

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 094 412 932

Financial report for the year ended 30 June 2011

C O N T E N T S

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*This is annexure A of 37 pages referred
to in Form 388: Copy of financial
statements and reports*



Director

Dated this 19th day of OCTOBER 2011

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

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Financial report for the year ended 30 June 2011

DIRECTORS' REPORT

Your Directors present their report, together with the financial statements of the Company for the financial year ended 30 June 2011.

Directors

The names of Directors in office at any time during or since the end of the year are:

Nicholas Catania

Position: Chairperson
Occupation: Business consultant
Background Information: Degree in Economics and Management. Former member of Parliament for a number of economic portfolios. Worked or lived in the North Perth area for more than 32 years. Mayor of the City of Vincent. Justice of the Peace and Chairman of Local Government Super Plan.
Interest in shares and options: 1,500 shares

Ian Wesley Crawford

Position: Non-Executive Director
Occupation: Pharmacist
Background Information: Pharmacist in North Perth for more than 35 years. Justice of the Peace.
Interest in shares and options: 5,000 shares

Sam Aldo De Vita

Position: Non-Executive Director
Occupation: Lawyer
Background Information: Barrister and Solicitor of the Supreme Court of WA, High Court of Australia and Federal Court of Australia since 1993. He is a Director of De Vita & Dixon Lawyers.
Interest in shares and options: 7,000 shares

Gregory Hutchison

Position: Non-Executive Director
Occupation: Physiotherapist
Background Information: Physiotherapist with over 15 years experience whom owns and operates several physiotherapy outlets in Perth under the name Advanced Physiotherapy Service with Head Office at 433-435 Fitzgerald Street, North Perth.
Interest in shares and options: -

James Peter De Leo

Position: Non-Executive Director
Occupation: Local Business Manager
Background Information: Degree in Management and Business and Degree in Politics Science. Currently studying Masters of Strategic Affairs at the Australian National University Canberra. Marketing Manager of Piconeri Wholesalers Pty Limited.
Interest in shares and options: 1,000 shares

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James John Burns

Position: Non-Executive Director
Occupation: Real estate agent
Background Information: Principal of J J Burns (Real Estate) in North Perth since 1974. Life member of Mt Lawley Society and founding member of the North Perth Society. Resident of the City of Vincent for over 35 years.
Interest in shares and options: 11,500 shares

Isidoro Messina

Position: Non-Executive Director
Occupation: Company Director
Background Information: Isidoro Messina is a Company director of his family's business.
Interest in shares and options: 2,500 shares

Carlo Pennone

Position: Non-Executive Director
Occupation: Business consultant and volunteer
Background Information: Consultant and volunteer who actively assists Italian pensioners with their associated pension paper work for both Italian and Australian entitled pensions. Recently became a Justice of the Peace.
Interest in shares and options: 2,000 shares

Company Secretary

Ian Wesley Crawford

Directors meetings attended

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each Director during the year were as follows:

| Names of Directors | Directors' Meetings | |
|---------------------|---------------------------|-----------------|
| | Number eligible to attend | Number attended |
| Nicholas Catania | 12 | 12 |
| Ian Wesley Crawford | 12 | 11 |
| James John Burns | 12 | 10 |
| James Peter De Leo | 12 | 5 |
| Sam De Vita | 12 | 6 |
| Isidoro Messina | 12 | 7 |
| Gregory Hutchison | 12 | 11 |
| Carlo Pennone | 12 | 7 |

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

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Financial report for the year ended 30 June 2011

Principal activity and review of operations

The principal activity and focus of the Company's operations during the year was the operation of a Branch of Bendigo and Adelaide Bank Limited, pursuant to a franchise agreement.

Operating results

The profit of the Company after providing for income tax amounted to \$470,967.

Dividends paid or recommended

The Company paid dividends of \$50,200 during the year.

Financial position

The net assets of the Company have increased from \$1,540,732 as at 30 June 2010 to \$1,911,297 as at 30 June 2011.

The directors believe the Company is in a stable financial position.

Significant changes in 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 these financial statements.

After balance date events

No matters or circumstances have arisen since the end of the financial year that 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 financial years.

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company. Planning for second Branch in Osborne Park.

Options

No options over issued shares or interests in the Company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

Indemnifying officers or auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an officer, but not an auditor, of the Company. The insurance contract prohibits disclosure of any details of the cover.

Environmental issues

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

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

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Corporate governance

The Company has implemented various corporate governance practices, which include:

- a) Director approval of operating budgets and monitoring of progress against these budgets;
- b) Ongoing Director training; and
- c) Monthly Director meetings to discuss performance and strategic plans.

The Company has not appointed a separate audit committee due to the size and nature of operations. The normal functions and responsibilities of an audit committee have been assumed by the Board.

Non-audit services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2011:

| | |
|--------------------|---------|
| Taxation services: | \$4,150 |
|--------------------|---------|

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Financial report for the year ended 30 June 2011

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* for the year ended 30 June 2011 is included within the financial statements.

This Report of the Directors is signed in accordance with a resolution of the Board of Directors.

Director

A handwritten signature in black ink, appearing to read 'Yeh Catena', is written above a horizontal line.

Dated this

19th

day of

OCTOBER

2011

RSM Bird Cameron Partners

Chartered Accountants

RSM Bird Cameron Partners
8 St Georges Terrace Perth WA 6000
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www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of North Perth Community Financial Services Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants



TUTU PHONG
Partner

Perth, WA
Dated: 19 October 2011

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Financial report for the year ended 30 June 2011

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

| | | 2011 | 2010 |
|--|------|------------------|------------------|
| | Note | \$ | \$ |
| Revenue | 2 | 1,691,586 | 1,590,108 |
| Employee benefits expense | | (524,319) | (543,291) |
| Depreciation and amortisation expense | | (21,229) | (24,023) |
| Finance costs | | - | - |
| Other expenses | 3 | <u>(424,666)</u> | <u>(327,655)</u> |
| Profit before income tax | | 721,372 | 695,139 |
| Income tax expense | 4 | <u>(258,745)</u> | <u>(172,021)</u> |
| Profit for the year | | 462,627 | 523,118 |
| Other comprehensive income | | | |
| Gain on revaluation of shares net of tax | | <u>8,340</u> | <u>14,449</u> |
| Total comprehensive income for the year attributable to members | | 470,967 | 537,567 |

The accompanying notes form part of these financial statements

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

| | Note | 2011 \$ | 2010 \$ |
|--|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 6 | 1,560,313 | 1,394,745 |
| Trade and other receivables | 7 | 183,844 | 171,750 |
| Other current assets | 8 | 11,953 | 26,011 |
| TOTAL CURRENT ASSETS | | 1,756,110 | 1,592,505 |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 9 | 58,962 | 51,606 |
| Intangible assets | 10 | 54,312 | 7,103 |
| Financial assets | 11 | 235,454 | 135,583 |
| Deferred tax asset | 23 | 7,157 | 5,184 |
| Other non current assets | 8 | 496 | 8,806 |
| TOTAL NON-CURRENT ASSETS | | 356,381 | 208,282 |
| TOTAL ASSETS | | 2,112,491 | 1,800,787 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 98,168 | 70,647 |
| Short-term provisions | 13 | 16,456 | 12,931 |
| Deferred tax liability | 23 | 24,718 | 20,021 |
| Current tax liability | 23 | 61,852 | 156,456 |
| TOTAL CURRENT LIABILITIES | | 201,194 | 260,055 |
| TOTAL LIABILITIES | | 201,194 | 260,055 |
| NET ASSETS | | 1,911,297 | 1,540,732 |
| EQUITY | | | |
| Issued capital | 14 | 296,910 | 347,110 |
| Reserves | | 27,035 | 18,695 |
| Retained earnings/(Accumulated losses) | | 1,587,352 | 1,174,925 |
| TOTAL EQUITY | | 1,911,297 | 1,540,732 |

The accompanying notes form part of these financial statements

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

| | Share Capital (Ordinary shares) | Retained earnings/ (Accumulated losses) | Financial Assets Reserve | Total |
|---|--|--|--------------------------------|------------------|
| Note | \$ | \$ | \$ | \$ |
| Balance at 1 July 2009 | 397,310 | 702,007 | 4,246 | 1,103,563 |
| Total comprehensive income for the year | - | 523,118 | - | 523,118 |
| Revaluation increment/(decrement) - gross | - | - | 20,642 | 20,642 |
| Deferred tax | 23 | - | (6,193) | (6,193) |
| Subtotal | 397,310 | 1,225,125 | 18,695 | 1,641,130 |
| Dividends paid or provided for | - | (50,200) | - | (50,200) |
| Return of Capital | (50,200) | - | - | (50,200) |
| Balance at 30 June 2010 | 347,110 | 1,174,925 | 18,695 | 1,540,730 |
| | | | | |
| Balance at 1 July 2010 | 347,110 | 1,174,925 | 18,695 | 1,540,730 |
| Total comprehensive income for the year | - | 462,627 | - | 462,627 |
| Revaluation increment/(decrement) - gross | - | - | 11,914 | 11,914 |
| Deferred tax | 23 | - | (3,574) | (3,574) |
| Subtotal | 347,110 | 1,637,552 | 27,035 | 2,011,697 |
| Dividends paid or provided for | - | (50,200) | - | (50,200) |
| Return of Capital | (50,200) | - | - | (50,200) |
| Balance at 30 June 2011 | 296,910 | 1,587,352 | 27,035 | 1,911,297 |

The accompanying notes form part of these financial statements

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

| | Note | 2011 \$ | 2010 \$ |
|---|----------|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 1,592,969 | 1,532,642 |
| Payments to suppliers and employees | | (856,670) | (943,484) |
| Interest received | | 57,183 | 38,478 |
| Finance costs | | (181) | - |
| Income tax paid | | (360,392) | (149,369) |
| Net cash provided by/(used in) operating activities | 15 | <u>432,909</u> | <u>478,267</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Franchise fee paid | | (53,850) | - |
| Purchase of plant and equipment | | (45,589) | (3,498) |
| Proceeds from sale of property, plant and equipment | | 20,455 | - |
| Purchase of shares | | (87,957) | (8,606) |
| Net cash provided by/(used in) investing activities | | <u>(166,941)</u> | <u>(12,104)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | | - | 167,343 |
| Dividends paid | | (50,200) | (48,535) |
| Return of capital | | (50,200) | (50,200) |
| Net cash provided by/(used) in financing activities | | <u>(100,400)</u> | <u>68,608</u> |
| Net increase/(decrease) in cash held | | 165,568 | 534,771 |
| Cash and cash equivalents at beginning of financial year | | <u>1,394,745</u> | <u>859,974</u> |
| Cash and cash equivalents at end of financial year | 6 | <u>1,560,313</u> | <u>1,394,745</u> |

The accompanying notes form part of these financial statements

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the Company as an individual entity. The Company is a public Company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 4th October 2011 by the Directors of the Company.

(a) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors 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 assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial year in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| <i>Class of Fixed Asset</i> | <i>Depreciation Rate</i> |
|-----------------------------|--------------------------|
| Plant and equipment | 15.35 - 20% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in 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

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any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

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.

(d) **Financial instruments**

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. 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 Company 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.

Classification and Subsequent Measurement

i. 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, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. 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.

iii. 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 Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

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iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial Liabilities

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

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the Statement of Comprehensive Income unless they are designated as hedges.

The Company does not hold any derivative instruments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company 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.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the Company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The Company has not issued any financial guarantees.

(e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs

(f) Intangibles

Franchise fee

The franchise fee paid by the Company pursuant to a Franchise Agreement with Bendigo Bank is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

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(g) Employee benefits

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.

(h) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(j) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(l) Goods and services tax (GST)

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 the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

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

(m) Comparative figures

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

(n) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

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Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2011. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2011 amounting to \$54,312.

(o) New Accounting Standards for Application in Future Periods

At the date of this financial report the following standards, which may impact the entity in the period of initial application, have been inserted but are not yet effective.

| Reference | Title | Summary | Application date (financial years beginning) | Expected Impact |
|------------------|----------------------------------|--|---|-----------------------------------|
| AASB 9 | <i>Financial Instruments</i> | Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39. | 1 January 2013 | No expected impact on the entity. |
| AASB 124 | <i>Related Party Disclosures</i> | Revised standard. The definition of a related party is simplified to clarify its intended meaning and eliminate inconsistencies from the application of the definition. | 1 January 2011 | Disclosure Only. |

The Company has decided against early adoption of these standards.

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

| | 2011 | 2010 |
|--|------------------|------------------|
| | \$ | \$ |
| 2. Revenue | | |
| Franchise margin income | 1,586,808 | 1,517,010 |
| Interest revenue | 94,833 | 66,162 |
| Dividends received | 9,945 | 6,936 |
| | 1,691,586 | 1,590,108 |
| 3. Expenses | | |
| Advertising and marketing | 3,334 | 2,927 |
| ATM leasing and running costs | 8,714 | 10,122 |
| Bad debts | 614 | 3,107 |
| Community sponsorship and donations | 111,086 | 34,357 |
| Freight and postage | 16,381 | 16,332 |
| Insurance | 16,163 | 16,555 |
| IT leasing and running costs | 23,364 | 24,361 |
| Occupancy running costs | 40,605 | 32,899 |
| Printing and stationary | 20,326 | 15,471 |
| Rental on operating lease | 45,715 | 39,614 |
| Other operating expenses | 135,174 | 131,910 |
| Net loss on sale of plant and equipment | 3,190 | - |
| | 424,666 | 327,655 |
| Remuneration of the auditors of the Company: | | |
| Audit services | 6,400 | 7,377 |
| Other services | 4,150 | 2,900 |
| | 10,550 | 10,277 |

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 094 412 932

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

| | 2011 | 2010 |
|--|----------------|----------------|
| | \$ | \$ |
| 4. Income tax expense | | |
| a. The components of tax expense comprise: | | |
| Current tax | 263,660 | 189,321 |
| Deferred tax (Note 23) | (4,915) | 26,091 |
| | 258,745 | 215,412 |
| b. The prima facie tax on profit before income tax is reconciled to the income tax as follows: | | |
| Prima facie tax payable on profit before income tax at 30% (2010: 30%) | 216,412 | 208,542 |
| Add: | | |
| Tax effect of: | | |
| — non-deductible depreciation and amortisation | 1,992 | 7,207 |
| — under provision for income tax in prior year | 45,175 | - |
| | 263,309 | 215,749 |
| Less: | | |
| Tax effect of: | | |
| — recoupment of prior year tax losses not previously brought to account | (4,564) | - |
| — other allowable items | - | (43,728) |
| | 258,745 | 172,021 |
| Income tax attributable to the Company | 258,745 | 172,021 |

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

5. Key management personnel compensation

a. Names and positions

| <i>Name</i> | <i>Position</i> |
|---------------------|------------------------|
| Nicholas Catania | Chairman |
| Ian Wesley Crawford | Company Secretary |
| Sam Aldo De Vita | Non-Executive Director |
| Gregory Hutchison | Non-Executive Director |
| James Peter De Leo | Non-Executive Director |
| James John Burns | Non-Executive Director |
| Isidoro Messina | Non-Executive Director |
| Carlo Pennone | Non-Executive Director |

b. Remuneration of Key Management Positions

Directors of the company received a total of \$7,500 as remuneration for services as Directors.

c. Shareholdings

Number of ordinary shares held by key management personnel.

2011

| <i>Directors</i> | Ordinary Shares | | | |
|---------------------|---------------------------------------|------------------------------------|----------------------|---------------------------------|
| | <i>Balance at beginning of period</i> | <i>Purchased during the period</i> | <i>Other changes</i> | <i>Balance at end of period</i> |
| Nicholas Catania | 1,500 | - | - | 1,500 |
| Ian Wesley Crawford | 5,000 | - | - | 5,000 |
| Sam Aldo De Vita | 7,000 | - | - | 7,000 |
| Gregory Hutchinson | - | - | - | - |
| James Peter De Leo | 1,000 | - | - | 1,000 |
| James John Burns | 11,500 | - | - | 11,500 |
| Isidoro Messina | 2,500 | - | - | 2,500 |
| Carlo Pennone | 2,000 | - | - | 2,000 |
| | 30,500 | - | - | 30,500 |

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 094 412 932

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

| | 2011 | 2010 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| 6. Cash and cash equivalents | | |
| Cash at bank and in hand | <u>1,560,313</u> | <u>1,394,745</u> |
| <i>Reconciliation of cash</i> | | |
| Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows: | | |
| Cash and cash equivalents | <u>1,560,313</u> | <u>1,394,745</u> |
| 7. Trade and other receivables | | |
| Trade debtors | 132,156 | 124,945 |
| Accrued income | 37,650 | 33,183 |
| Short term loans | <u>14,038</u> | <u>13,622</u> |
| | <u>183,844</u> | <u>171,750</u> |
| a. Provision For Impairment of Receivables | | |
| <p>Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts will be included in the other expenses item of the Statement of Comprehensive Income.</p> <p>There is no provision for impairment of receivables.</p> | | |
| 8. Other assets | | |
| Current | | |
| Prepayments | 6,122 | 22,844 |
| Other | <u>5,831</u> | <u>3,167</u> |
| | <u>11,953</u> | <u>26,011</u> |
| Non current | | |
| Loans | <u>496</u> | <u>8,806</u> |

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 094 412 932

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

| | 2011 \$ | 2010 \$ |
|--|---------------|---------------|
| 9. Plant and equipment | | |
| Plant and equipment | | |
| Cost | 221,569 | 207,481 |
| Accumulated depreciation | (194,082) | (185,749) |
| | 27,487 | 21,732 |
| Motor vehicle | | |
| Cost | 31,501 | 40,689 |
| Accumulated depreciation | (26) | (10,815) |
| | 31,475 | 29,874 |
| <i>Reconciliation of the carrying value for each class of plant and equipment are set out below:</i> | | |
| <i>Plant and equipment</i> | | |
| Balance at the beginning of the year | 21,732 | 26,011 |
| Additions | 14,088 | 3,498 |
| Disposals | - | - |
| Depreciation expense | (8,333) | (7,777) |
| | 27,487 | 21,732 |
| Carrying amount at the end of the year | 27,487 | 21,732 |
| <i>Motor vehicle</i> | | |
| Balance at the beginning of the year | 29,784 | 36,120 |
| Additions | 31,501 | - |
| Disposals | (23,555) | - |
| Depreciation expense | (6,255) | (6,246) |
| | 31,475 | 29,874 |
| Carrying amount at the end of the year | 31,475 | 29,874 |
| <i>Total carrying amount at the end of the year</i> | 58,962 | 51,606 |

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 094 412 932

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

| | 2011 | 2010 |
|--|---------------|---------------|
| | \$ | \$ |
| 10. Intangible assets | | |
| Franchise fee | | |
| Cost | 103,850 | 50,000 |
| Accumulated amortisation | (49,538) | (42,897) |
| | 54,312 | 7,103 |
| Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Limited, the Company operates a branch of Bendigo and Adelaide Bank Limited, providing a core range of banking products and services. | | |
| 11. Financial assets | | |
| Listed investments, at fair value: | | |
| Available-for-sale financial assets | | |
| - 26,575 (2010: 16,575) Shares in Bendigo and Adelaide Bank Limited | 235,454 | 135,583 |
| | | |
| 12. Trade and other payables | | |
| Trade creditors and accruals | 44,723 | 20,173 |
| GST payable | 41,216 | 40,911 |
| Dividend payable | 10,589 | 7,923 |
| Return of capital payable | 1,640 | 1,640 |
| | 98,168 | 70,647 |

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 094 412 932

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

| | 2011 | 2010 |
|--|------------------|------------------|
| | \$ | \$ |
| 13. Provisions | | |
| Current | | |
| Short term provisions | <u>16,456</u> | <u>12,931</u> |
| Non current | | |
| Provision for employee entitlements | <u>-</u> | <u>-</u> |
| Number of employees at year end | <u>8</u> | <u>6</u> |
| 14. Equity | | |
| 502,210 (2010: 502,210) fully paid ordinary shares | 502,210 | 502,210 |
| Cost of raising equity | (4,500) | (4,500) |
| Return of capital | <u>(200,800)</u> | <u>(150,600)</u> |
| | <u>296,910</u> | <u>347,110</u> |

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 094 412 932

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

| | 2011 | 2010 |
|--|----------------|----------------|
| | \$ | \$ |
| 15. Cash flow information | | |
| a. Reconciliation of cash flow from operations with profit after tax | | |
| Profit after tax | 470,942 | 523,118 |
| Depreciation and amortisation | 21,229 | 24,023 |
| Loss in asset disposal of asset | 3,190 | - |
| Revaluation Gain | (11,914) | - |
| <i>Movement in assets and liabilities</i> | | |
| Receivables | (12,094) | 8,695 |
| Other assets | 22,368 | (45,602) |
| Payables | 27,543 | (13,243) |
| Deferred tax asset | (1,973) | 11,461 |
| Deferred tax liability | 4,697 | 8,437 |
| Provisions | 3,525 | (35,183) |
| Current tax liability | (94,604) | (3,439) |
| Net cash provided by/(used in) operating activities | 432,909 | 478,267 |

b. Credit Standby Arrangement and Loan Facilities

The Company does not operate a bank overdraft facility or have any loan facilities at present.

16. Related party transactions

Sam Aldo De Vito is a partner of Devita & Dixon Lawyers of which the firm is a panel of solicitors for Bendigo Bank.

Devita & Dixon Lawyers receives instructions from various **Community Bank** branches of Bendigo Bank, including but not limited to the North Perth Community Bank Branch.

The related parties have not entered into a transaction with the Company during the financial years ended 30 June 2011 and 30 June 2010.

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 094 412 932

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

| | 2011 | 2010 |
|--|----------------|---------------|
| | \$ | \$ |
| 17. Leasing commitments | | |
| Non cancellable operating lease commitment contracted for but not capitalised in the financial statements | | |
| Payable | | |
| Not longer than 1 year | - | 14,728 |
| Longer than 1 year but not longer than 5 years | - | - |
| | - | - |
| | - | 14,728 |
| 18. Dividends | | |
| Distributions paid | | |
| Final fully franked ordinary dividend of 10 cents (2010: 10 cents) per share franked at the tax rate of 30% (2010: 30%) | 50,200 | 50,200 |
| | 50,200 | 50,200 |
| a. Proposed final 2011 fully franked ordinary dividend of NIL (2010: NIL) cents per share franked at the tax rate of 30% (2010: 30%) | - | - |
| b. Balance of franking account at year end adjusted for franking credits arising from: | 23,297 | |
| - payment of provision for income tax | 360,392 | 44,811 |
| - dividends recognised as receivables and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years | (21,514) | (21,514) |
| Subsequent to year end, the franking account would be reduced by the proposed dividend reflected per (a) as follows: | - | - |
| | 362,175 | 23,297 |

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 094 412 932

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

19. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and leases.

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

a. Financial risk management policies

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

The Company does not have any derivative instruments at 30 June 2011.

b. Financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

i. Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

ii. Foreign currency risk

The Company is not exposed to fluctuations in foreign currencies.

iii. Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

iv. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2011.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Credit risk is managed reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the Company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2011 and 30 June 2010 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 094 412 932

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

v. *Price risk*

The Company is not exposed to any material commodity price risk.

c. Financial Instrument Composition and Maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the Statement of Financial Position.

2011

| | | Variable | Fixed | | | Total |
|------------------------------------|--|------------------------------|------------------|---------------------------|----------------------------|------------------|
| | Weighted Average Effective Interest Rate | Floating Interest Rate | Within 1 Year | Within 1 to 5 Years | Non Interest Bearing | |
| <i>Financial Assets</i> | | | | | | |
| Cash and cash equivalents | 0.05% | 105,400 | - | - | 922 | 106,322 |
| Short term deposits | 6.2% | - | 1,453,992 | - | - | 1,453,992 |
| Investments | | - | - | - | 235,454 | 235,454 |
| Loans and receivables | 10.0% | - | 14,038 | 496 | - | 14,534 |
| Total Financial Assets | | 105,400 | 1,468,030 | 496 | 236,376 | 1,810,302 |
| <i>Financial Liability</i> | | | | | | |
| Trade and other payables | | - | - | - | 98,168 | 98,168 |
| Total Financial Liabilities | | - | - | - | 98,168 | 98,168 |

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

2010

| | Weighted Average Effective Interest Rate | Variable | | Fixed | | Total |
|------------------------------------|--|------------------------------|------------------|---------------------------|----------------------------|------------------|
| | | Floating Interest Rate | Within 1 Year | Within 1 to 5 Years | Non Interest Bearing | |
| <i>Financial Assets</i> | | | | | | |
| Cash and cash equivalents | 0.05% | 124,703 | - | - | 431 | 125,134 |
| Short term deposits | 2.01% | - | 1,269,610 | - | - | 1,269,610 |
| Investments | - | - | - | - | 135,583 | 135,583 |
| Loans and receivables | 10.0% | - | 13,622 | 8,806 | 124,945 | 147,373 |
| Total Financial Assets | | 124,703 | 1,283,232 | 8,806 | 260,959 | 1,677,700 |
| <i>Financial Liability</i> | | | | | | |
| Trade and other payables | | - | - | - | 61,084 | 61,084 |
| Total Financial Liabilities | | - | - | - | 61,084 | 61,084 |

| | |
|------|------|
| 2011 | 2010 |
| \$ | \$ |

Trade and sundry payables are expected to be paid as followed:

| | | |
|--------------------|---------------|---------------|
| Less than 6 months | 85,912 | 61,084 |
| 6 months to 1 year | - | - |
| 1 to 5 years | - | - |
| Over 5 years | 9,563 | - |
| | 95,475 | 61,084 |

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

d. Net Fair Values

The net fair values of investments have been valued at the quoted market bid price at reporting date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the financial statements.

Fair values are materially in line with carrying values.

e. Sensitivity Analysis

i. Interest Rate Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

ii. Interest Rate Sensitivity Analysis

At the reporting date 30 June 2010, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

2011

| | | - 2 % | | + 2% | |
|---------------------------|--------------------------|--------------|--------------|--------------|--------------|
| | Carrying Amount \$ | Profit \$ | Equity \$ | Profit \$ | Equity \$ |
| <i>Financial Assets</i> | | | | | |
| Cash and cash equivalents | 1,560,313 | (31,206) | (31,206) | 31,206 | 31,206 |

2010

| | | - 2 % | | + 2% | |
|---------------------------|--------------------------|--------------|--------------|--------------|--------------|
| | Carrying Amount \$ | Profit \$ | Equity \$ | Profit \$ | Equity \$ |
| <i>Financial Assets</i> | | | | | |
| Cash and cash equivalents | 1,394,745 | (27,895) | (27,895) | 27,895 | 27,895 |

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The Company has no exposure to fluctuations in foreign currency.

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 094 412 932

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

20. Operating Segments

Types of products and services by segment

The Company operates in the financial services sector as a branch of Bendigo and Adelaide Bank Limited in Western Australia.

Major customers

The Company operates under the terms of a franchise agreement with Bendigo and Adelaide Bank Limited, which accounts for all of the franchise margin income.

21. Events after the reporting date

No matters or circumstances have arisen since the end of the financial year that 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 subsequent financial years.

22. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at the reporting date.

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 094 412 932

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

| | 2011 | 2010 |
|--|---------------|----------------|
| | \$ | \$ |
| 23. Tax | | |
| a. Liability | | |
| Current | | |
| Income tax | <u>61,852</u> | <u>156,456</u> |
| b. Assets | | |
| Deferred tax assets comprise: | | |
| Provisions | 4,937 | 2,907 |
| Other | <u>2,220</u> | <u>2,277</u> |
| | <u>7,157</u> | <u>5,184</u> |
| c. Liability | | |
| Deferred tax liability comprises: | | |
| Other | 13,132 | 12,008 |
| Available-for-sale financial assets for fair value gain | <u>11,586</u> | <u>8,012</u> |
| | <u>24,718</u> | <u>20,020</u> |
| d. Reconciliations | | |
| i. Gross Movements | | |
| The overall movement in the deferred tax asset is as follows: | | |
| Opening balance | 5,184 | 16,645 |
| (Charge)/credit to Statement of Comprehensive Income | 1,973 | (11,461) |
| Closing balance | <u>7,157</u> | <u>5,184</u> |
| ii. Deferred Tax Assets | | |
| The movement in deferred tax assets for each temporary difference during the year is as follows: | | |
| <i>Provisions</i> | | |
| Opening balance | 20,020 | 5,390 |
| (Charge)/credit to the Statement of Comprehensive Income | (15,083) | 14,630 |
| Closing balance | <u>4,937</u> | <u>20,020</u> |

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

| | 2011 \$ | 2010 \$ |
|---|-----------------|-----------------|
| Tax | | |
| <i>Other</i> | | |
| Opening balance | 2,277 | 2,211 |
| (Charge)/credit to the Statement of Comprehensive Income | (57) | 66 |
| Closing balance | 2,220 | 2,277 |
| iii. Gross Movements | | |
| The overall movement in the deferred tax liability is as follows: | | |
| Opening balance | 20,020 | (5,390) |
| (Charge)/credit to Statement of Comprehensive Income | 1,124 | (12,008) |
| Charge to equity | 3,574 | (2,622) |
| Closing balance | 24,718 | (20,020) |
| iv. Deferred Tax Liability | | |
| The movement in deferred tax liability for each temporary difference during the year is as follows: | | |
| <i>Other</i> | | |
| Opening balance | (12,008) | (3,572) |
| (Charge)/credit to the Statement of Comprehensive Income | (1,124) | (8,436) |
| Closing balance | (13,132) | (12,008) |
| <i>Available-for-sale financial assets fair value gain:</i> | | |
| Opening balance | (8,012) | (1,819) |
| (Charge)/credit to the equity | (3,574) | (6,193) |
| Closing balance | (11,586) | (8,012) |

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

24. Economic dependency – Bendigo and Adelaide Bank Limited

The company has entered into franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branches at North Perth, Western Australia.

The branches operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the Community Bank branches on behalf of the Bendigo Bank, however all transactions with customers conducted through the Community Bank branches are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, 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 Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

Bendigo Bank 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 branches;
- 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.

25. Company details

The registered office of the Company is:

Suite 3 138 Main Street
Osborne Park WA 6017

The principal places of business of the Company are:

Suite 3 138 Main Street
Osborne Park WA 6017

431 Fitzgerald Street
North Perth WA 6006

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 094 412 932

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Company;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with Australian Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
4. the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1.

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

Director



Dated this

19th

day of

OCTOBER

2011

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T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of North Perth Community Financial Services Limited ("the company"), which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 about whether the financial report is free from material misstatement.

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

RSM Bird Cameron Partners

Chartered Accountants

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*, which has been given to the directors of North Perth Community Financial Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of North Perth Community Financial Services Limited is 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 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Rsm Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants



TUTU PHONG
Partner

Perth, WA
Dated: 19 October 2011