

Bentley & Districts
Community Financial Services Limited

ABN 99 109 035 967

annual report 2011

Bentley & Districts **Community Bank**[®] Branch

Contents

Chairman's report	2-3
Manager's report	4
Bendigo and Adelaide Bank Ltd report	5-6
Directors' report	7-10
Financial statements	11-14
Notes to the financial statements	15-28
Directors' declaration	29
Independent audit report	30-31

Chairman's report

For year ending 30 June 2011

It has been a challenging year, we lost momentum and have gone backwards. Our plans and expectation for an improved year as previously indicated were unable to be realised through continuous staffing instability. Overall we slipped back during the year.

While it was and continues to be a challenging finance and banking environment, we cannot use the external circumstance as the sole reason.

The reason our financial report is not good reading centres on the instability within the branch. Constant staff changes through termination and transfers has led to a lack of stability and leadership for our branch. When there is a change of staff, the process of interview, selection and training takes a lengthy period and the contribution to branch productivity is minimal. We look forward to a more productive year when we have achieved our goal of appointing an experienced team of staff to meet the demands of our customers and to grow our business.

Outside of banking, considerable work was undertaken:

- 1] To understand our community better and seek to develop relationships with local not for profit groups. While undertaking this community engagement, a number of community projects were identified. However, it was difficult to expand these opportunities quickly into banking services due to our staffing situation in the branch.
- 2] Our relationship with Curtin University Business School expanded and with the foundation for a positive ongoing relationship being nurtured. Through this activity small groups of senior students/groups undertook community programmes. Two major ones were a marketing study for Bentley & Districts **Community Bank**[®] Branch and a Community Mapping structure for the South East Corridor. Both of these provide invaluable recommendations.
- 3] Your Directors assessed the situation that little of value could be achieved until the branch situation improved and hence any immediate action was to centre on;
 - a) limiting losses now,
 - b) focus development on stability in the branch and
 - c) aim to capitalise on the community engagement work already taken place as soon as stability returns.
- 4] In relation to stability, the Board's approach was to seek a Branch Manager with Bendigo Bank system experience, ability to engage with and train staff, a strong grounding in back office services and to have such a person in place within the shortest time possible – in the new financial year, ideally by September
- 5] To assist with creating a new era, a better era - improve the branch atmosphere, upgrade/replace branch carpet, painting, uplift with wall frames displaying community stories. Utilise the chamber space to be more user friendly with community Boards and info sheets. This has been programmed for the first half of the new financial year.

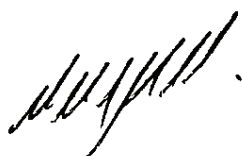
Chairman's report continued

6] Grow our community engagement commitment and improve business connections

7] Study the Marketing Plan and select a strategic direction and commence when the new staff structure is in place.

In summary, 2010/2011 was a disappointing year in terms of business service to customers and staff contribution. Our community engagement laid foundations for business opportunity to be followed up. Provided we do not drop our standard for the new staff structure based on stability and performance, the Board expects a marked improvement in results for 2011/2012.

Thank you to our Board members and loyal shareholders.



Kevin Taylforth
Chairman

Manager's report

For year ending 30 June 2011

Firstly, I would like to start by taking the time to thank all the loyal customers and shareholders for their patience during the transition phases that we have been going through. We have a new and stable team waiting to help you reach your financial objectives and wanting to provide you with excellent customer service. Thanks also need to be given to the Board of Directors and Chairman for their valuable assistance and guidance through this time. The past year has seen some considerable staffing changes, and the new, stable team is as follows:

Branch Manager - Natasha Kirkwood

Customer Relationship Officer - Nick Emin

Full-time Customer Service Officers - Michelle Ingram & Emily Res

Part-time Customer Service Officers - Tom Hooker, Eric Loeffler & Gillian Riley

The branch is now performing at better levels than we had previously seen. The next 12 months you will see Bentley & Districts **Community Bank**[®] Branch continue to develop and grow. We have new marketing strategies in place and concentration on providing a consistent valuable service to our customers. With the hiring of the right team to reduce our dependence on the state's relief team, which will help reduce the branch's operating costs. We are focussed on improving and growing the business at our **Community Bank**[®] branch for the benefit of both shareholders and customers.

To date more than \$60 million has been returned to communities across Australia through our **Community Bank**[®] branch network via sponsorship and grants. Bentley & Districts **Community Bank**[®] Branch is becoming involved in local sponsorship, and has events to fundraise for those not for profit organisations such as sausage sizzles on Saturday mornings. Remember, for those of you associated with local not for profit organisations, we are always looking for new sponsorship opportunities. Call in and see one of our friendly staff and they will be happy to give you an application form.

A Little information about your new Branch Manager

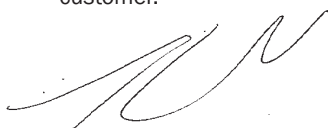
Greetings.

My name is Natasha Kirkwood, I am your new Branch Manager. I have worked in the Banking industry for the last 22 years of which 5 years have been with Bendigo Bank. My previous role with Bendigo Bank was as the Relief Branch Manager.

I was born in Western Australia and have lived most of my life in the local area. I completed a Bachelor of Commerce at Curtin University in Bentley WA.

I look forward to meeting as many of our shareholders and customers as possible.

Please feel free to contact me if you need any assistance with your banking needs. I encourage you to feel confident in promoting Bentley & Districts **Community Bank**[®] Branch to your family, friends and associates. Please remind them that banking with your **Community Bank**[®] branch assists the community as well as the customer.



Natasha Kirkwood
Branch Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2011

As **Community Bank**[®] shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about organising and strengthening community.

Together, we have reached new heights and achieved many great successes, all of which has been underpinned by our commitment and dedication to the communities we're a part of.

Together we're making extraordinary progress, with more than \$58.25 million returned to support community groups and endeavours since the network was established in 1998.

The returns grow exponentially each year, with \$469 thousand returned within the first five years, \$8.15 million within the first eight and \$22.58 million by the end of the first decade of operation. Based on this, we can predict the community returns should top \$100 million within the next three years, which equates to new community facilities, better health care, increased transport services and generally speaking, more prosperous communities.

Together, we haven't just returned \$58.25 million; there is also the flow on economic impact to consider. Bendigo and Adelaide Bank is in the process of establishing an evidential basis that captures the complete picture and the economic outcomes these initiatives generate. However, the tangible outcomes are obvious. We see it in tenanted shops, increased consumer traffic, retained local capital and new jobs but we know that there are broader elements of community strength beyond the economic indicators, which demonstrate the power of our community models.

It is now evident that branches go through a clear maturity phase, building customer support, generating surpluses and establishing a sustainable income stream. This enables Boards to focus less on generating business and more on the community's aspirations. Bendigo is facilitating this through Director engagement and education, community consultations and other community solutions (Community Enterprise Foundation[™], Community Sector Banking, Community Telco, Generation Green[™] and Community Enterprises) that will provide Boards with further development options.

In Bendigo, your **Community Bank**[®] Board has a committed and successful partner. Our past efforts and continued commitment to be Australia's leading customer-connected bank, that is relevant, connected and valued, is starting to attract attention and reap rewards.

In January, a Roy Morgan survey into customer satisfaction saw Bendigo Bank achieve an industry leading score among Australian retail banks. This was the first time Bendigo Bank has led the overall results since August 2009.

In May, Fitch Ratings upgraded Bendigo and Adelaide Banks Long-Term Issuer Default Rating (IDR) to A- from BBB+. This announcement saw us become the first Australian bank – and one of the very few banks globally – to receive an upgrade since the Global Financial Crisis.

Standard & Poor's revised credit rating soon followed seeing Bendigo and Adelaide Bank shift from BBB+ stable, to BBB+ positive. These announcements reflect the hard and diligent work by all our staff, our sound risk management practices, low-risk funding and balance sheet structure, sound capital ratios and a sustained improvement in profitability.

The strength of our business model – based on our commitment to our customers and the communities that we operate in – is being recognised by all three ratings agencies.

Bendigo and Adelaide Bank Ltd report continued

Over the past year the bank has also added more than 700 additional ATMs through a network sharing agreement with Suncorp Bank, which further enhances our customers' convenience and expands our footprint across the country. In addition to this a further 16 **Community Bank**[®] branches were opened.

The bank has also had a renewed focus on business banking and re-launched our wealth management services through Bendigo Wealth, which oversees the Adelaide Bank, Leveraged Equities, Sandhurst Trustees and financial planning offering.

The **Community Bank**[®] model is unique and successful, it's one of our major points of difference and it enables us to connect with more than 550,000 customers, in excess of 270 communities and make a difference in the lives of countless people.

We are very proud of the model we have developed and we're very thankful for the opportunity to partner with communities to help build their balance sheets.

We thank you all for the part you play in driving this success.



Russell Jenkins
Executive Customer and Community

Directors' report

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:

Kevin Maurice Taylforth

Chairman

Occupation: Director

Paul Hansen

Non-Executive Director

Occupation: Accountant

Peter Murray

Non-Executive Director

Occupation: Lawyer

Glen Hutchings (appointed 30/11/10)

Non-Executive Director

Occupation: University Staff

Joseph Tilli

Non-Executive Director

Occupation: Director

Toni Ann Blundell (resigned 5/10/10)

Non-Executive Director

Occupation: Chartered Accountant

Rosa Cummins

Non-Executive Director

Occupation: Director

Peter Lam (appointed 30/11/10)

Non-Executive Director

Occupation: Financial Planner

Directors were in office for this 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**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Review of operations

The loss of the Company for the financial year after provision for income tax was \$78,788 (2010: \$41,589).

Likely Developments

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

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.

Directors' report continued

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.

Remuneration Report

KZJ International Pty Ltd (related party of Kevin Taylforth) was paid \$27,500 (inclusive of GST) for administration duties/services for the year ended 30 June 2011. For the year ended 30 June 2010, \$12,210 was paid, however \$1,750 was received as rent contribution. These payments were made under normal commercial terms and conditions.

No other 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

Directors' meetings

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

Director	Board meetings #
Kevin Maurice Taylforth	10 (10)
Joseph Tilli	8 (10)
Paul Hansen	9 (10)
Toni Ann Blundell (resigned 5/10/10)	3 (3)
Rosa Cummins	8 (10)
Peter Murray	5 (10)
Glen Hutchings (appointed 30/11/10)	5 (7)
Peter Lam (appointed 30/11/10)	7 (7)

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

Company Secretary

Peter Lam was appointed the Company Secretary of Bentley & Districts Community Financial Services Limited on 25 June 2011. Peter Lam's qualifications and experience include a Bachelor of Commerce (Accounting and Financial Planning) with 5 years experience in the finance industry.

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

Auditor independence declaration

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



**Richmond
Sinnott &
Delahunty**

CHARTERED ACCOUNTANTS

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

Auditor's independence declaration

In relation to our audit of the financial report of Bentley & Districts Community Financial Services Ltd for the financial year 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

Richmond Sinnott & Delahunty

Bendigo

11 November 2011

Signed in accordance with a resolution of the Board of Directors at Bentley on 11 November 2011.

Kevin Taylforth

Chairman

Financial statements

Statement of comprehensive income for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue from continuing operations	2	482,654	448,764
Employee benefits expense	3	(285,896)	(258,423)
Charitable donations and sponsorship		(11,229)	(1,820)
Depreciation and amortisation expense	3	(25,083)	(29,098)
Finance costs		(9,285)	(6,766)
Other expenses		(229,949)	(194,246)
Loss before income tax expense		(78,788)	(41,589)
Income tax expense / (benefit)	4	-	-
Loss after income tax expense		(78,788)	(41,589)
Other comprehensive income		-	-
Total comprehensive income		(78,788)	(41,589)
Earnings per share (cents per share)			
- basic for loss for the year	22	(8.89)	(4.69)
- diluted for loss for the year	22	(8.89)	(4.69)

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of financial position as at 30 June 2011

	Note	2011 \$	2010 \$
Current Assets			
Cash and cash equivalents	6	750	500
Receivables	7	33,164	53,486
Total Current Assets		33,914	53,986
Non-Current Assets			
Property, plant and equipment	8	2,628	13,934
Deferred tax asset	4	-	-
Intangible assets	9	45,778	-
Total Non-Current Assets		48,406	13,934
Total Assets		82,320	67,920
Current Liabilities			
Bank overdraft	11	179,982	142,310
Payables	10	38,132	13,448
Provisions	12	8,100	1,933
Total Current Liabilities		226,214	157,691
Total Liabilities		226,214	157,691
Net Assets / (Liabilities)		(143,894)	(89,771)
Equity			
Share capital	13	886,710	886,710
Accumulated losses	14	(1,030,604)	(951,816)
Total Equity		(143,894)	(65,106)

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 \$
Cash flows from operating activities			
Cash receipts in the course of operations		551,241	461,541
Cash payments in the course of operations		(544,488)	(497,222)
Interest paid		(9,285)	(6,766)
Interest received		-	681
Net cash flows used in operating activities	15b	(2,532)	(41,766)
Cash Flows From Investing Activities			
Payment for intangible assets		(34,567)	(33,634)
Payments for property, plant and equipment		(323)	(3,100)
Net cash flows used in investing activities		(34,890)	(36,734)
Net decrease in cash held		(37,422)	(78,500)
Cash and cash equivalents at start of year		(141,810)	(63,310)
Cash and cash equivalents at end of year	15a	(179,232)	(141,810)

The accompanying notes form part of these financial statements.

Financial statements continued

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

	Note	2011 \$	2010 \$
Share capital			
Balance at start of year		886,710	886,710
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		886,710	886,710
Accumulated losses			
Balance at start of year		(951,816)	(910,227)
Loss after income tax expense		(78,788)	(41,589)
Dividends paid	21	-	-
Balance at end of year		(1,030,604)	(951,816)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2011

Note 1. Basis of preparation of the financial report

(a) Basis of preparation

Bentley & Districts 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 11 November 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

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:

Class of asset	Depreciation rate
Plant & equipment	20%

Impairment

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

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

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Revaluations

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

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

Recoverable amount of assets

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

Goods and services tax

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

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

Notes to the financial statements continued

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

Goods and services tax (continued)

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

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

Employee benefits

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

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

Intangibles

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

Cash

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

For the purposes of the Statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Revenue

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

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Loans and borrowings

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

Notes to the financial statements continued

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

Provisions

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

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

Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Comparative figures

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 continuing operations

Operating activities

- services commissions	479,537	441,755
- other revenue	3,117	6,328
	482,654	448,083

Non-operating activities:

- interest received	-	681
	-	681
	482,654	448,764

Notes to the financial statements continued

	2011 \$	2010 \$
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	230,532	204,303
- superannuation costs	20,763	20,797
- workers' compensation costs	3,580	830
- other costs	31,021	32,493
	285,896	258,423
Depreciation of non-current assets:		
- plant and equipment	11,629	20,129
Amortisation of non-current assets:		
- intangibles	13,454	8,969
	25,083	29,098
Bad debts	4,708	6,238

Note 4. Income tax expense

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

Prima facie tax on profit/(loss) before income tax at 30%	(23,636)	(12,477)
Add tax effect of:		
- Tax loss not brought to account	23,636	12,477
- Non-deductible expenses	-	-
Less tax effect of:		
- Other allowable items	-	-
Current income tax expense / (benefit)	-	-
Income tax expense / (benefit)	-	-
Deferred tax assets		
Future income tax benefits arising from tax losses are not recognised at reporting date as realisation of the benefit is not regarded as probable.	-	-

Notes to the financial statements continued

	2011 \$	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	3,900	3,900
	3,900	3,900

Note 6. Cash and cash equivalents

Cash at bank and on hand	750	500
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Note 7. Receivables

Trade and other receivables	33,164	24,777
GST receivable	-	27,776
Prepayments	-	933
	33,164	53,486

Note 8. Property, plant and equipment

Plant and equipment

At cost	27,083	27,803
Less accumulated depreciation	(27,083)	(27,803)
Total written down amount	-	-

Computer Equipment

At cost	142	-
Less accumulated depreciation	(16)	-
Total written down amount	126	-

Furniture and fittings

At cost	83,415	83,234
Less accumulated depreciation	(83,283)	(72,290)
Total written down amount	132	10,944

Notes to the financial statements continued

	2011 \$	2010 \$
Note 8. Property, plant and equipment (continued)		
Leasehold improvements		
At cost	101,592	101,592
Less accumulated depreciation	(99,222)	(98,602)
Total written down amount	2,370	2,990
	2,628	13,934
Movements in carrying amounts		
Plant and equipment		
Carrying amount at beginning of year	-	2,000
Additions	-	-
Disposals	-	-
Depreciation expense	-	(2,000)
Carrying amount at end of year	-	-
Computer Equipment		
Carrying amount at beginning of year	-	-
Additions	142	-
Disposals	-	-
Depreciation expense	(16)	-
Carrying amount at end of year	126	-
Furniture and fittings		
Carrying amount at beginning of year	10,944	23,430
Additions	181	-
Disposals	-	-
Depreciation expense	(10,993)	(12,486)
Carrying amount at end of year	132	10,944
Leasehold improvements		
Carrying amount at beginning of year	2,990	5,533
Additions	-	3,100
Disposals	-	-
Depreciation expense	(620)	(5,643)
Carrying amount at end of year	2,370	2,990
	2,628	13,934

Notes to the financial statements continued

	2011 \$	2010 \$
Note 9. Intangible assets		
Franchise fee		
At cost	67,268	33,634
Less accumulated amortisation	(22,423)	(8,969)
	44,845	24,665
Preliminary Fees		
At cost	933	-
	933	-
Total intangibles	45,778	24,665

Note 10. Payables

GST Payable	22,680	-
Trade and other payables	15,452	13,448
	38,132	13,448

Note 11. Loans and borrowings

Bank overdraft	179,982	142,310
	179,982	142,310

Bank overdraft is secured by a floating charge over the company's assets.

Note 12. Provisions

Employee benefits	8,100	1,933
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Note 13. Share capital

886,710 Ordinary shares fully paid of \$1 each	000	000
Movement in employee benefits		
Opening balance	1,933	1,933
Additional provisions recognised	17,517	-
Amounts utilised during the year	(11,350)	-
Closing balance	8,100	1,933

Notes to the financial statements continued

	2011 \$	2010 \$
Note 14. Retained earnings / (accumulated losses)		
Balance at the beginning of the financial year	(951,816)	(910,227)
Loss after income tax	(78,788)	(41,589)
Dividends	-	-
Balance at the end of the financial year	(1,030,604)	(951,816)

Note 15. Statement of cash flows

(a) Cash and cash equivalents

Cash assets	750	500
Bank overdraft	(179,982)	(142,310)
	(179,232)	(141,810)

(b) Reconciliation of loss after tax to net cash provided used in operating activities

Loss after income tax	(78,788)	(41,589)
Non cash items		
- Depreciation	11,629	20,129
- Amortisation	13,454	8,969
Changes in assets and liabilities		
- (Increase) decrease in receivables	20,322	(27,448)
- Increase (decrease) in payables	24,684	(1,827)
- Increase (decrease) in provisions	6,167	-
Net cashflows used in operating activities	(2,532)	(41,766)

Note 16. Director and related party disclosures

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

Kevin Maurice Taylforth

Joseph Tilli

Paul Hansen

Toni Ann Blundell (resigned 5/10/10)

Rosa Cummins

Peter Murray

Glen Hutchings (appointed 30/11/10)

Peter Lam (appointed 30/11/10)

Notes to the financial statements continued

Note 16. Director and related party disclosures (continued)

KZJ International Pty Ltd (related party of Kevin Taylforth) was paid \$27,500 (inclusive of GST) for administration duties/services for the year ended 30 June 2011. For the year ended 30 June 2010, \$12,210 was paid, however \$1,750 was received as rent contribution. These payments were made under normal commercial terms and conditions.

No other Director or related entity has entered into a material contract with the Company.

No Director's fees have been paid as the positions are held on a voluntary basis.

Directors' shareholdings	2011	2010
Kevin Maurice Taylforth	350	350
Joseph Tilli	5,000	5,000
Paul Hansen	150	150
Toni Ann Blundell (resigned 5/10/10)	-	-
Rosa Cummins	-	-
Peter Murray	-	-
Glen Hutchings (appointed 30/11/10)	-	-
Peter Lam (appointed 30/11/10)	-	-

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

Note 17. Subsequent events

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

Note 18. Contingent liabilities and assets

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

Note 19. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Bentley, WA.

Notes to the financial statements continued

Note 20. Corporate information

Bentley & Districts Community Financial Services Ltd is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Bendigo Stock Exchange.

The registered office is: 9/940 Albany Highway,
East Victoria Park WA 6981

The principal place of business is: Shop 13, 1140 Albany Highway,
East Victoria Park WA 6981

Note 21. Dividends paid or provided for on ordinary shares

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

Note 22. Earnings per share

Basic earnings per share amounts are calculated by dividing profit 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:

	2011 \$	2010 \$
Loss after income tax expense	78,788	41,589
Weighted average number of ordinary shares for basic and diluted earnings per share	886,710	886,710

Notes to the financial statements continued

Note 23. Financial risk management

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

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

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

(a) Credit risk

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

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of financial position and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2011	2010
	\$	\$
Cash assets	750	500
Receivables	33,164	53,486
	33,914	53,986

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

None of the assets of the Company are past due (2010: nil 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.

In addition, the Company has an established overdraft facility of \$160,000 with Bendigo and Adelaide Bank Ltd.

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(b) Liquidity risk (continued)

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 \$
30 June 2011					
Bank overdraft	179,982	179,982	179,982	-	-
Payables	38,132	38,132	38,132	-	-
	218,114	218,114	218,114	-	-
30 June 2010					
Bank overdraft	142,310	142,310	142,310	-	-
Payables	13,448	13,448	13,448	-	-
	155,758	155,758	155,758	-	-

(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 \$
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	-	-
Variable rate instruments		
Financial assets	750	500
Financial liabilities	(179,982)	(142,310)
	(179,232)	(141,810)

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(c) Market risk (continued)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2010 there was also no impact. As at both dates 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 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

In accordance with a resolution of the Directors of Bentley & Districts 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 and Corporations Regulations 2001;
- (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; and
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2011.



Kevin Taylforth
Chairman

Signed at Bentley on 11 November 2011.

Independent audit report



**Richmond
Sinnott &
Delahunty**

Chartered Accountants

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**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF BENTLEY & DISTRICTS
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 Bentley & Districts Community Financial Services Limited, for the year 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.

Richmond Sinnott & Delahunty
ABN 60 616 244 309

Liability limited by a scheme
approved under Professional
Standards Legislation

Partners:
Warren Sinnott
Cara Hall
Brett Andrews

Philip Delahunty
Kathie Teasdale
David Richmond

Independent audit report continued

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 Bentley & Districts 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 year 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: 11 November 2011

Bentley & Districts **Community Bank**[®] Branch
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Bentley WA 6101
Phone: (08) 9350 9486

Franchisee: Bentley & Districts Community Financial
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(KKWAR11005) (09/11)

