District Community Financial Services Limited

In order to trade shares, shareholders will need to contact a stock broker that is approved/registered with the NSX. Once you are a registered client, it is a relatively easy matter to sell or purchase shares on the NSX, subject to there being buyers and sellers available. The NSX have a number of listed brokers. All stock brokers listed in the local Mackay yellow pages operate on the NSX.

When looking to sell your shares it is important to remember you must have a share certificate.

It is also easy to monitor the shares and other information by visiting the NSX website (nsxa.com.au) in the "market data" box type in SDC which is the code for Sarina & District Community Financial Services Limited.

Company Auditor

The company since commencement in 2005 appointed AFS & Associates as company Auditor conducting half yearly and end of financial year audits. AFS & Associates also act in a capacity as accountants to the community company. The Board is satisfied that AFS & Associates manage this process in an independent and professional way. Control of our expenditure and paying all our accounts are locally controlled.

Registered office of Sarina & District Community Financial Services Limited

The registered office of the company is 37 Broad Street, Sarina QLD 4737.



Lesley Ward
Director/Company Secretary

Marketing committee report

For year ending 30 June 2012

This has been a very rewarding and challenging year full of non-stop activities. We are continually developing and strengthening partnerships with large and small organizations lodging requests for new and continuing sponsorships and grants.

Seeing first hand the benefits and improved outcomes for our not-for-profit organizations rewards all of our hard work. Like us they are volunteers and some have struggled to find support for many years or have been declined a grant from other establishments. We are being given the ability to make projects real and see results.

We have a very dedicated committee working extremely hard streamlining our day-to-day processes to ensure our marketing tasks are completed efficiently and documented accordingly. A new look budget and other spreadsheets have been created and implemented to ensure all tasks are being completed and achieving the desired outcomes.

If you are interested in being involved on our Marketing committee and don't know what it is about, this is it in a simple terms:

- The Marketing committee is the vehicle, which enables the business to function efficiently in relation to our promotions, sponsorships and grants.
- As we expand this business, we can return more profits into our local community.
- We promote the business through many ways such as radio, newspaper and increasing internet exposure and networking.
- We create and use different types of signage and promotional material at various positions throughout the Sarina district.
- But most importantly we ensure that we build relationships with our sponsorship and grant recipients, as it is paramount that we are in touch with our community members and local groups.
- We are finding that the most powerful messages come when we get others to tell their stories and in the process tell ours. It has an exceptional form of credibility.

We are in the process of becoming a part of a Collaborative Marketing Initiative Fund in conjunction with Bendigo and Adelaide Bank and the other **Community Bank**[®] branches in Queensland. Regional groups should have more leverage focusing on important local marketing and advertising campaigns.

Our 2011/12 grants program supported Sarina RSL, Sarina State High School, Sarina Hospital, Sarina Aged Residential Home, Mudith-Niyeta A & TS Corp, Meals on Wheels, Sarina Golf Club, Wongabeena, Coalport Community & Recreational Assn; Sarina County Music Assn; Sarina Surf Lifesaving Club, Cliftonville Rural Fire Brigade and Sarina Skate Park. Total grants given were \$60,507.

There are too many sponsorships to mention all. Many are on-going from previous years' sponsorships such as Sarina Coal to Coast Festival, Sarina State High School Technology Challenge, Sarina Chaplaincy, Sarina Bowls Club, a bank account to graduating Year 7 students in our region, Sarina Athletes Club, Arts Extravaganza, Sarina Golf Club, Sarina Police Charity Day, and Anzac Day Veterans Luncheon. Some of the new sponsorships are the Sarina Soccer Club, Sarina BMX, Grasstree Beach Fitness Equipment, Focus on Sarina Promotion, Sarina Youth Adventure Club and Sarina Youth Club.

One of our successes this year has been obtaining the major sponsor and "Naming Rights" to the Sarina Show. Sponsorships and donations for this year total \$67,044.

Donations can only be given to recipients with Deduction Gift Recipient approved by the Australian Taxation Office. This year we donated \$13,500 to the Sarina Hospital for the purchase of a Palliative Care bed.

Marketing committee report (continued)

It has been a challenging year in that our committee numbers were reduced this year and the workload ever increasing, but none-the-less immensely satisfying. A lot of fun, laughter and comradeship came along the way. We welcome any local community members who would be interested in joining our team to approach any Director of the Board or myself.

I would like to give thanks to all those involved with the committee for all your tireless work. A special mention and thank-you to Lesley Ward our invaluable Secretary, a truly dedicated individual and one who wears many hats in this company. Also, on behalf of my team I would like to say a big thank-you to the shareholders and to our customers, as without you none of this would be possible.

We do hope that you see the benefits of banking with us and are proud of your contribution back to the Sarina community.



Christina Brady
Director/Chair Marketing committee

Directors' report

For the financial year ended 30 June 2012

Your directors submit the financial statements of the company for the financial year ended 30 June 2012.

Directors

The names and details of the company's directors who held office during or since the end of the financial year:

Ralph Godschall Johnson

Chairman

Age: 57

Medical Education Officer

Bachelor of Education, Commissioner for Declaration, active in Rotary Club and on Management Committee of Sarina Aged Residential Home.

Interest in shares: 15,001

Sonja Synnove Solli

Director

Age: 64

Retired Primary Teacher

Long term resident of Sarina. Involved in a number of voluntary activities and community organisations such as Girl Guides, the Anglican Church, G.F.S Leader and Parents and Citizens Association.

Interests in shares: 5,000

Christina Mary Brady

Director

Age: 56

Registered Nurse and Cane Farmer

Business operator with experience in community involvement including 5 years involvement with Sarina Swimming Club.

Interests in shares: Nil

Dr. Natasja Steenkamp

Director

Age: 49

Senior lecturer, CQ University

Senior lecturer in accounting CQ University, Mackay campus. Academic involvement in New Zealand for 11 years and South Africa for 6 years. Manager of National Technical department for PWC and KPMG.

Interest in shares: Nil

Lesley Christine Ward

Secretary

Age: 62

Business Owner

Owner manager of a local jewellery business. Resides of more than ten years with extensive community voluntary work including voluntary Executive Secretary of Sarina Tourist Art & Craft Centre and voluntary LifeLine councillor.

Interests in shares: 1,001

Rodney David Nunn

Treasurer

Age: 66

Retired ex-Queensland Public Service

Extensive experience in Public Service in the area of commercial law and accounting.

Interests in shares: 1,251

Debra Mary Rhule

Director

Committee

Age: 59

Retired creditor and rates clerk for Sarina Shire Council pre amalgamation. Life long Sarina resident. Currently treasurer of Fibre Arts Group past president

Interest in shares: Nil

Paul John Marshall (Resigned 24 November 2011)

Director

Age: 47

Operational Planner

Fundraiser and participant in annual SIDS 2WD Adventure Trek. Involved in Supply Chain Coal Logistics for 19 years; both rail and port operations.

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Margaret Maria Newport (Resigned 24 November 2011)

Director

Age: 53

Counsellor/Educator

Partner in family electrical business

Interest in shares: 500

Directors were in office for this entire year unless otherwise stated.

No directors have material interests in contracts or proposed contracts with the company.

Company Secretary

The company secretary is Lesley Christine Ward. She was appointed to the position of secretary on 14 January 2005. Lesley has extensive experience in retail management.

Principal Activities

The principal activities of the company during the course of the financial year were in facilitating **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Operating Results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

	Year ended 30 June 2012 \$	Year ended 30 June 2011 \$
	81,007	60,375

Remuneration Report

No Director of the Company receives any remuneration for services as a Company Director or receives any remuneration directly or indirectly for any other purpose associated with the company.

The Branch Manager attends all Board meetings and presents a full report to the Board of Directors. The Branch Manager advises the Directors on a number of issues but does not have any voting rights. She is also a member of sub-committees, being the Marketing Committee and the Grants Committee.

The Branch Manager is employed by Bendigo and Adelaide Bank Limited, with her services seconded to Sarina and District Community Financial Services Limited. She is employed on a contract which is in line with the standard remuneration levels applicable to Bendigo and Adelaide Bank Limited staff in similar roles.

Dividends	Year Ended 30 June 2012	
	Cents	\$
Final dividends recommended:	8	57,609

Directors' report (continued)

Significant Changes in the State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Matters Subsequent to the End of the Financial Year

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

Likely Developments

The company will continue its policy of facilitating banking services to the community.

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors' Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Indemnification and Insurance of Directors and Officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability 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.

Directors' Meetings

The number of directors' meetings attended by each of the directors of the company during the year were:

Director	Board Meetings Attended		Committee Meetings Attended			
	Eligible	Attended	Audit		Marketing	
			Eligible	Attended	Eligible	Attended
Ralph Godschall Johnson	11	10	-	-	-	-
Lesley Christine Ward	11	11	-	-	8	8
Rodney David Nunn	11	11	-	-	-	-
Sonja Synnove Solli	11	9	5	5	-	-
Christina Mary Brady	11	9	2	2	8	6
Debra Mary Rhule	11	9	5	5	-	-
Dr. Natasja Steenkamp	11	7	-	-	-	-
Paul John Marshall (Resigned 24 November 2011)	5	2	-	-	3	3
Margaret Maria Newport (Resigned 24 November 2011)	5	3	-	-	-	-

Directors' report (continued)

Non Audit Services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 16.

Signed in accordance with a resolution of the board of directors at Sarina, Queensland on 14 August 2012.



Rodney David Nunn, Director/Treasurer



Lesley Christine Ward, Director/Secretary

Auditor's independence declaration



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Sarina and District Community Financial Services Limited

I declare, that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.



Graeme Stewart
Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 7 August 2012

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Financial statements

Statement of Comprehensive Income for the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
Revenues from ordinary activities	4	980,231	819,298
Employee benefits expense		(329,598)	(350,995)
Charitable donations, sponsorship, advertising and promotion		(311,038)	(155,688)
Occupancy and associated costs		(65,900)	(67,383)
Systems costs		(22,385)	(21,844)
Depreciation and amortisation expense	5	(24,472)	(24,998)
General administration expenses		(114,614)	(108,640)
Profit before income tax expense		112,224	89,750
Income tax expense	6	(31,217)	(29,375)
Profit after income tax expense		81,007	60,375
Total comprehensive income for the year		81,007	60,375
Earnings per share (cents per share)		c	c
- basic for profit for the year	21	11.25	8.38

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2012

	Note	2012 \$	2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	277,905	265,814
Trade and other receivables	8	90,322	30,028
Total Current Assets		368,227	295,842
Non-Current Assets			
Property, plant and equipment	9	119,942	123,204
Intangible assets	10	41,851	55,801
Deferred tax assets	11	-	15,354
Total Non-Current Assets		161,793	194,359
Total Assets		530,020	490,201
LIABILITIES			
Current Liabilities			
Trade and other payables	12	7,538	3,300
Income Tax Payable	11	10,365	-
Deferred Tax Liability	11	1,817	-
Total Liabilities		19,720	3,300
Net Assets		510,300	486,901
Equity			
Issued capital	13	688,018	688,018
Accumulated losses	14	(177,718)	(201,117)
Total Equity		510,300	486,901

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the Year Ended 30 June 2012

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2010	688,018	(211,084)	476,934
Total comprehensive income for the year	-	60,375	60,375
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(50,408)	(50,408)
Balance at 30 June 2011	688,018	(201,117)	486,901
Balance at 1 July 2011	688,018	(201,117)	486,901
Total comprehensive income for the year	-	81,007	81,007
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(57,608)	(57,608)
Balance at 30 June 2012	688,018	(177,718)	510,300

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cashflows for the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
Cash Flows From Operating Activities			
Receipts from customers		1,002,127	885,710
Payments to suppliers and employees		(921,963)	(771,258)
Interest received		12,658	9,689
Income Taxes Paid		(15,863)	-
Net cash provided by operating activities	15	76,959	124,141
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(7,260)	(7,171)
Net cash used in investing activities		(7,260)	(7,171)
Cash Flows From Financing Activities			
Dividends paid		(57,608)	(50,408)
Net cash used in financing activities		(57,608)	(50,408)
Net increase in cash held		12,091	66,562
Cash and cash equivalents at the beginning of the financial year		265,814	199,252
Cash and cash equivalents at the end of the financial year	7(a)	277,905	265,814

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Boards and the Corporations Act 2001. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

Where required by Australian Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Adoption of new and revised Accounting Standards

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. The adoption of the revised AASB 124 Related Party Disclosures has not resulted in the disclosure of any additional related party transactions in the current period or any prior period and is not likely to affect future periods. The adoption of AASB 1054 Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project have not affected the disclosure of any items in the financial statements.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2011.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branch at Sarina, Queensland.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name “Bendigo Bank” and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank**[®] branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**[®] branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank**[®] branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branch;
- training for the branch manager and other employees in banking, management systems and interface protocol;
- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business (ie ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

b) Revenue (continued)

Revenue calculation (continued)

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (ie 'commission business'). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank**[®] partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank**[®] companies remain balanced.

The third source of revenue is a proportion of the fees and charges (ie, what are commonly referred to as 'bank fees and charges') charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

c) Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company entity intends to settle its tax assets and liabilities on a net basis.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

c) Income Tax (continued)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

d) Employee Entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

e) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

f) Trade Receivables and Payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

g) Property, Plant and Equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements 40 years
- plant and equipment 2.5 - 40 years
- furniture and fittings 4 - 40 years

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment Terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

j) Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

k) Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

(i) 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 using the effective interest rate method.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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 company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts 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 the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. 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) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

n) Contributed Equity

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

o) Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Notes to the financial statements (continued)

Note 2. Financial Risk Management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the board of directors.

(i) Market risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(vi) Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the balance sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the distribution limit.

(i) the distribution limit is the greater of:

(a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period; and

(ii) the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

Notes to the financial statements (continued)

Note 2. Financial Risk Management (continued)

(vi) Capital management (continued)

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2012 can be seen in the statement of comprehensive income.

There were no changes in the company's approach to capital management during the year.

Note 3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Notes to the financial statements (continued)

Note 3. Critical Accounting Estimates and Judgements (continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 4. Revenue from Ordinary Activities		
Operating activities:		
- services commissions	967,573	809,609
- other revenue	-	-
Total revenue from operating activities	967,573	809,609
Non-operating activities:		
- interest received	12,658	9,689
Total revenue from non-operating activities	12,658	9,689
Total revenues from ordinary activities	980,231	819,298

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	3,413	2,945
- leasehold improvements	7,109	13,885

Amortisation of non-current assets:

- franchise agreement	13,950	8,168
	24,472	24,998
Bad debts	1,512	1,647

Note 6. Income Tax Expense

The components of tax expense comprise:

- Current tax	16,496	-
- Adjustment to tax expense of prior years	(2,450)	-
- Future income tax benefit attributed to losses	-	-
- Movement in deferred tax	(1,202)	1,382
- Recoup of prior year tax loss	18,373	27,993
	31,217	29,375

Notes to the financial statements (continued)

	Note	2012 \$	2011 \$
Note 6. Income Tax Expense (continued)			
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit		112,224	89,750
Prima facie tax on profit from ordinary activities at 30%		33,667	26,925
Add tax effect of:			
- non-deductible expenses		-	2,450
- timing difference expenses		1,202	(1,382)
- other deductible expenses		-	-
		34,869	27,993
Movement in deferred tax	11	(1,202)	1,382
Under/(Over) provision of income tax in the prior year		(2,450)	-
		31,217	29,375

Note 7. Cash and Cash Equivalents

Cash at bank and on hand	36,804	6,713
Term deposits	241,101	259,101
	277,905	265,814

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

Note 7.(a) Reconciliation of cash

Cash at bank and on hand	36,804	6,713
Term deposits	241,101	259,101
	277,905	265,814

Note 8. Trade and Other Receivables

Trade receivables	84,266	17,314
Other receivables and accruals	3,325	5,664
Prepayments	2,731	7,050
	90,322	30,028

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 9. Property, Plant and Equipment		
Plant and equipment		
At cost	50,234	47,528
Less accumulated depreciation	(28,026)	(24,613)
	22,208	22,915
Leasehold improvements		
At cost	159,419	154,865
Less accumulated depreciation	(61,685)	(54,576)
	97,734	100,289
Total written down amount	119,942	123,204
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	22,915	18,689
Additions	2,706	7,171
Disposals	-	-
Less: depreciation expense	(3,413)	(2,945)
Carrying amount at end	22,208	22,915
Leasehold improvements		
Carrying amount at beginning	100,289	108,392
Additions	4,554	-
Disposals	-	-
Less: depreciation expense	(7,109)	(8,103)
Carrying amount at end	97,734	100,289
Total written down amount	119,942	123,204

Note 10. Intangible Assets

Franchise fee

At cost	71,625	71,625
Less: accumulated amortisation	(64,650)	(62,325)
	6,975	9,300

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 10. Intangible Assets (continued)		
Renewal processing fee		
At cost	58,126	58,126
Less: accumulated amortisation	(23,250)	(11,625)
	34,876	46,501
Total written down amount	41,851	55,801

Note 11. Tax

Current:

Income tax payable/(refundable)	10,365	-
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Non-Current:

Deferred tax assets

- accruals	-	-
- tax losses carried forward	-	18,373
	-	18,373

Deferred tax liability

- accruals	(998)	(904)
- deductible prepayments	(819)	(2,115)
	(1,817)	(3,019)

Net deferred tax asset	1,817	15,354
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Movement in deferred tax charged to statement of comprehensive income	(1,202)	1,382
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Note 12. Trade and Other Payables

Trade creditors	4,238	-
Other creditors and accruals	3,300	3,300
	7,538	3,300

Note 13. Contributed Equity

720,109 Ordinary shares fully paid (2011: 720,109)	720,109	720,109
Less: equity raising expenses	(32,091)	(32,091)
	688,018	688,018

Notes to the financial statements (continued)

Note 13. Contributed Equity (continued)

Rights attached to shares

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank®** have the same ability to influence the operation of the company.

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

Notes to the financial statements (continued)

Note 13. Contributed Equity (continued)

Prohibited shareholding interest (continued)

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

	2012	2011
	\$	\$
Note 14. Accumulated Losses		
Balance at the beginning of the financial year	(201,117)	(211,084)
Net profit from ordinary activities after income tax	81,007	60,375
Dividends paid or provided for	(57,608)	(50,408)
Balance at the end of the financial year	(177,718)	(201,117)

Note 15. Statement of Cashflows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	81,007	60,375
Non cash items:		
- depreciation	10,522	16,830
- amortisation	13,950	8,168
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(60,294)	9,393
- decrease in other assets	15,354	29,375
- increase in payables	16,420	-
Net cashflows provided by operating activities	76,959	124,141

Note 16. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments		
- not later than 12 months	32,778	32,357
- between 12 months and 5 years	57,362	88,983
- greater than 5 years	-	-
	90,140	121,340

Notes to the financial statements (continued)

	2012	2011
	\$	\$
Note 17. Auditors' Remuneration		
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	4,500	4,500
- non audit services	2,330	1,488
	6,830	5,988

Note 18. Director and Related Party Disclosures

The names of directors who have held office during the financial year are:

Ralph Godschall Johnson
 Lesley Christine Ward
 Rodney David Nunn
 Sonja Synnove Solli
 Christina Mary Brady
 Debra Mary Rhule
 Dr. Natasja Steenkamp
 Paul John Marshall (Resigned 24 November 2011)
 Margaret Maria Newport (Resigned 24 November 2011)

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

Directors' Shareholdings	2012	2011
Ralph Godschall Johnson	15,001	15,001
Lesley Christine Ward	1,001	1,001
Rodney David Nunn	1,251	1,251
Sonja Synnove Solli	5,000	5,000
Christina Mary Brady	-	-
Debra Mary Rhule	-	-
Dr. Natasja Steenkamp	-	-
Paul John Marshall (Resigned 24 November 2011)	-	-
Margaret Maria Newport (Resigned 24 November 2011)	500	500

There was no movement in directors' shareholdings during the year.

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 19. Dividends Paid or Provided		
a. Dividends paid during the year		
Current year final dividend		
Unfranked dividend - 8 cents (2011: 7 cents) per share	57,609	50,408
b. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	3,681	-
- franking credits that will arise from payment of income tax payable as at the end of the financial year	10,365	-
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	14,046	-
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	14,046	-

Note 20. Key Management Personnel Disclosures

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

	2012 \$	2011 \$
Note 21. Earnings Per Share		
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	81,007	60,375
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	720,109	720,109

Note 22. Events Occurring After the Balance Sheet Date

There have been no events after the end of the financial year that would materially affect the financial statements.

Notes to the financial statements (continued)

Note 23. Contingent Liabilities

There were no contingent liabilities at the date of this report to affect the financial statements.

Note 24. Segment Reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services in Sarina and surrounding districts in Queensland pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 25. Registered Office/Principal Place of Business

The registered office and principal place of business is:

Registered Office	Principal Place of Business
37 Broad Street	37 Broad Street
Sarina QLD 4737	Sarina QLD 4737

Note 26. Financial Instruments

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest Rate Risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 %	2011 %
Financial Assets												
Cash and cash equivalents	36,244	6,713	241,101	259,101	-	-	-	-	-	-	3.51	4.12
Receivables	-	-	-	-	-	-	-	-	842,667	19,966	N/A	N/A
Financial Liabilities												
Payables	-	-	-	-	-	-	-	-	19,103	3,300	N/A	N/A

Directors' declaration

In accordance with a resolution of the directors of Sarina and District Community Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.



Rodney David Nunn, Director/Treasurer



Lesley Christine Ward, Director/Secretary

Signed on the 14th of August 2012.

Independent audit report



Independent auditor's report to the members of Sarina and District Community Financial Services Limited

Report on the financial report

We have audited the accompanying financial report of Sarina and District Community Financial Services Limited, which comprises the balance sheet as at 30 June 2012, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, 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 presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and 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 fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the 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. These auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our 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, we consider internal controls relevant to the entity's preparation and 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

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Independent audit report (continued)

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. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's opinion on the financial report

In our opinion:


- 1) The financial report of Sarina and District Community Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2012 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
- 2) The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Sarina and District Community Financial Services Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.



Graeme Stewart
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 7 August 2012

NSX report

NSX Information

In accordance with National Stock Exchange listing rules the company provides the following additional information as at 31 August 2012.

A. Distribution of equity securities

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shares held
1 to 1,000	283
1,001 to 5,000	112
5,001 to 10,000	13
10,001 to 100,000	7
Total shareholders	415

B. Fifteen largest shareholders

Shareholder	Number of fully paid shares held	Percentage of issued capital
Ms Helen Dixon	25,000	3.47
Mr. Laurence Wayne Dixon	25,000	3.47
Mrs. Catherine Stewart Hutton	20,000	2.78
Mr. Ralph Johnson & Mrs Suzanne Johnson	15,001	2.08
Winpar Holdings Limited	12,900	1.79
Mr. Gary Neil Loadsman	10,500	1.46
Barco Superannuation Fund	10,001	1.39
Callander Superannuation Fund	10,000	1.39
Mrs. P Holdsworth	10,000	1.39
Mr. Paul Bennett & Mrs. Francine Bennett	10,000	1.39
Mr. David Dunn & Mrs Joan I Dunn	10,000	1.39
Mr Eric M Zunker & Mrs Laura M Zunker	10,000	1.39
Mr Keith A McDonald	10,000	1.39
Mr Alexander R McFadzen	10,000	1.39
Mr Dario J Bella	7,000	0.97
Total	195,402	27.21
Total shares issued	720,109	100

NSX report (continued)

C. Voting rights

Each of the above shareholders is entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holdings more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions of the company.

There are 181 shareholders holding less than the marketable parcel of shares (\$500 in market value). This is based on last sale price of \$0.71 per share. Their holdings total 55,601 shares.

There are no restricted securities on issue.

All shares on issue are ordinary share fully paid to \$1 per share. There are no unquoted equity securities.

D. Registered offices and principle administrative office

The registered office of the company is located at:

37 Broad Street,
Sarina QLD 4737
Phone: (07) 4943 2634

The principle administrative and business office of the company is located at:

37 Broad Street,
Sarina QLD 4737
Phone: (07) 4943 2634

E. Security register

The security register (share register) is kept at:

Sharedata Pty Ltd
PO Box 298,
St. Agnes SA 5097
Phone: (08) 8395 2308
Email info@sharedata.com.au

F. Corporate governance statement

The Board guides and monitors the business and affairs of the shareholders to whom they are accountable.

The Board has completed a set of policies and procedures that will govern our Company in the future.

The Board meets at least monthly and follows a meeting guideline. All Directors are made aware of agenda items and have availability to all necessary information in advance, to participate in informed discussion and decision-making.

Any Director or any person at a Board sub-committee must declare any conflict of interest and not participate in discussion and decision-making.

G. Other information

Please refer to the Annual Report, for details of the Company Secretary and Directors.

There are no material differences between the information in the Company's Preliminary Final Report and the information in the financial documents in this Annual Report.

Vision

“Growing your bank, growing your community, succeeding together”

Sarina **Community Bank**[®] Branch
37 Broad Street, Sarina QLD 4737
Phone: (07) 4943 2634 Fax: (07) 4943 2637



Franchisee:
Sarina & District Community Financial Services Limited
37 Broad Street, Sarina QLD 4737
Phone: (07) 4943 2634 Fax: (07) 4943 2637
ABN: 28 112 407 182
Email: sarina@bendigobank.com.au
www.bendigobank.com.au/sarina