

AlexInvest Community  
Services Limited

ABN 81 143 552 363

# annual report 2011

Goolwa & District **Community Bank**<sup>®</sup> Branch

# Contents

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<b>Chairman's and Branch Manager's report</b>	<b>2-3</b>
<b>Directors' report</b>	<b>4-7</b>
<b>Financial statements</b>	<b>8-11</b>
<b>Notes to the financial statements</b>	<b>12-24</b>
<b>Directors' declaration</b>	<b>25</b>
<b>Independent audit report</b>	<b>26-27</b>

# Chairman's and Branch Manager's report

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For year ending 30 June 2011

The Goolwa & District **Community Bank**<sup>®</sup> Branch was officially opened on Friday 6 May 2011 and traded for seven weeks during the 2010/11 financial year. But the work started well before the opening. AlexInvest Community Services Limited was incorporated on 10 May 2009 and the prospectus was launched on 1 July 2010. The capital requirement was reached by February 2011.

Shareholder support ensured that we opened with \$790,000 in capital. An immediate investment of nearly \$370,000 secured the Bendigo and Adelaide Bank Ltd franchise and the state of the art branch fitout.

## **Financial growth**

When we commenced trading on Saturday 7 May our Deposit and Loan Portfolio was at \$5.95 million and by 30 June 2011 this had grown to \$8.23 million with 274 account holders. This was a great effort on behalf of the initial Steering Committee and Directors of AlexInvest Community Services.

## **Community investment**

With assistance from Bendigo and Adelaide Bank Ltd our **Community Bank**<sup>®</sup> branch sponsored the South Australian Wooden Boat Festival in February 2011. Directors also engaged with enthusiasm in Goolwa Alive.

## **Director and staff development**

The majority of Directors have attended training conducted by and on behalf of Bendigo and Adelaide Bank Ltd by the Australian Institute of Company Directors, and some have attended **Community Bank**<sup>®</sup> State and National Conferences. The Chairman has also attended **Community Bank**<sup>®</sup> Chairs' Forums to exchange information and gain valuable learning's from established **Community Bank**<sup>®</sup> branches in South Australia.

Four of our staff were all new to the Bendigo and Adelaide Bank Ltd and had a reasonably steep learning curve to get the knowledge and ability to navigate through all the new systems. This journey for our Branch Manager started on the 24 March with an intensive training regime, with Dee-Anne Farrow, Tracy Vincent and Janine Stevens commencing their training on 11 April 2011.

We thank all our new and existing clients for their patience whilst our staff had their 'learner plates' on. Our staff are very keen to ensure your **Community Bank**<sup>®</sup> branch is successful which in turn will assist the wider community in the different community projects, grants and sponsorship we offer.

## **Business development**

Deposits and loans have already achieved benchmarks set by Bendigo and Adelaide Bank Ltd which will ensure that we build our Marketing Development Fund. This will allow us to consider sponsorships/grants during the next financial year.

We provide special banking facilities for community groups and expect a high take up in this area. We will also be developing strong relationships with the business community.

## Chairman's and Branch Manager's report continued

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We especially thank all our 'first' customers who opened accounts with the Bendigo and Adelaide Bank Ltd and pledged their business to Goolwa & District **Community Bank**<sup>®</sup> Branch to enable us to open the doors. We look forward to providing superior service to our existing and new customers in the coming year and beyond.

Finally we would like to thank Anna Peshanoff and Mike Clutterham and his staff from Bendigo and Adelaide Bank Ltd who have given us much needed support and encouragement over the last 12 months. Special mention should be given to Frank Tassone, Chairman Virginia & Districts and Elizabeth **Community Bank**<sup>®</sup> branches, who as our mentor has proved an invaluable resource since the opening of the branch. Finally on behalf of the Directors I wish to thank the staff for their energy and enthusiasm during these early months of business.



**Carol Gaston AM**  
**Chairman**  
**AlexInvest Community Services Limited**



**Grant Madden**  
**Branch Manager**  
Goolwa & District **Community Bank**<sup>®</sup> Branch

Dated 22 August 2011

# Directors' report

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For the financial year ended 30 June 2011

Your Directors submit their report of the Company for the financial period ended 30 June 2011.

## Directors

The names and details of the Company's Directors who held office during or since the end of the financial period are:

**Carol Gaston AM**

Chairperson  
Self employed

**Alistair Angus**

Director  
Architect

**Kay Semovic** (resigned 15 August 2011)

Director  
Naturopath

**David Benda**

Director  
Manager

**Geoffrey Eastwood**

Director  
Airport Owner/Operator

**Martin Kay**

Director  
National Sales Manager

**Robert Baxter**

Director  
Senior Manager

**Rosemary Sage**

Director  
Chief Executive Officer

**Terry Crabb** (appointed 15 August 2011)

Director  
Retired

**Bob Vanderkamp** (appointed 15 August 2011)

Director  
Businessman

**Andrew Kies** (resigned 10 June 2010,  
appointed 15 August 2011)

Director  
Self employed

Directors were appointed on 25 May 2010 and were in office for this entire period unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the Company.

## Principal activities

The principal activities of the Company during the course of the financial period were in providing **Community Bank**<sup>®</sup> services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Ltd.

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

# Directors' report continued

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## **Review of operations**

Operations have performed in line with expectations. The loss of the Company for the financial period after provision for income tax was \$64,248.

## **Dividends**

No dividends were declared or paid during the year.

## **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 period under review not otherwise disclosed in this report.

## **Significant events after the balance date**

Since the balance date, world financial markets have shown volatility that may have an impact on investment earnings in the 2011/12 financial year. The Company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

There have been no matters or circumstances that have arisen since the end of the financial period 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 providing banking services to the community.

## **Remuneration report**

No Director has received or become entitled to receive, during or since the financial period, 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. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

## **Indemnification and insurance of Directors and Officers**

The Company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company also has Officers Insurance for the benefit of Officers of the Company against any liability incurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

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' report continued

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## Directors' Meetings

The number of Directors' meetings attended during the year were:

<b>Director</b>	<b>Board meetings #</b>	
Carol Gaston AM	19 (21)	
Alistair Angus	18 (21)	
Kay Semovic (resigned 15 August 2011)	5 (5)	Leave granted
David Benda	12 (21)	
Geoffrey Eastwood	16 (21)	
Martin Kay	13 (21)	
Robert Baxter	13 (21)	
Rosemary Sage	17 (21)	
Andrew Kies (resigned 10 June 2010, appointed 15 August 2011)	1 (1)	
Bob Vanderkamp (appointed 15 August 2011)	0 (0)	
Terry Crabb (appointed 15 August 2011)	0 (0)	

# The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

## Company Secretary

Alistair Angus has been the Company Secretary of AlexInvest Community Services Limited since 2010. His qualifications and experience include senior management roles in several private companies.

## 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.

## Directors' report continued

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### **Auditor Independence Declaration**

The Directors received the following declaration from the Auditor of the Company:



**Richmond  
Sinnott &  
Delahunty**

CHARTERED ACCOUNTANTS

Level 2, 10 -16 Forest Street  
PO Box 30  
Bendigo. 3552  
Ph. 03 5443 1177  
Fax. 03 5444 4344  
E-mail: [rsd@rsdadvisors.com.au](mailto:rsd@rsdadvisors.com.au)

### **Auditor's Independence Declaration**

In relation to our audit of the financial report of AlexInvest Community Services Limited for the financial period ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the Auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

**Warren Sinnott**  
**Partner**

Richmond Sinnott & Delahunty

Bendigo

19 September 2011

Signed in accordance with a resolution of the Board of Directors at Goolwa on 19 September 2011.

**Carol Gaston AM**  
**Chairperson**

# Financial statements

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## Statement of comprehensive income for the year ended 30 June 2011

	Note	2011 \$
Revenue from continuing operations	2	18,888
Employee benefits expense	3	(76,312)
Charitable donations and sponsorship		(150)
Finance costs	3	(43)
Other expenses		(32,563)
<b>Loss before income tax expense</b>		<b>(90,180)</b>
Income tax expense / (benefit)	4	(25,932)
<b>Loss after income tax expense</b>		<b>(64,248)</b>
Other comprehensive income		-
<b>Total comprehensive income</b>		<b>(64,248)</b>
<b>Earnings per share (cents per share)</b>		
- basic for loss for the period	22	(8.13)
- diluted for loss for the period	22	(8.13)

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of financial position as at 30 June 2011

	Note	2011 \$
<b>Current assets</b>		
Cash and cash equivalents	6	354,669
Receivables	7	57,482
<b>Total current assets</b>		<b>412,151</b>
<b>Non-current assets</b>		
Property, plant and equipment	8	196,054
Deferred tax assets	4	25,932
Intangible assets	9	110,000
<b>Total non-current assets</b>		<b>331,986</b>
<b>Total assets</b>		<b>744,137</b>
<b>Current liabilities</b>		
Payables	10	18,118
Provisions	12	4,729
<b>Total current liabilities</b>		<b>22,847</b>
<b>Total liabilities</b>		<b>22,847</b>
<b>Net assets</b>		<b>721,290</b>
<b>Equity</b>		
Share capital	13	785,538
Accumulated losses	14	(64,248)
<b>Total equity</b>		<b>721,290</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of cash flows for the year ended 30 June 2011

	Note	2011 \$
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations		9,186
Cash payments in the course of operations		(137,899)
Interest paid		(43)
Interest received		3,941
<b>Net cash flows from operating activities</b>	<b>15b</b>	<b>(124,815)</b>
<b>Cash flows from investing activities</b>		
Payment for intangible assets		(196,054)
Payments for property, plant and equipment		(110,000)
<b>Net cash flows used in investing activities</b>		<b>(306,054)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares		790,477
Equity raising costs paid		(4,939)
<b>Net cash flows from financing activities</b>		<b>785,538</b>
<b>Net increase in cash held</b>		<b>354,669</b>
Cash and cash equivalents at start of period		-
<b>Cash and cash equivalents at end of period</b>	<b>15a</b>	<b>354,669</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

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### Statement of changes in equity for the year ended 30 June 2011

	Note	2011 \$
<b>Share capital</b>		
Balance at start of period		-
Issue of share capital		790,477
Share issue costs		(4,939)
<b>Balance at end of period</b>		<b>785,538</b>
<b>Accumulated losses</b>		
Balance at start of period		-
Loss after income tax expense		(64,248)
Dividends paid	21	-
<b>Balance at end of period</b>		<b>(64,248)</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ended 30 June 2011

## Note 1. Basis of preparation of the financial report

### **(a) Basis of preparation**

AlexInvest Community Services Limited ('the Company') is domiciled in Australia. The financial statements for the period ending 30 June 2011 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing **Community Bank**<sup>®</sup> services.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 19 September 2011.

### **(b) Statement of compliance**

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report. These changes are not expected to have a material impact on the Company's financial statements.

### **(c) Significant accounting policies**

The following is a summary of the material accounting policies adopted.

#### **Income tax**

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

# Notes to the financial statements continued

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## Note 1. Basis of preparation of the financial report (continued)

### **Property, plant and equipment**

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

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

<b>Class of asset</b>	<b>Depreciation rate</b>
Leasehold improvements	2.5%
Plant & equipment	10-20%

### Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater 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.

### Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

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

### **Recoverable amount of assets**

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

### **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.

# Notes to the financial statements continued

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## Note 1. Basis of preparation of the financial report (continued)

### **Goods and services tax (continued)**

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

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

### **Employee benefits**

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the reporting date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

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

### **Intangibles**

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

### **Cash**

Cash on hand and in banks are stated at nominal value.

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.

### **Revenue**

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

### **Receivables and payables**

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. 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.

### **Loans and borrowings**

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

# Notes to the financial statements continued

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## Note 1. Basis of preparation of the financial report (continued)

### 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.

### Share capital

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

### Comparative figures

The entity commenced operations during the period, hence there are no comparative figures.

**2011**  
**\$**

## Note 2. Revenue from ordinary activities

### Operating activities

- services commissions	11,013
- other revenue	3,934
<b>Total revenue from operating activities</b>	<b>14,947</b>
<b>Non-operating activities:</b>	
- interest received	3,941
- other revenue	-
<b>Total revenue from non-operating activities</b>	<b>3,941</b>
<b>Total revenue from ordinary activities</b>	<b>18,888</b>

## Notes to the financial statements continued

2011  
\$

### Note 3. Expenses

#### Employee benefits expense

- wages and salaries	54,335
- superannuation costs	3,816
- workers' compensation costs	14
- other costs	18,147
	<b>76,312</b>

#### Finance costs:

- Interest paid	43
Bad debts	193

### Note 4. Income tax expense

The prima facie tax on loss before income tax is reconciled to the income tax expense as follows:

Prima facie tax on loss before income tax at 30%	(27,054)
Add tax effect of:	
- Non-deductible expenses	1,122
<b>Current income tax expense / (benefit)</b>	<b>(25,932)</b>
<b>Income tax expense / (benefit)</b>	<b>(25,932)</b>
<b>Deferred tax assets</b>	
<b>Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.</b>	<b>25,932</b>

### Note 5. Auditors' remuneration

Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	2,900
- Completion of feasibility study	5,000
- Share registry services	1,454
- Accounting work for prospectus	2,000
	<b>11,354</b>

## Notes to the financial statements continued

	2011 \$
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### Note 6. Cash and cash equivalents

<b>Cash at bank and on hand</b>	<b>354,669</b>
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### Note 7. Receivables

GST receivable	34,481
Trade debtors	6,148
Other debtors	16,853
	<b>57,482</b>

### Note 8. Property, plant and equipment

#### Leasehold improvements

At cost	167,645
Less accumulated depreciation	-
	<b>167,645</b>

#### Plant and equipment

At cost	28,409
Less accumulated depreciation	-
	<b>28,409</b>

<b>Total written down amount</b>	<b>196,054</b>
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#### Movements in carrying amounts

##### Leasehold improvements

Carrying amount at beginning of period	-
Additions	167,645
Disposals	-
Depreciation expense	-
<b>Carrying amount at end of period</b>	<b>167,645</b>

## Notes to the financial statements continued

	<b>2011</b>
	<b>\$</b>
Note 8. Property, plant and equipment (continued)	
<b>Plant and equipment</b>	
Carrying amount at beginning of period	-
Additions	28,409
Disposals	-
Depreciation expense	-
<b>Carrying amount at end of period</b>	<b>28,409</b>

### Note 9. Intangible assets

<b>Franchise fee</b>	
At cost	10,000
Less accumulated amortisation	-
	<b>10,000</b>
<b>Preliminary expenses</b>	
At cost	100,000
Less accumulated amortisation	-
	<b>100,000</b>
	<b>110,000</b>

### Note 10. Payables

Trade creditors	9,371
Other creditors and accruals	8,747
	<b>18,118</b>

### Note 12. Provisions

<b>Employee benefits</b>	<b>4,729</b>
<b>Movement in employee benefits</b>	
Opening balance	-
Additional provisions recognised	4,729
Amounts utilised during the period	-
<b>Closing balance</b>	<b>4,729</b>

## Notes to the financial statements continued

	<b>2011</b>
	<b>\$</b>
<b>Note 13. Share capital</b>	
790,477 Ordinary shares fully paid of \$1 each	790,477
Less equity raising costs	(4,939)
	<b>785,538</b>

### Note 14. Accumulated losses

Balance at the beginning of the financial period	-
Loss after income tax	(64,248)
Dividends	-
<b>Balance at the end of the financial period</b>	<b>(64,248)</b>

### Note 15. Statement of cash flows

#### (a) Cash and cash equivalents

<b>Cash assets</b>	<b>354,669</b>
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#### (b) Reconciliation of loss after tax to net cash provided used in operating activities

Loss after income tax	(64,248)
Changes in assets and liabilities	
- (Increase) decrease in receivables	(57,482)
- Increase (decrease) in payables	18,118
- Increase (decrease) in provisions	4,729
- (Increase) decrease in deferred tax asset	(25,932)
<b>Net cash flows used in operating activities</b>	<b>(124,815)</b>

# Notes to the financial statements continued

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## Note 16. Director and related party disclosures

The names of Directors who have held office during the financial period are:

Carol Gaston AM  
Alistair Angus  
Kay Semovic (resigned 15 August 2011)  
David Benda  
Geoffrey Eastwood  
Martin Kay  
Robert Baxter  
Rosemary Sage  
Andrew Kies (resigned 10 June 2010, appointed 15 August 2011)  
Bob Vanderkamp (appointed 15 August 2011)  
Terry Crabb (appointed 15 August 2011)

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

<b>Directors' shareholdings</b>	<b>2011</b>
Carol Gaston AM	20,000
Alistair Angus	6,001
Kay Semovic (resigned 15 August 2011)	1,500
David Benda	3,350
Geoffrey Eastwood	10,000
Martin Kay	2,000
Robert Baxter	500
Rosemary Sage	20,600
Andrew Kies (resigned 10 June 2010, appointed 15 August 2011)	1,500
Bob Vanderkamp (appointed 15 August 2011)	90,000
Terry Crabb (appointed 15 August 2011)	10,000

All shares were purchased during the period. Each share held has a paid up value of \$1 and is fully paid.

## Note 17. Subsequent events

Since the balance date, world financial markets have shown volatility that may have an impact on investment earnings in the 2011/12 financial year. The Company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

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

# Notes to the financial statements continued

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## Note 18. Contingent liabilities and assets

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

## Note 19. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Goolwa and District, South Australia.

## Note 20. Corporate information

AlexInvest Community Services Limited is a Company limited by shares incorporated in Australia.

The registered office is:                      Lot 16, Captian Sturt Road,  
                                                                 Hindmarsh Island South Australia

The principal place of business is: Shop 3, Goolwa Shopping Centre  
                                                                 Goolwa South Australia

## Note 21. Dividends paid or provided for on ordinary shares

No dividends were paid or proposed by the Company during the period.

**2011**  
**\$**

## Note 22. Earnings per share

Basic earnings per share amounts are calculated by dividing loss after income tax by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing loss after income tax by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

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<b>Loss after income tax expense</b>	<b>(64,248)</b>
<b>Weighted average number of ordinary shares for basic and diluted earnings per share</b>	<b>790,477</b>

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# Notes to the financial statements continued

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## Note 23. Financial risk management

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

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

### (a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

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

The Company's maximum exposure to credit risk at reporting date was:

	<b>Carrying amount 2011 \$</b>
Cash assets	354,669
Receivables	57,482
	<b>412,151</b>

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

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

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

### (b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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

## Notes to the financial statements continued

Note 23. Financial risk management (continued)

### (b) Liquidity risk (continued)

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
<b>30 June 2011</b>					
Payables	18,118	(18,118)	(18,118)	-	-
	<b>18,118</b>	<b>(18,118)</b>	<b>(18,118)</b>	<b>-</b>	<b>-</b>

### (c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

#### Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular Board meetings.

#### Sensitivity analysis

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

	Carrying amount 2011 \$
<b>Fixed rate instruments</b>	
Financial assets	352,970
Financial liabilities	-
	<b>352,970</b>
<b>Variable rate instruments</b>	
Financial assets	1,699
Financial liabilities	-
	<b>1,699</b>

# Notes to the financial statements continued

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Note 23. Financial risk management (continued)

## **(c) Market risk (continued)**

### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. This assumes all other variables remain constant.

## **(d) Net fair values**

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The Company does not have any unrecognised financial instruments at period end.

## **(e) 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%.

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 period ended 30 June 2011 can be seen in the Statement of Comprehensive Income.

There were no changes in the Company's approach to capital management during the period.

# Directors' declaration

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In accordance with a resolution of the Directors of AlexInvest Community Services Limited, I 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 2011 and of their performance for the period ended on that date; and
  - (ii) complying with Accounting Standards in Australia, International Financial Reporting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



**Carol Gaston AM, (Chairperson)**

Signed at Goolwa on 19 September 2011.

# Independent audit report

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**Richmond  
Sinnott &  
Delahunty**

Chartered Accountants

**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF ALEXINVEST  
COMMUNITY SERVICES LIMITED**

**SCOPE**

The financial report comprises the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for AlexInvest Community Services Limited, for the period ended 30 June 2011.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

**Audit approach**

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

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## Independent audit report continued

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### **INDEPENDENCE**

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

### **AUDIT OPINION**

In our opinion, the financial report of AlexInvest Community Services Limited is in accordance with:

- (a) 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 period ended on that date;
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

*Richmond Sinnott & Delahunty*  
**RICHMOND SINNOTT & DELAHUNTY**  
Chartered Accountants

*W. J. Sinnott*

**W. J. SINNOTT**  
Partner  
Bendigo

Date: 19 September 2011



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