

# annual report 2010



Beaconsfield District Community

Financial Services Limited

ABN 18 134 858 889

Beaconsfield District **Community Bank**<sup>®</sup> Branch

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# Chairman's report

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Period ended 30 June 2010

## **Beaconsfield District Community Bank® Branch performance for the financial year**

Since my last report, we have continued to grow our business and as at 30 June 2010, looked at surpassing the Prospectus – to 120% Modified Forecast of \$32 million. By the time we celebrated our first anniversary on 15 September 2010, we had actually reached and passed this. I am very proud of this major milestone for our business as it paves the way for a serious business for our community and shareholders.

However, this will only continue with our shareholders to be our voice in our community to encourage them to support us by bringing their own banking, including loans, credit cards and accounts to Beaconsfield District **Community Bank®** Branch.

## **Community contributions**

Although we have only been opened now for just over one year, we are also very proud of the fact we have continued to sponsor community groups that have supported us.

<b>Financial year</b>	<b>Grants</b>	<b>Sponsorships</b>	<b>Donations</b>	<b>Total</b>
2009/10	N/A	\$7,700.00	\$3,500.00	\$11,200.00

## **Future**

The Board has identified potential new agency / branch sites within our district to target and evaluate whether a **Community Bank®** branch would be beneficial for that area, which would allow us to increase our market size and in turn continue to build a strong business and ensure we increase our profits for both our collective communities and our shareholders.

Another initiative that I mentioned in my previous Chairman's report was the implementation of our School Banking Program. Since then, we have had four schools accept our program which is leading towards educating our children about the value of money, more importantly, saving, something which is lacking in today's society.

## **Acknowledgements**

I would finally like to take this opportunity to thank the following Directors for the continuing time and effort in driving Beaconsfield District **Community Bank®** Branch.

Without all the Directors on the Board volunteering their countless hours, we would not be able to oversee Beaconsfield District Community Financial Services Ltd's business, let alone provide our community with the means to have money reinvested locally; money which is generated through our banking business.

Jim Byrne (Vice Chairman)

Carol Porter

Ted French

Graeme Taylor (Company Secretary)

Nick Hilder

Peter Barton

Gerald Treasure (Treasurer)

Rohan Treasure

Maurice Potter (Minute Secretary)

## Chairman's report continued

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Also, our great team at our branch headed by

Mick Lazari (Branch Manager)

Erin Treasure (Customer Service Officer)

Elise Byrne (Customer Relations Officer)

Bronwyn Grey (Customer Service Officer)

Melanie Casey (Customer Service Officer)

Natalie Romero (Customer Service Officer)

I would like to thank you all for such a tremendous job you are all doing, taking care of our customers, community and ourselves. I am proud of you all!

### **Conclusion**

In concluding, I hope to see most of our shareholders, and our community at our Annual General Meeting and wish you all well and appreciate all your ongoing support.

Yours sincerely,



**Michael M. Muaremov**

**Chairman / Director**

# Manager's report

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Period ended 30 June 2010

In our first full year of operation I am pleased to advise that we have achieved 120% of our prospectus modified forecasts.

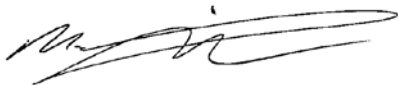
Our total accounts now exceed 1,150 and is increasing every week.

We have successfully launched our school banking campaigns with two local primary schools and expect to continue with a further two in the not too distant future, which will assist young children in learning the basic principles of saving and how money and banking work within our society.

We continue to work with our local residents, shop owners, local sporting clubs and CFA's and also encourage residents of neighbouring suburbs such as Officer, Berwick, Upper Beaconsfield and Narre Warren to bank with us and in turn highlight the benefits of what a **Community Bank**<sup>®</sup> branch can bring to the community.

We have also appointed Nat Romero as a part time Customer Service Officer given the recent successful full time appointment of Chanelle Roper at Pakenham branch. Nat is an experienced former Bendigo Bank employee and will further compliment our existing employee structures and more importantly provide the service levels expected by our community.

Finally, I wish to thank all of my staff, the Beaconsfield District **Community Bank**<sup>®</sup> Board, our shareholders and customers for making our branch the success story that it has become.



**Michael Lazari**  
**Branch Manager**

# Treasurer's report

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Period ended 30 June 2010

This Financial Report covers the period from incorporation of the Company on 9 January 2009 to 30 June 2010. The branch opened for business on 15 September 2009 hence the Profit and Loss Statement reflects income derived from that date. In respect of expenses, staff costs commenced mid-August 2009, rent and IT lease, support and operating costs from 15 September 2009 and other expenses mostly from approximately 1 September 2009.

The Financial Performance below is compared to the budgeted Income and Expenditure for Year 1 included in the Business Plan. Income and Expenditure have been revised to reflect the part year operations referred to above.

	Budget	Modified budget for part year	Actual \$	Variation \$
	Year 1 \$	2009/10 \$		
Revenue from activities	179,866	142,394	162,968	20,574
Salaries and Employee costs	235,000	205,625	239,862	(34,237)
Depreciation and Amortisation	-	-	35,085	(35,085)
Administration and Other Costs	174,650	145,542	148,993	(3,451)
Expenses	409,650	351,167	423,940	(72,773)
Net Loss	229,784	208,773	260,972	52,199

Income generated has exceeded budget expectation. Expenditure was greater than Budget mostly due to no allowance in the budget for non-cash expense of Depreciation and Amortisation and additional employment costs including superannuation.

The Finance Committee has spent considerable time in reviewing the income and expenses of our branch when assisting Bendigo and Adelaide Bank Ltd staff to prepare the Budget for the year ending 30 June 2011. The Budget is summarised, as follows:

Gross Income	\$402,495
Less Expenses	\$544,650
Net Loss	\$142,155

## Treasurer's report continued

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The Budget has been comprehensively prepared and envisages that the **Community Bank**<sup>®</sup> Company will hopefully become profitable early in the 2011/2012 financial year which would be a great achievement after approximately 2 years of operations. This is dependent on the business and local community continuing to support the bank with new additional banking business.

The Finance Committee acknowledges the assistance of the Board of Directors, our Branch Manager Mick Lazari and his staff, as well as the various administration staff of Bendigo and Adelaide Bank Ltd. I also thank the other Finance Committee Members Maurice Potter, Nick Hilder and Graeme Taylor for their work and Bookkeeper Kerry Canning for her diligent work.



**Gerald Treasure**  
**Treasurer**

# Directors' report

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Period ended 30 June 2010

Your Directors submit their report of the Company for the financial period ended 30 June 2010.

## Directors

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

**Mersou (Michael) Muaremov**

Chairman

Occupation: Accountant

**Graeme James Taylor**

Company Secretary

Occupation: Chartered Accountant

**James Martin Byrne**

Director

Occupation: Real Estate Agent

**Peter Thomas Barton**

Director

Occupation: Business Owner

**John Edward French**

Director

Occupation: Heavy Transport/Training

**Carol Anne Porter**

Director

Occupation: Partner - Plumbing

**Gerald James Treasure**

Director

Occupation: Company Director

**Maurice Lisle Potter**

Director

Occupation: Semi Retired

**Rohan James Treasure**

Director

Occupation: Timber & Hardware Proprietor

**Nicholas John Hilder**

Director

Occupation: Business Systems Consultant

**Kenneth James Aldred** (appointed 4 February 2009, resigned 16 July 2009)

Director

Occupation: Business Proprietor

Directors were appointed at incorporation on 9 January 2009 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.

## Operating results

Operations have performed in line with expectations. The loss of the Company for the financial period after provision for income tax was \$155,877.



# Directors' report continued

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## **Dividends**

The Directors recommend that no dividend be paid for the current period.

## **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**

There are 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.

## **Directors' benefits**

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 occurred 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 period were:

<b>Director</b>	<b>Board meetings #</b>
Mersou (Michael) Muaremov	37 (41)
Graeme James Taylor	41 (41)
James Martin Byrne	36 (41)
Peter Thomas Barton	36 (41)
John Edward French	31 (41)
Carol Anne Porter	39 (41)
Gerald James Treasure	38 (41)
Maurice Lisle Potter	37 (41)
Rohan James Treasure	32 (41)
Nicholas John Hilder	36 (41)
Kenneth James Aldred (appointed 4 February 2009, resigned 16 July 2009)	8 (21)

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

N/A - not a member of that Committee.

## Company Secretary

Maurice Potter was replaced as Company Secretary of Beaconsfield District Community Financial Services Ltd on 4 February 2009 by Graeme Taylor. Graeme is a practicing Chartered Accountant (fellow).

## 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



Partners:  
Kenneth J Richmond  
Warren J Sinnott  
Philip P Delahunty  
Brett A Andrews

## Auditor's Independence Declaration

In relation to our audit of the financial report of Beaconsfield District Community Financial Services Limited for the financial period ended 30 June 2010, 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.

A handwritten signature in black ink, appearing to read 'W Sinnott'.

**Warren Sinnott**  
**Partner**

Richmond Sinnott & Delahunty

Bendigo

29 October 2010

Signed in accordance with a resolution of the Board of Directors at Beaconsfield on 29 October 2010.

A handwritten signature in black ink, appearing to read 'Mersou (Michael) Muaremov'.

**Mersou (Michael) Muaremov,**  
**Chairman**

# Financial statements

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## Statement of comprehensive income Period ended 30 June 2010

	Note	2010 \$
Revenue from ordinary activities	2	162,968
Employee benefits expense	3	(239,862)
Charitable donations and sponsorship		(2,350)
Depreciation and amortisation expense	3	(35,085)
Other expenses from ordinary activities		(146,643)
<b>Loss before income tax expense</b>		<b>(260,972)</b>
Income tax expense / (benefit)	4	(105,095)
<b>Loss after income tax expense</b>		<b>(155,877)</b>
Other comprehensive income		-
<b>Total comprehensive income</b>		<b>(155,877)</b>
<b>Earnings per share (cents per share)</b>		
- basic for loss for the period	21	(20.38)
- diluted for loss for the period	21	(20.38)

These financial statements must be read in conjunction with the accompanying notes.

# Financial statements continued

## Statement of financial position As at 30 June 2010

	Note	2010 \$
<b>Current assets</b>		
Cash and cash equivalents	6	201,601
Receivables	7	18,946
<b>Total current assets</b>		<b>220,547</b>
<b>Non-current assets</b>		
Property, plant and equipment	8	191,624
Deferred tax asset	4	105,095
Intangible assets	9	107,463
<b>Total non-current assets</b>		<b>404,182</b>
<b>Total assets</b>		<b>624,729</b>
<b>Current liabilities</b>		
Payables	10	23,927
Provisions	11	8,203
<b>Total current liabilities</b>		<b>32,130</b>
<b>Total liabilities</b>		<b>32,130</b>
<b>Net assets</b>		<b>592,599</b>
<b>Equity</b>		
Share capital	12	748,476
Accumulated losses	13	(155,877)
<b>Total equity</b>		<b>592,599</b>

These financial statements must be read in conjunction with the accompanying notes.

# Financial statements continued

## Statement of cash flows Period ended 30 June 2010

	Note	2010 \$
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations		157,100
Cash payments in the course of operations		(374,380)
Interest received		4,577
<b>Net cash flows used in operating activities</b>	<b>14b</b>	<b>(212,703)</b>
<b>Cash flows from investing activities</b>		
Payment for intangible assets		(124,880)
Payments for property, plant and equipment		(209,292)
<b>Net cash flows used in investing activities</b>		<b>(334,172)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares		764,961
Equity raising costs paid		(16,485)
<b>Net cash flows from financing activities</b>		<b>748,476</b>
<b>Net increase in cash held</b>		<b>201,601</b>
Cash and cash equivalents at start of year		-
<b>Cash and cash equivalents at end of year</b>	<b>14a</b>	<b>201,601</b>

These financial statements must be read in conjunction with the accompanying notes.

# Financial statements continued

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## Statement of changes in equity Period ended 30 June 2010

	Note	2010 \$
<b>Share capital</b>		
Balance at start of period		-
Issue of share capital		764,961
Share issue costs		(16,485)
<b>Balance at end of period</b>		<b>748,476</b>
<b>Accumulated losses</b>		
Balance at start of period		-
Loss after income tax expense		(155,877)
Dividends paid	20	-
<b>Balance at end of period</b>		<b>(155,877)</b>

These financial statements must be read in conjunction with the accompanying notes.

# Notes to the financial statements

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Period ended 30 June 2010

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

### (a) Basis of preparation

Beaconsfield District Community Financial Services Limited ('the Company') is domiciled in Australia. The financial statements for the period ending 30 June 2010 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 29 October 2010.

### (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.

### (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.



# Notes to the financial statements continued

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

### **Income tax (continued)**

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.

### **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 improvement	6.67%
Plant & equipment	5 - 100%

### 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.

# Notes to the financial statements continued

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

### **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.

### **Goods and services tax**

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

Receivables and payables are stated with the amount of GST included.

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

# Notes to the financial statements continued

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

### 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.

### 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.

### Loans and borrowings

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

### Comparative figures

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

**2010**  
**\$**

## Note 2. Revenue from ordinary activities

### Operating activities

- services commissions	144,224
- other revenue	14,167
<b>Total revenue from operating activities</b>	<b>158,391</b>
<b>Non-operating activities:</b>	
- interest received	4,577
<b>Total revenue from non-operating activities</b>	<b>4,577</b>
<b>Total revenue from ordinary activities</b>	<b>162,968</b>

## Notes to the financial statements continued

	2010 \$
<b>Note 3. Expenses</b>	
<b>Employee benefits expense</b>	
- wages and salaries	196,649
- superannuation costs	18,619
- workers' compensation costs	621
- other costs	23,973
	<b>239,862</b>
<b>Depreciation of non-current assets:</b>	
- leasehold improvements	5,928
- plant and equipment	11,740
<b>Amortisation of non-current assets:</b>	
- intangibles	17,417
	<b>35,085</b>
Bad debts	54

## 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%	(78,292)
Add/(less) tax effect of:	
- Non-deductible expenses	2,001
- Business investment allowance	(28,804)
<b>Current income tax expense / (benefit)</b>	<b>(105,095)</b>
<b>Income tax expense / (benefit)</b>	<b>(105,095)</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>105,095</b>

## Notes to the financial statements continued

**2010**  
**\$**

### 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	6,000
- Share registry services	1,965
- Accounting work for prospectus	2,500
	<b>13,365</b>

### Note 6. Cash and cash equivalents

**Cash at bank and on hand** **201,601**

### Note 7. Receivables

Trade debtors	10,189
Other debtors	8,757
	<b>18,946</b>

### Note 8. Property, plant and equipment

#### Leasehold improvements

At cost	118,595
Less accumulated depreciation	(5,928)
	<b>112,667</b>

#### Plant and equipment

At cost	90,697
Less accumulated depreciation	(11,740)
	<b>78,957</b>

**Total written down amount** **191,624**

## Notes to the financial statements continued

2010  
\$

Note 8. Property, plant and equipment (continued)

### Movements in carrying amounts

#### Leasehold improvements

Carrying amount at beginning of period	-
Additions	118,595
Disposals	-
Depreciation expense	(5,928)
<b>Carrying amount at end of period</b>	<b>112,667</b>

#### Plant and equipment

Carrying amount at beginning of period	-
Additions	90,697
Disposals	-
Depreciation expense	(11,740)
<b>Carrying amount at end of period</b>	<b>78,957</b>

Note 9. Intangible assets

#### Franchise fee

At cost	110,000
Less accumulated amortisation	(17,417)
	<b>92,583</b>

#### Goodwill

At cost	14,880
	<b>107,463</b>

Note 10. Payables

Trade creditors	8,589
Other creditors and accruals	15,338
	<b>23,927</b>

## Notes to the financial statements continued

	<b>2010</b>
	<b>\$</b>
<b>Note 11. Provisions</b>	
<b>Employee benefits</b>	<b>8,203</b>

### Note 12. Share capital

764,961 Ordinary shares fully paid of \$1 each	764,961
Less: Equity raising costs	(16,485)
	<b>748,476</b>

### Note 13. Accumulated losses

Balance at the beginning of the financial period	-
Loss after income tax	(155,877)
Dividends	-
<b>Balance at the end of the financial period</b>	<b>(155,877)</b>

### Note 14. Statement of cash flows

#### (a) Cash and cash equivalents

<b>Cash assets</b>	<b>201,601</b>
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#### (b) Reconciliation of loss after tax to net cash provided used in operating activities

Loss after income tax	(155,877)
Non cash items	
- Depreciation	17,668
- Amortisation	17,417
Changes in assets and liabilities	
- (Increase) decrease in deferred income tax asset	(105,095)
- (Increase) decrease in receivables	(18,946)
- Increase (decrease) in payables	23,927
- Increase (decrease) in provisions	8,203
<b>Net cash flows used in operating activities</b>	<b>(212,703)</b>

# Notes to the financial statements continued

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## Note 15. Director and related party disclosures

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

Mersou (Michael) Muaremov

Graeme James Taylor

James Martin Byrne

Peter Thomas Barton

John Edward French

Carol Anne Porter

Gerald James Treasure

Maurice Lisle Potter

Rohan James Treasure

Nicholas John Hilder

Kenneth James Aldred (appointed 4 February 2009, resigned 16 July 2009)

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>2010</b>
Mersou (Michael) Muaremov	15,501
Graeme James Taylor	10,001
James Martin Byrne	10,001
Peter Thomas Barton	10,001
John Edward French	4,001
Carol Anne Porter	5,001
Gerald James Treasure	5,001
Maurice Lisle Potter	1,501
Rohan James Treasure	20,001
Nicholas John Hilder	1,501
Kenneth James Aldred (appointed 4 February 2009, resigned 16 July 2009)	501

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

## Note 16. Subsequent events

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



# Notes to the financial statements continued

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## Note 17. Contingent liabilities

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

## Note 18. 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 Beaconsfield, Victoria.

## Note 19. Corporate information

Beaconsfield District Community Financial Services Limited is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is:

Shop 6 / 52-62 Old Princes Highway,

Beaconsfield VIC 3807

## Note 20. Dividends paid or provided for on ordinary shares

The Directors recommend that no dividend be paid for the current period.

**2010**  
**\$**

## Note 21. 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:

<b>Loss after income tax expense</b>	<b>(155,877)</b>
<b>Weighted average number of ordinary shares for basic and diluted earnings per share</b>	<b>764,961</b>

# Notes to the financial statements continued

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## Note 22. 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 2010 \$</b>
Cash assets	201,601
Receivables	18,946
	<b>220,547</b>

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of the balance of receivables is due from Bendigo and Adelaide Bank Ltd.

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 22. 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 2010</b>					
<b>Payables</b>	<b>23,927</b>	<b>(23,927)</b>	<b>(23,927)</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 2010 \$
<b>Fixed rate instruments</b>	
Financial assets	173,144
Financial liabilities	-
	<b>173,144</b>
<b>Variable rate instruments</b>	
Financial assets	28,457
Financial liabilities	-
	<b>28,457</b>

# Notes to the financial statements continued

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Note 22. 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 year 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 Statement of Financial Position.

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 2010 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 Beaconsfield District Community Financial 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 2010 and of their performance for the period ended on that date; and
  - (ii) complying with Accounting Standards in Australia 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.



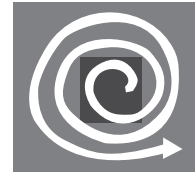
**Mersou (Michael) Muaremov**  
**Chairman**

Signed at Beaconsfield on 29 October 2010.

# Independent audit report

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## Richmond Sinnott & Delahunty Chartered Accountants



### **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BEACONSFIELD DISTRICT COMMUNITY FINANCIAL SERVICES LIMITED**

Partners:  
Kenneth J Richmond  
Warren J Sinnott  
Philip P Delahunty  
Brett A Andrews

#### **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 Beaconsfield District Community Financials Services Limited, for the period ended 30 June 2010.

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.

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Woodbury Court, 172 Melvor Road Bendigo 3550. PO Box 30 Bendigo 3552. Ph: (03) 5443 1177. Fax: (03) 5444 4344. Email: [rsd@rsdadvisors.com.au](mailto:rsd@rsdadvisors.com.au)

ABN 60 616 244 309

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## Independent audit report continued

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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.

### **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 Beaconsfield District Community Financials 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 2010 and of its performance for the period ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

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

*Sinnott*

**W. J. SINNOTT**  
Partner  
Bendigo

Date: 29 October 2010









Beaconsfield District **Community Bank**<sup>®</sup> Branch  
Shop 6, 52-62 Old Princes Highway, Beaconsfield VIC 3807  
Phone: (03) 9769 5122

Franchisee:  
Beaconsfield District Community Financial Services Limited  
Shop 6, 52-62 Old Princes Highway, Beaconsfield, VIC 3807  
Phone: (03) 9769 5122  
ABN: 18 134 858 889

[www.bendigobank.com.au/beaconsfield](http://www.bendigobank.com.au/beaconsfield)  
Bendigo and Adelaide Bank Limited,  
The Bendigo Centre, Bendigo VIC 3550  
ABN 11 068 049 178. AFSL 237879.  
(BMPAR10095) (10/10)