

Beaconsfield District Community  
Financial Services Limited

ABN 18 134 858 889

# annual report 2011



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

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# Chairman's report

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For year ending 30 June 2011

## **Financial performance**

Our business footings as of 30 June 2011 was \$47.2 million made up of \$31.9 million deposits and \$15.3 million in lending. This is in line with our prospectus forecast at 120%. However we are still short of our breakeven point, which has been recalculated to be approximately \$66 million. That is due mainly to a decrease in the profit margin on lending. Whilst new business continues to grow slower than projected we still anticipate reaching our target of \$66 million by the end of this financial year.

We have just celebrated our second birthday as a **Community Bank**<sup>®</sup> branch and we are proud of the achievements made to date particularly given the current economic climate. With the continued support of shareholders and the hard work of the branch staff and members of the Board I'm sure we will continue to close in on our move into profit at a steady pace.

## **Business development**

During the year we had several staff changes at the branch including the appointment of our new Branch Manager Jennifer Nolan. Jennifer came to us from the Bendigo Bank branch in Berwick and has 20 years experience with Bendigo and Adelaide Bank Ltd. After a short settling in period Jennifer is up and running and out there in the community drumming up business. Our Customer Relationship Officer (CRO) or second in charge Elise Byrne went on maternity leave to spend some time with her new son Angus and we hope to see her back in the branch shortly. In the meantime Natalie Romero is filling in for Elise and doing a great job with the assistance of our other permanent staff member Erin Treasure and our three part timers in Sarah Harper, Bronwyn Grey and Reema Davis. The School Banking Program has been established now in four local primary schools and will soon be picked up by a few more.

Local businesses are continuing to come aboard with EFTPOS facilities, business loans and credit facilities. We now also have a qualified Financial Planner Imran Tabassum who is in the branch one day a week to meet with customers. Imran joins Business Banker Terry Knight who also spends one day a week in the branch.

## **Community contributions**

Although we have not yet reached breakeven and passed into profit our partnership with the Bendigo and Adelaide Bank Ltd supports us with a monthly Market Development Fund allowance that enables us to donate to and sponsor local groups and charities. Last financial year we contributed \$2,225 in gifts and donations and \$7,700 in sponsorships and we invested \$8,300 in marketing and promotion from that MDF to drive business into the branch. In the coming year we have several community events that we will either sponsor or support and in the future hopefully become the major sponsor of local major events and community activities. Since opening on 15 September 2009 we have put more than \$18,000 back into the community.

As our profits increase that capacity to put back into the community will grow and hopefully Beaconsfield District **Community Bank**<sup>®</sup> Branch will be able to do some of the amazing things other **Community Bank**<sup>®</sup> branches have done like buying a new emergency vehicle, or a community bus for the elderly or contributing toward the construction of sporting facilities. The **Community Bank**<sup>®</sup> model is unique and a powerful vehicle for shareholders and community members. The opportunity to use an everyday service, such as banking, which we all use to contribute back into the community we live and work in, is fantastic.

# Chairman's report continued

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## **Forward planning**

We have already put in place several initiatives that over time will ensure the ongoing success of our branch. Things such as school banking may seem trivial from the outside looking in, but those children are our future business owner's, entrepreneurs, investors and home owners.

We are working with local councillors and other **Community Bank**<sup>®</sup> branches and Bendigo and Adelaide Bank Ltd to pool our resources and work with likeminded people and groups to increase our capacity to gain support for our community from government at local, state and federal levels.

We have the resources of the Business Banking and Financial Planning divisions of the bank that are there for all our shareholders and customers to use their expertise. We continue to interact with the local community and tell our story as often as possible. Because sometimes people need to hear it a couple of times before they really understand just what it's all about.

## **Acknowledgements**

I would like to thank the entire Board of Directors who since the days of establishing a steering committee to help get a **Community Bank**<sup>®</sup> branch for Beaconsfield District back in early 2008 have continued to volunteer their time effort and expertise on the Board.

A special thanks to our recently retired Director and Chairman Michael Muaremov, without whom the bank would never have happened.

Our founding Board members have barely changed and I would like to thank:

Graeme Taylor (Company Secretary & Vice Chairman)  
Ted French & Carol Porter (HR Committee)  
Gerald Treasure (Treasurer)  
Maurice Potter (Minute Secretary)  
Nick Hilder & Peter Barton  
Rohan Treasure (Marketing & Sponsorship Committee)

Our branch team

Jennifer Nolan (Branch Manager)  
Natalie Romero (CRO)  
Erin Treasure (CSO)  
Sarah Harper (Part Time CSO)  
Reema Davis (Part Time CSO)  
Bronwyn Grey (Part Time CSO)  
Elise Byrne (CRO) currently on maternity leave

Also all our shareholders and customers who continue to support us and help us grow.

Sincerely your



**James M Byrne**  
**Acting Chairman**

# Manager's report

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For year ending 30 June 2011

It gives me a great deal of pleasure to submit my first Manager's report for the Annual Report to shareholders. Beaconsfield District **Community Bank**<sup>®</sup> Branch has now been open for two years and has gone through numerous changes.

The 2011 year has been another year of exciting development and growth for our branch.

Our business levels again continued to grow and although we fell slightly short of our budgeted growth in target, our annual business growth was a very pleasing \$18 million which brings the total level of deposits and loans we now hold to \$47.6 million. The growth in lending continues to be challenging however the excellent overall growth was driven by the strong influence of deposits.

I would like to acknowledge the efforts of our dedicated branch team comprising of Natalie our Customer Relationship Officer, along with our Customer Service Officers Erin, Bronwyn, Reema and Sarah. There has been a significant change of faces at Beaconsfield District **Community Bank**<sup>®</sup> Branch, and I look forward to their continued development and support in the coming years.

One of the strengths of the **Community Bank**<sup>®</sup> concept is the support of our dedicated Board of Directors and shareholders. Please continue to play your part in the growth of our branch by spreading the word about the very personal banking service provided by your **Community Bank**<sup>®</sup> branch, as well as the community contributions we have been able to give back to our local community so far.

We have already returned significant funds to our community and are moving towards an exciting era where we are looking to expand and increase our sponsorship program with a continued steady growth of our business on the books.

What are we aiming to achieve over the next 12 months? The branch will continue to maintain emphasis on our schools and community infrastructure such as the CFA, youth programs and local sporting clubs. However to achieve this result we will still need to reach our budgeted goals of profit share and growth, so it is vital that full community support is directed to banking at Beaconsfield District **Community Bank**<sup>®</sup> Branch.

We hope to be able to help you all with achieving your financial goals in the near future.



**Jennifer Nolan**  
**Branch Manager**

# Treasurer's report

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For year ending 30 June 2011

This Financial report covers the year ended 30 June 2011 with comparative amounts for the period from incorporation of the Company on 9 January 2009 to 30 June 2010. The Branch opened for business on 15 September 2009 and the comparative profit and loss statement reflects income derived from that date and most expenses including staff costs, rent and IT lease, support and operating costs from 15 September 2009. Accordingly, the results for the 2009/10 year are not for a full financial year trading.

The financial performance as set out below compares actual results for the two financial periods with the budgeted income and expenditure approved by the Company's Board of Directors.

	Actual results		Budget 2010/11 \$	Favourable (unfavourable) Variation to budget
	2009/10 \$	2010/11 \$		
Revenue from activities	162,968	339,921	402,495	(62,574)
Salaries and employment costs	239,862	274,448	318,500	44,052
Depreciation and amortisation	35,085	44,044	40,200	(3,844)
Administration and other costs	148,993	174,072	185,950	11,878
Expenses	423,940	492,564	544,650	52,086
Net loss	260,972	152,643	142,155	(10,488)

The amount of income generated was less than budget expectations due mainly to lower returns from our branches' base of management funds held. Expenditure was less than budget mostly due to the Board of Directors adjusting to the lower than expected revenue base by not proceeding with employing an additional staff member. Savings in other expenses were achieved whenever possible.

The Finance Committee 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 2012. The budget is summarised, as follows:

Revenue from activities	\$435,789
Salaries and employment costs	\$303,650
Depreciation and amortisation	\$44,290
Administration and other costs	\$190,618
Net loss	\$102,769

The actual results for July and August 2011 exceeded budget expectations by approximately \$7,000 (loss of \$17,000 compared to budgeted loss of \$24,000). The greater business usage of the branches' banking, lending and financial services facilities will result in greater income to flow to our **Community Bank**<sup>®</sup> branch. It would be a great achievement to improve the **Community Bank**<sup>®</sup> branch trading position sufficiently to start earning profits by 15 September 2012 i.e. after three years of operation.

## Treasurer's report continued

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The Finance Committee acknowledges the assistance of the Board of Directors, our Branch Manager, Jennifer Nolan and her 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.

A handwritten signature in black ink that reads "Gerald Treasure". The signature is written in a cursive style with a long horizontal flourish at the end.

**Gerald Treasure**  
**Treasurer**

# 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 year 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 year are:

**Mersou (Michael) Muaremov** (resigned 26 August 2011)

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

Directors were in office for the entire year 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 year 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 year.

## Review of operations

The loss of the Company for the financial year after provision for income tax was \$103,881 (2010: \$155,877).

## Dividends

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



# Directors' report continued

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## **Significant changes in the state of affairs**

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

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

## **Likely developments**

The Company will continue its policy of providing banking services to the community.

## **Remuneration report**

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

<b>Director</b>	<b>Board meetings #</b>
Mersou (Michael) Muaremov (resigned 26 August 2011)	12 (12)
Graeme James Taylor	12 (12)
James Martin Byrne	9 (12)
Peter Thomas Barton	9 (12)
John Edward French	12 (12)
Carol Anne Porter	12 (12)
Gerald James Treasure	10 (12)
Maurice Lisle Potter	8 (12)
Rohan James Treasure	12 (12)
Nicholas John Hilder	7 (12)

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

### Company Secretary

Graeme Taylor was appointed as Company Secretary of Beaconsfield District Community Financial Services Limited on 4 February 2009. 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:



28 September 2011  
The Directors  
Beaconsfield District Community Financial Services Limited  
PO Box 616  
BEACONSFIELD VIC 3807

Dear Directors

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

In relation to our audit of the financial report of Beaconsfield District Community Financial Services Limited for the 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

Signed in accordance with a resolution of the Board of Directors at Beaconsfield on 28 September 2011.



**James Martin Byrne, Director**

# Financial statements

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

	Note	2011 \$	2010 \$
Revenue from continuing operations	2	339,921	162,968
Employee benefits expense	3	(274,448)	(239,862)
Charitable donations and sponsorship		(1,793)	(2,350)
Depreciation and amortisation expense	3	(44,044)	(35,085)
Other Expenses		(172,279)	(146,643)
<b>Loss before income tax benefit</b>		<b>(152,643)</b>	<b>(260,972)</b>
Income tax benefit	4	(48,762)	(105,095)
<b>Loss after income tax benefit</b>		<b>(103,881)</b>	<b>(155,877)</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>(103,881)</b>	<b>(155,877)</b>
<b>Earnings per share (cents per share)</b>			
- basic for loss for the year	21	(13.58)	(20.38)
- diluted for loss for the year	21	(13.58)	(20.38)

The accompanying notes form part of these financial statements.

## Financial statements continued

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

	Note	2011 \$	2010 \$
<b>Current assets</b>			
Cash and cash equivalents	6	84,828	201,601
Receivables	7	19,561	18,946
<b>Total current assets</b>		<b>104,389</b>	<b>220,547</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	169,780	191,624
Deferred tax asset	4	153,857	105,095
Intangible assets	9	85,463	107,463
<b>Total non-current assets</b>		<b>409,100</b>	<b>404,182</b>
<b>Total assets</b>		<b>513,489</b>	<b>624,729</b>
<b>Current liabilities</b>			
Payables	10	15,610	23,927
Provisions	11	9,161	8,203
<b>Total current liabilities</b>		<b>24,771</b>	<b>32,130</b>
<b>Total liabilities</b>		<b>24,771</b>	<b>32,130</b>
<b>Net assets</b>		<b>488,718</b>	<b>592,599</b>
<b>Equity</b>			
Share capital	12	748,476	748,476
Accumulated losses	13	(259,758)	(155,877)
<b>Total equity</b>		<b>488,718</b>	<b>592,599</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 \$	2010 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		366,789	157,100
Cash payments in the course of operations		(489,313)	(374,380)
Interest received		5,951	4,577
<b>Net cash flows used in operating activities</b>	<b>14b</b>	<b>(116,573)</b>	<b>(212,703)</b>
<b>Cash flows from investing activities</b>			
Payment for intangible assets		-	(124,880)
Payments for property, plant and equipment		(200)	(209,292)
<b>Net cash flows used in investing activities</b>		<b>(200)</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>-</b>	<b>748,476</b>
<b>Net increase in cash held</b>		<b>(116,773)</b>	<b>201,601</b>
Cash and cash equivalents at start of year		201,601	-
<b>Cash and cash equivalents at end of year</b>	<b>14a</b>	<b>84,828</b>	<b>201,601</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 \$	2010 \$
<b>Share capital</b>			
Balance at start of year		748,476	-
Issue of share capital		-	764,961
Share issue costs		-	(16,485)
<b>Balance at end of year</b>		<b>748,476</b>	<b>748,476</b>
<b>Accumulated losses</b>			
Balance at start of year		(155,877)	-
Loss after income tax benefit		(103,881)	(155,877)
Dividends paid	20	-	-
<b>Balance at end of year</b>		<b>(259,758)</b>	<b>(155,877)</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

Beaconsfield District Community Financial Services Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2011 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing **Community Bank®** 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 28 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. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2010 financial statements.

#### 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 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.

### **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.

# Notes to the financial statements continued

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

### **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).

### **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.

# Notes to the financial statements continued

## 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.

### Loans and borrowings

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

### Comparative figures

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

	2011	2010
	\$	\$

## Note 2. Revenue from ordinary activities

### Operating activities

- services commissions	299,803	144,224
- other revenue	34,167	14,167
	<b>333,970</b>	<b>158,391</b>

### Non-operating activities:

- interest received	5,951	4,577
	<b>5,951</b>	<b>4,577</b>
	<b>339,921</b>	<b>162,968</b>

## Note 3. Expenses

### Employee benefits expense

- wages and salaries	232,219	196,649
- superannuation costs	20,928	18,619
- workers' compensation costs	730	621
- other costs	20,571	23,973
	<b>274,448</b>	<b>239,862</b>

## Notes to the financial statements continued

	2011 \$	2010 \$
Note 3. Expenses (continued)		
<b>Depreciation of non-current assets:</b>		
- leasehold improvements	7,909	5,928
- plant and equipment	14,135	11,740
<b>Amortisation of non-current assets:</b>		
- intangibles	22,000	17,417
	<b>44,044</b>	<b>35,085</b>
Bad debts	793	54

### 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%	(45,793)	(78,292)
Add/(less) tax effect of:		
- Non-deductible expenses	(2,969)	2,001
- Business investment allowance	-	(28,804)
<b>Current income tax expense / (benefit)</b>	<b>(48,762)</b>	<b>(105,095)</b>
<b>Income tax expense / (benefit)</b>	<b>(48,762)</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>153,857</b>	<b>105,095</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	3,900	2,900
- Completion of feasibility study	-	6,000
- Share registry services	1,040	1,965
- Accounting work for prospectus	-	2,500
	<b>4,940</b>	<b>13,365</b>

## Notes to the financial statements continued

	2011 \$	2010 \$
<b>Note 6. Cash and cash equivalents</b>		
<b>Cash at bank and on hand</b>	<b>84,828</b>	<b>201,601</b>
<b>Note 7. Receivables</b>		
Trade debtors	11,219	10,189
Other debtors	8,342	8,757
	<b>19,561</b>	<b>18,946</b>
<b>Note 8. Property, plant and equipment</b>		
<b>Leasehold improvements</b>		
At cost	118,595	118,595
Less accumulated depreciation	(13,837)	(5,928)
	<b>104,758</b>	<b>112,667</b>
<b>Plant and equipment</b>		
At cost	90,897	90,697
Less accumulated depreciation	(25,875)	(11,740)
	<b>65,022</b>	<b>78,957</b>
<b>Total written down amount</b>	<b>169,780</b>	<b>191,624</b>
<b>Movements in carrying amounts</b>		
<b>Leasehold improvements</b>		
Carrying amount at beginning of year	112,667	-
Additions	-	118,595
Disposals	-	-
Depreciation expense	(7,909)	(5,928)
<b>Carrying amount at end of year</b>	<b>104,758</b>	<b>112,667</b>
<b>Plant and equipment</b>		
Carrying amount at beginning of year	78,957	-
Additions	200	90,697
Disposals	-	-
Depreciation expense	(14,135)	(11,740)
<b>Carrying amount at end of year</b>	<b>65,022</b>	<b>78,957</b>

## Notes to the financial statements continued

	2011 \$	2010 \$
<b>Note 9. Intangible assets</b>		
<b>Franchise fee</b>		
At cost	110,000	110,000
Less accumulated amortisation	(39,417)	(17,417)
	<b>70,583</b>	<b>92,583</b>
<b>Goodwill</b>		
At cost	14,880	14,880
	<b>85,463</b>	<b>107,463</b>
<b>Note 10. Payables</b>		
Trade creditors	5,699	8,589
Other creditors and accruals	9,911	15,338
	<b>15,610</b>	<b>23,927</b>
<b>Note 11. Provisions</b>		
<b>Employee benefits</b>	<b>9,161</b>	<b>8,203</b>
<b>Movement in employee benefits</b>		
Opening balance	8,203	-
Additional provisions recognised	10,038	18,169
Amounts utilised during the year	(9,080)	(9,966)
<b>Closing balance</b>	<b>9,161</b>	<b>8,203</b>
<b>Note 12. Share capital</b>		
764,961 Ordinary shares fully paid of \$1 each	764,961	764,961
Less: Equity raising costs	(16,485)	(16,485)
	<b>748,476</b>	<b>748,476</b>

## Notes to the financial statements continued

	2011 \$	2010 \$
<b>Note 13. Accumulated losses</b>		
Balance at the beginning of the financial year	(155,877)	-
Loss after income tax	(103,881)	(155,877)
Dividends	-	-
<b>Balance at the end of the financial year</b>	<b>(259,758)</b>	<b>(155,877)</b>

## Note 14. Statement of cash flows

### (a) Cash and cash equivalents

<b>Cash assets</b>	<b>84,828</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	(103,881)	(155,877)
Non cash items		
- Depreciation	22,044	17,668
- Amortisation	22,000	17,417
Changes in assets and liabilities		
- (Increase) decrease in deferred income tax asset	(48,762)	(105,095)
- (Increase) decrease in receivables	(615)	(18,946)
- Increase (decrease) in payables	(8,317)	23,927
- Increase (decrease) in provisions	958	8,203
<b>Net cash flows used in operating activities</b>	<b>(116,573)</b>	<b>(212,703)</b>

## Note 15. Director and related party disclosures

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

Mersou (Michael) Muaremov (resigned 26 August 2011)  
 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

## Notes to the financial statements continued

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### Note 15. Director and related party disclosures (continued)

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>	<b>2010</b>
Mersou (Michael) Muaremov (resigned 26 August 2011)	15,501	15,501
Graeme James Taylor	10,001	10,001
James Martin Byrne	10,001	10,001
Peter Thomas Barton	10,001	10,001
John Edward French	5,001	4,001
Carol Anne Porter	5,001	5,001
Gerald James Treasure	11,501	5,001
Maurice Lisle Potter	1,501	1,501
Rohan James Treasure	20,001	20,001
Nicholas John Hilder	1,501	1,501

John French purchased 1,000 shares and Gerald Treasure purchased 6,500 shares during the year.

There was no other movement in Directors' shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

### Note 16. 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.

### Note 17. Contingent liabilities and assets

There were no contingent liabilities or assets 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.



# Notes to the financial statements continued

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## 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 year.

	2011	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 year.

Diluted earnings per share amounts are calculated by dividing loss after income tax by the weighted average number of ordinary shares outstanding during the year (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>(103,881)</b>	<b>(155,877)</b>
<b>Weighted average number of ordinary shares for basic and diluted earnings per share</b>	<b>764,961</b>	<b>764,961</b>

## 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.

## Notes to the financial statements continued

### Note 22. Financial risk management (continued)

#### (a) Credit risk (continued)

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:

	Carrying amount	
	2011 \$	2010 \$
Cash assets	84,828	201,601
Receivables	19,561	18,946
	<b>104,389</b>	<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 are 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.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
<b>30 June 2011</b>					
Payables	15,610	(15,610)	(15,610)	-	-
	<b>15,610</b>	<b>(15,610)</b>	<b>(15,610)</b>	-	-
<b>30 June 2010</b>					
Payables	23,927	(23,927)	(23,927)	-	-
	<b>23,927</b>	<b>(23,927)</b>	<b>(23,927)</b>	-	-

# Notes to the financial statements continued

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## Note 22. Financial risk management (continued)

### (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	2010
	\$	\$
<b>Fixed rate instruments</b>		
Financial assets	53,092	173,144
Financial liabilities	-	-
	<b>53,092</b>	<b>173,144</b>
<b>Variable rate instruments</b>		
Financial assets	31,736	28,457
Financial liabilities	-	-
	<b>31,736</b>	<b>28,457</b>

#### 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.

## Notes to the financial statements continued

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Note 22. Financial risk management (continued)

### **(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 year 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 year.

# 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 2011 and of their performance for the year 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.



**James Martin Byrne, Director**

Signed at Beaconsfield on 28 September 2011.

# Independent audit report

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**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF BEACONSFIELD DISTRICT  
COMMUNITY FINANCIAL 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 Beaconsfield District Community Financial 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.

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Partners: Kenneth J Richmond • Warren J Sinnott • Philip P Delahunty • Brett A Andrews  
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ABN 60 616 244 309  
Liability limited by a scheme approved under Professional Standards Legislation

## 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 Financial 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; and
  - (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: 28 September 2011









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.  
(BMPAR11109) (09/11)