Annual Report 2011

Bruce Rock
Community Services Limited

Bruce Rock Community Services Limited
ABN 27 126 767 397

Bruce Rock **Community Bank**® Branch

Contents

Chairperson's Report

Year ending 30th June 2011

As Chairperson of Bruce Rock Community Services Limited, I am pleased to report that business has almost doubled in the last twelve-month period. With even greater support from shareholders, we can improve on this figure even further.

Manager Alex Dickson has led his team from the front until his departure early in May. Thank you Alex for your contribution and efforts during your time in Bruce Rock.

Di, Susan and Mia continue to work tirelessly and with great loyalty. Susan Hodgkiss went on maternity leave early June, and Helen Elsegood is welcomed onto the team as her relief.

To all Directors, thank you for volunteering many hours of your time. Mark Brown as Secretary and Jen Verhoogt as Treasurer, a huge thank you for your efforts. While we have not yet been able to achieve our vision for the Bruce Rock **Community Bank®** Branch, we are all confident that we will in time. As we enter a new financial year, our priority is to appoint a Branch Manager. I sincerely thank everyone for your time and dedication.

Bruce Rock **Community Bank®** Branch sponsorship has been given to Bruce Rock and Shackleton Bowling Clubs, Bruce Rock and Ardath Golf Clubs, Bruce Rock Shire, Bruce Rock District High School and Bruce Rock Rural Youth Club, to name a few. I thank these groups for the opportunity to support their organisations.

Finally, as Chairperson of the Bruce Rock Community Services Limited, I encourage the Board, all shareholders and the community to join together and work as one to help this **Community Bank®** branch grow. In promoting and supporting the **Community Bank®** concept, it will enable us to return the profits back to our community. Remember it all begins with U.

Doug Sedgwick
Chairperson

Managers report

For year ending 30 June 2011

I am happy to report that the Bruce Rock **Community Bank®** Branch has experienced some positive growth over the past year. Through the support of our local community members and business partners our business portfolio now sits in excess of $21 million, with 678 account holders and we expect some good results in the first few months of the new Financial Year.

The support of the local community over the past 12 months has been encouraging; however we still have room to grow. I encourage those shareholders who are yet to discuss their banking needs with us, to call in and see how our products and services can help you.

Remember, as your Community Bank grows, so does the amount of funds available for investment back into the local community. Australia wide Community Banks have contributed over $59 Million dollars to their local communities. For example through the support of the Collie Community, the Collie **Community Bank®** Branch has contributed over $1 Million dollars in various sponsorship and community investment projects. Imagine what a successful branch in a small town like Bruce Rock could achieve.

I would like to thank the staff Dianne Dadd, Susan Hodgkiss and Mia Screaigh for their support and their continued efforts in making our business a success. I would also like to thank our Chairman and the entire Board of Directors for their tireless efforts.

Once again I would like to thank our loyal customers, shareholders, staff and Board for their continued support in helping us to continue to build on the success of our community.

AlexDickson
Branch Manager

Directors' Report

For the financial year ended 2011

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

Directors

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

Douglas Edwin Sedgwick

Position:	Chairperson
Occupation:	Business Proprietor, Farmer
Background Information:	Doug has been farming in the Bruce Rock Shire for the past 44 years. Currently, he is serving as a Councillor on the Bruce Rock Shire Council and has held this position for the past 10 years. Doug has been President and Secretary of the local cricket, golf and bowls clubs. He has also sat as Secretary of the Bruce Rock Narembeen Cricket Association.
Interest in shares and options:	30,601 shares (direct) 18,500 shares (indirect)

Paul Vincent Hutton

Position:	Non-Executive Director / Treasurer until March 2010
Occupation:	Retired
Background Information:	Paul has 21 years experience in the banking industry with the last 6 years as Branch Manager for BankWest. In 1990 Paul purchased a family business which he and Heather operated for 10 years. Paul has been a member of APEX, Lions and Rotary Clubs. Currently Paul is a member of Bruce Rock Bowling Club and has lived in Bruce Rock for the past 21 years.
Interest in shares and options:	10,001 shares (direct) 3,000 shares (indirect)

Mark Anthony Brown

Position:	Non-Executive Director / Company Secretary
Occupation:	Business Proprietor
Background Information:	Mark grew up on the family farm South Burracoppin. The eldest of 5 children he attended Bruce Rock, Muntadgin and North Merredin Primary Schools and Merredin Senior High School. Mark spent 15 years until 1993 working on the family farm and shearing before returning to Bruce Rock with his wife Sharon to start a new job and family. Mark is the Managing Director of McCall Motors Pty Ltd. Mark is a member of the local tennis and darts clubs.
Interest in shares and options:	9,001 shares (direct) 9,500 shares (indirect)

Kevin Johan Fuchsbichler

Position:	Non-Executive Director
Occupation:	Business Proprietor, Farmer
Background Information:	Kevin was born in Bruce Rock and educated at Aquinas College. After school he returned to the family farm in Bruce Rock. Kevin enjoys water skiing and rifle shooting and is the President of the Bruce Rock Rifle Club. He is also a volunteer member of the volunteer fire brigade. Kevin has held the Presidents position for Lions, Korbelka WA Farmers and IAEA Alumni. Currently Kevin is a Non Executive Director for the CBH Group of Companies. Kevin is retiring from his position on the board of Bruce Rock Community Services Limited at the 2011 AGM because of growing commitments.
Interest in shares and options:	1 share (direct) 16,500 shares (indirect)

Damion Michael Verhoogt

Position:	Non-Executive Director
Occupation:	Manager, Bruce Rock Engineering
Background Information:	Damion was born in Bruce Rock and has lived there for 24 years. He has attained an Associate Diploma in Mechanical Engineering and is currently employed in the family business in Bruce Rock. He is an active participant of the local fire brigade, squash, rifle and football clubs in Bruce Rock.
Interest in shares and options:	7,001 shares

Merredith Kym Thornton (nee Cruttenden)

Position:	Non-Executive Director
Occupation:	Teacher
Background Information:	Merredith has a Diploma of Teaching and a Bachelor of Education. She was a teacher at Lynwood Senior High School for 6 years and has been at the Bruce Rock District High for 16 years. Merredith is involved with the Bruce Rock St John's Ambulance as an Advanced Ambulance Officer and was the Secretary of the local daycare for 5 years.
Interest in shares and options:	1,001 shares (direct) 12,500 shares (indirect)

Michael John Verhoogt

Position:	Non-Executive Director
Occupation:	Director, Bruce Rock Engineering
Background Information:	Michael has three adult sons and together with his wife have built the family business over the past 31 years. A Shire Councillor, Michael has also served as a Justice of the Peace for the last 16 years. Michael is an active participant and currently a member in the squash, bowls and rifle clubs.
Interest in shares and options:	20,001 shares (direct) 2,250 shares (indirect)

Ian John Butler

Position:	Non-Executive Director
Occupation:	Business Proprietor
Background Information:	Ian was born in Bruce Rock and resides in the town site with his Family. He is actively involved with bowling, darts, golf and the District Club. Ian has been a self employed Heavy Vehicle Auditor for six years and also has an Advanced Certificate of Business (Real Estate).
Interest in shares and options:	2,000 shares (direct)

Jennifer Verhoogt *(appointed 11th July 2010)*

Position:	Non-Executive Director – Treasurer since April 2010
Occupation:	Business Proprietor
Background Information:	Jennifer, who was born in Mt Lawley, now lives in the town of Bruce Rock with husband Chris. Jennifer and Chris have three children. Between the both of them they run the local Elders Agency and Kalbush Contracting (spraying, spreading and hay baling).
Interest in shares and options:	2,000 shares (indirect)

Michael William McDonald *(appointed 23rd November 2009)*

Position:	Non-Executive Director
Occupation:	Business Proprietor
Background Information:	Michael (Macca) was born in Gouburn NSW no longer resides in Bruce Rock. *Michael resigned as a Director in July 2010.*
Interest in shares and options	5,000 (indirect)

Company Secretary

Mark Anthony Brown

Directors meetings attended

During the financial year, 12 meetings of directors (including the 2010 AGM) were held. Attendances by each Director during the year were as follows:

Director	Directors' Meetings Number eligible to attend	 Number attended
Douglas Edwin Sedgwick	12	12
Paul Vincent Hutton	12	7
Mark Anthony Brown	12	12
Kevin Johan Fuchsbichler	12	9
Damion Michael Verhoogt	12	9
Merredith Kym Thornton	12	10
Michael John Verhoogt	12	10
Ian John Butler	12	5
Jennifer Verhoogt	12	10
Michael McDonald (appointed 23/11/2009, resigned 11/07/2010)	1	0

Principal activity and review of operations

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

Operating results

The loss of the Company after providing for income tax amounted to $180,627.

Dividends paid or recommended

The Company did not pay or declare any dividends during the year.

Financial position

The net liabilities of the Company have increased from $191,448 as at 30 June 2010 to $372,075 as at 30 June 2011.

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

Significant changes in state of affairs

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

After balance date events

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

Future developments

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

Options

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

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

Indemnifying officers or auditor

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

Environmental issues

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

Proceedings on behalf of Company

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

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

Corporate governance

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

a) Director approval of operating budgets and monitoring of progress against these budgets;

b) Ongoing Director training; and

c) Monthly Director meetings to discuss performance and strategic plans

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

Non-audit services

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

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

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

Taxation services:	$5,150

REMUNERATION REPORT

This report details the nature and amount of remuneration for each key management person of the Company, and for the Executives receiving the highest remuneration.

Remuneration of Directors

No income was paid or was payable or otherwise made available, to the Directors of the Company during the years ended 30 June 2011 and 30 June 2010.

Remuneration policy

The remuneration policy of the Company has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between Directors, Executives and shareholders

The board's policy for determining the nature and amount of remuneration for key management personnel of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), and superannuation.
- The Board reviews key management personnel packages annually by reference to the Company's performance, Executive performance and comparable information from industry sectors.

Remuneration policy (continued)

The performance of key management personnel is measured against criteria agreed annually with each Executive and is based predominantly on the forecast growth of the Company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and bonuses, which must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals may have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed

Performance-based remuneration

As part of each key management personnel's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each key management personnel is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Company expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Company's goals and shareholder wealth, before the KPIs are set for the following year

In determining whether or not a KPI has been achieved, the Company bases the assessment on audited figures.

Company performance, shareholder wealth and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Executives. The method applied in achieving this aim is a performance based bonus based on key performance indicators. The Company believes this policy to have been effective in increasing shareholder wealth over the past years.

Key management personnel remuneration policy

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

The employment conditions of the key management personnel are formalised in contracts of employment. All Executives are permanent employees of the Company.

The employment contracts stipulate a resignation periods. The Company may terminate an employment contract without cause by providing appropriate written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Performance income as a proportion of total remuneration

Executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The Board has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the Company.

The Board will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit to ensure use of the most cost effective and efficient methods.

Auditor's Independence Declaration

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

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

Director / Secretary Mark Anthony Brown M.A. Brown

Dated this 19th day of September 2011

RSM Bird Cameron Partners
Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION

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

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 19 September 2011

TUTU PHONG
Partner

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
Revenue	2	170,874	136,668
Employee benefits expense		(170,551)	(135,483)
Depreciation and amortisation expense		(40,190)	(40,190)
Finance costs		(25,575)	(13,082)
Other expenses	3	(115,185)	(131,353)
Profit / (Loss) before income tax		**(180,627)**	**(183,440)**
Income tax expense	4	-	-
Profit / (Loss) for the year		**(180,627)**	**(183,440)**
Other comprehensive income		-	-
Total comprehensive income for the year attributable to members		**(180,627)**	**(183,440)**

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011 $	2010 $
CURRENT ASSETS			
Cash and cash equivalents	**6**	**300**	**300**
Trade and other receivables	7	10,433	15,297
Other current assets	8	6,157	5,865
TOTAL CURRENT ASSETS		**16,890**	**21,462**
NON-CURRENT ASSETS			
Property, plant and equipment	9	68,702	106,892
Intangible assets	10	3,000	5,000
Other non current assets	8	1,000	3,000
TOTAL NON-CURRENT ASSETS		**72,702**	**114,892**
TOTAL ASSETS		**89,592**	**136,354**
CURRENT LIABILITIES			
Trade and other payables	11	18,680	31,554
Short-term financial liabilities	12	378,848	227,406
Short-term provisions	13	944	2,343
TOTAL CURRENT LIABILITIES		**398,472**	**261,303**
NON-CURRENT LIABILITIES			
Long-term financial liabilities	12	63,195	66,499
TOTAL NON-CURRENT LIABILITIES		**63,195**	**66,499**
TOTAL LIABILITIES		**461,667**	**327,802**
NET ASSETS		**(372,075)**	**(191,448)**
EQUITY			
Issued capital	14	469,750	469,750
Retained earnings / (Accumulated losses)		(841,825)	(661,198)
TOTAL EQUITY		**(372,075)**	**(191,448)**

The accompanying notes form part of these financial statements

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

	Share Capital (Ordinary shares)	Retained earnings/ (Accumulated losses)	Total
	$	$	$
Balance at 1 July 2009	469,750	(477,758)	(8,008)
Total comprehensive income for the year	-	(183,440)	(183,440)
Balance at 30 June 2010	**469,750**	**(661,198)**	**(191,448)**
Balance at 1 July 2010	469,750	(661,198)	(191,448)
Loss attributable to the members of the Company	-	(180,627)	(180,627)
Balance at 30 June 2011	**469,750**	**(841,825)**	**(372,075)**

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		175,738	133,497
Payments to suppliers and employees		(298,302)	(258,431)
Interest received		-	-
Finance costs		(25,575)	(13,082)
Net cash used in operating activities	**15**	**(148,139)**	**(138,016)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		-	-
Proceeds from sale of property, plant and equipment		-	-
Net cash provided by / (used in) investing activities		**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(3,304)	(3,054)
Net cash provided by / (used) in financing activities		**(3,304)**	**(3,054)**
Net increase / (decrease) in cash held		**(151,443)**	**(141,070)**
Cash and cash equivalents at beginning of financial year		(217,986)	(76,916)
Cash and cash equivalents at end of financial year	**6**	**(369,429)**	**(217,986)**

The accompanying notes form part of these financial statements

Notes to the financial statements

For year ended 30 June 2011

Note 1. Statement of significant accounting policies

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

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

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

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

The financial statements were authorized for issue on 19th September 2011 by the Directors of the Company.

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Company incurred a loss of $180,627 and had net cash outflows from operating activities of $148,139 for the year ended 30 June 2011. As at that date the Company had net current liabilities of $381,582 and net liabilities of $372,075.

The Directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

1. The Company recognises that losses will be incurred during the start up phase of the business and while market access is being developed;
2. The business activities are supported by Bendigo and Adelaide Bank Limited, including assistance with the preparation and review of the Company's annual cash flow budgets;
3. Bendigo and Adelaide Bank Limited has confirmed that it currently provides working capital by way of an overdraft facility for $400,000; and
4. The provision of additional funding by Bendigo and Adelaide Bank Limited is dependent upon the Company fulfilling its ongoing responsibilities under the Franchise Agreement and continuing to work closely with Bendigo and Adelaide Bank Limited management to further develop the business. The Company believes that it is fulfilling these responsibilities.

Note 1. Statement of significant accounting policies continued

(a) Income tax

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

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

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

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

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

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

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

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

(b) Property, plant and equipment

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

Note 1. Statement of significant accounting policies continued

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the Statement of Comprehensive Income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Comprehensive Income and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Note 1. Statement of significant accounting policies continued

(c) Leases

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

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial instruments

Recognition and Initial Measurement

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

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Note 1. Statement of significant accounting policies continued

Classification and Subsequent Measurement

i. *Financial assets at fair value through profit or loss*

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

ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. *Available-for-sale financial assets*

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

v. *Financial Liabilities*

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

Derivative instruments

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

The Company does not hold any derivative instruments.

Fair value

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

Note 1. Statement of significant accounting policies continued

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

Financial Guarantees

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

The Company has not issued any financial guarantees.

(e) Impairment of assets

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

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

(f) Intangibles

Franchise fee

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

(g) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Note 1. Statement of significant accounting policies continued

(h) Provisions

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

(i) Cash and cash equivalents

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

(j) Revenue and other income

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

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

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

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

(k) Borrowing costs

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

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

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

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

(m) Comparative figures

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

(n) Critical accounting estimates and judgments

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

Note 1. Statement of significant accounting policies continued

Key estimates — Impairment

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

No impairment has been recognised in respect of intangibles for the year ended 30 June 2011. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2011 amounting to $3,000.

(o) New Accounting Standards for Application in Future Periods

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

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

The Company has decided against early adoption of these standards.

	2011 $	2010 $

Note 2. Revenue

Franchise margin income	170,874	136,668
Interest revenue	-	-
	170,874	**136,668**

Note 3. Expenses

Advertising and marketing	4,117	3,921
ATM leasing and running costs	7,494	7,173
Bad debts	84	354
Community sponsorship and donations	4,077	5,141
Freight and postage	13,079	13,143
Insurance	9,828	8,140
IT leasing and running costs	33,843	35,001
Occupancy running costs	11,075	11,754
Printing and stationery	6,045	6,517
Other operating expenses	12,943	40,209
	102,585	**131,353**
Remuneration of the auditors of the Company		
Audit services	7,450	9,800
Other services	5,150	8,962
	12,600	**18,762**

	2011	2010
	$	$

Note 4. Income tax expense

No income tax is payable by the Company as it has recouped tax losses previously brought to account for income tax purposes.

	2011	2010
a. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 30% (2010: 30%)	(54,188)	(55,032)
Add:		
Tax effect of:		
— tax losses not brought to account	53,588	58,935
— deferred tax not recognised	-	2,203
— non-deductible depreciation and amortisation	600	600
— other non-allowable items	-	167
Less:		
Tax effect of:		
— other allowable items	-	(6,873)
Income tax attributable to the Company	**-**	**-**

At reporting date, the Company had tax losses of $773,636 (2010: $595,009) which are available to offset future years' taxable income.

The future income tax benefit of these tax losses is $232,091 (2010: $178,503). This benefit has not been recognised as an asset in the statement of financial position as there is not a high probability of its realisation. The benefits will only be obtained if:

i. the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

ii. the Company continues to comply with the conditions for deductibility imposed by the law; and

iii. no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

Note 5. Key management personnel compensation

a. Names and positions

Name	*Position*
Douglas Sedgwick	Non-Executive Director / Chairman
Paul Hutton	Non-Executive Director
Mark Brown	Non-Executive Director / Company Secretary
Kevin Fuchsbichler	Non-Executive Director
Damion Verhoogt	Non-Executive Director
Merredith Thornton	Non-Executive Director
Michael Verhoogt	Non-Executive Director
Ian Butler	Non-Executive Director
Jennifer Verhoogt	Non-Executive Director
Michael McDonald	Non-Executive Director

b. Remuneration of Key Management Positions

No Director of the Company receives remuneration for services as a Company Director.

c. Shareholdings

Number of ordinary shares held by key management personnel.

2011	**Ordinary Shares**			
Directors	*Balance at beginning of period*	*Purchased during the period*	*Other changes*	*Balance at end of period*
Douglas Sedgwick	49,101	-	-	49,101
Paul Hutton	13,001	-	-	13,001
Mark Brown	18,501	-	-	18,501
Kevin Fuchsbichler	16,501	-	-	16,501
Damion Verhoogt	7,001	-	-	7,001
Merredith Thornton	13,501	-	-	13,501
Michael Verhoogt	22,251	-	-	22,251
Ian Butler	2,000	-	-	2,000
Jennifer Verhoogt	2,000	-		2,000
Michael McDonald	5,000	-	(5,000)	-
	148,857	**-**	**(5,000)**	**143,857 .**

	2011 $	2010 $

Note 6. Cash and cash equivalents

Cash at bank and in hand	**300**	**300**

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

Cash and cash equivalents	300	300
Bank overdrafts	(369,728)	(218,286)
	(369,428)	**(217,986)**

	2011 $	2010 $

Note 7. Trade and other receivables

Trade debtors	10,433	15,297
GST receivable	-	-
	10,433	**15,297**

a. Provision For Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts will be included in the other expenses item of the Statement of Comprehensive Income.

	2011 $	2010 $

Note 8. Other assets

Current		
Prepayments	**6,157**	**5,865**
Non current		
Prepayments	**1,000**	**3,000**

	2011 $	2010 $

Note 9. Property, plant and equipment

	2011 $	2010 $
Land and buildings		
Cost	20,696	20,696
Accumulated depreciation	(6,788)	(4,848)
	13,908	**15,848**
Furniture and fittings		
Cost	140,027	140,027
Accumulated depreciation	(97,676)	(69,670)
	42,351	**70,357**
Plant and equipment		
Cost	13,364	13,364
Accumulated depreciation	(9,278)	(6,605)
	4,086	**6,759**
Leasehold improvements		
Cost	27,857	27,857
Accumulated depreciation	(19,500)	(13,929)
	8,357	**13,928**
Total property, plant and equipment	**68,702**	**106,892**
Movement in carrying amount		
Balance at the beginning of the year	106,892	145,083
Depreciation expense	(38,190)	(38,191)
Carrying amount at the end of the year	**68,702**	**106,892**

Note 10. Intangible assets

	2011 $	2010 $
Franchise fee		
Cost	10,000	10,000
Accumulated amortisation	(7,000)	(5,000)
	3,000	**5,000**

Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Limited, the Company operates a branch of Bendigo and Adelaide Bank Limited, providing a core range of banking products and services.

		2011 $	2010 $
Note 11.	**Trade and other payables**		
	Trade creditors	7,257	22,724
	Accrued expenses	7,400	7,590
	GST liability	4,023	1,240
		18,680	**31,554**
Note 12.	**Financial liabilities**		
	Current		
	Bank overdraft	369,728	218,286
	Mortgage loan	9,120	9,120
		378,848	**227,406**
	Non current		
	Mortgage loan	**63,195**	**66,499**

Security:

The bank overdraft and mortgage loan are secured by a floating charge over the Company's assets.

		2011 $	2010 $
Note 13.	**Provisions**		
	Current		
	Provision for employee entitlements	**944**	**2,343**
	Number of employees at year end	**3**	**2**
Note 14.	**Equity**		
	469,759 (2010: 469,759) fully paid ordinary shares	**469,750**	**469,750**
Note 15.	**Cash flow information**		
	a. Reconciliation of cash flow from operations with profit after tax		
	Profit after tax	(180,627)	(183,440)
	Depreciation and amortisation	42,190	40,190
	Loss on sale of property, plant and equipment	-	-
	Movement in assets and liabilities		
	Receivables	4,864	(3,171)
	Other assets	(293)	2,550
	Payables	(12,874)	5,124
	Provisions	(1,399)	730
	Net cash used in operating activities	**(148,139)**	**(138,016)**

Note 15. Cash flow information continued

b. Credit Standby Arrangement and Loan Facilities

The Company has a bank overdraft facility amounting to $400,000 (2010: $260,000). This may be terminated at any time at the option of the bank. At 30 June 2011, $368 784 (2010: $218,286) of this facility was used. Interest rates are variable.

Note 16. Related party transactions

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

	2011 $	2010 $
Note 17. Leasing commitments		
Non cancellable operating lease commitment contracted for but not capitalised in the financial statements		
Payable		
Not longer than 1 year	6,700	8,574
Longer than 1 year but not longer than 5 years	-	6,700
	6,700	**15,274**
Note 18. Dividends		
Distributions paid	-	-

Note 19. Financial risk management

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

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

a. Financial risk management policies

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

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

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

b. Financial risk exposures and management

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

Note 19. Financial risk management continued

i. *Interest rate risk*

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

ii. *Foreign currency risk*

The Company is not exposed to fluctuations in foreign currencies.

Iii. *Liquidity risk*

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

iv. *Credit risk*

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

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

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

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

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

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

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

v. *Price risk*

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

c. Financial Instrument Composition and Maturity analysis

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

2011

	Weighted Average Effective Interest Rate	Variable: Floating Interest Rate	Fixed: Within 1 Year	Fixed: Within 1 to 5 Years	Non Interest Bearing	Total
Financial Assets						
Cash and cash equivalents		-	-	-	300	300
Trade and other receivables		-	-	-	10,433	10,433
Total Financial Assets		**-**	**-**	**-**	**10,733**	**10,733**
Financial Liability						
Bank overdraft secured	6,932%	369,728	-	-	-	369,728
Bank loan secured	7.9%	-	9,120	63,195	-	72,315
Trade and other payables	-	-	-	-	18,680	18,680
Total Financial Liabilities		**369,728**	**9,120**	**63,195**	**18,680**	**460,723**

2010

	Weighted Average Effective Interest Rate	Variable: Floating Interest Rate	Fixed: Within 1 Year	Fixed: Within 1 to 5 Years	Non Interest Bearing	Total
Financial Assets						
Cash and cash equivalents		-	-	-	300	300
Trade and other receivables		-	-	-	15,297	15,297
Total Financial Assets		**-**	**-**	**-**	**15,597**	**15,597**
Financial Liability						
Bank overdraft secured	6.49%	218,286	-	-	-	218,286
Bank loan secured	7.9%	-	9,120	66,499	-	75,619
Trade and other payables		-	-	-	31,554	31,554
Total Financial Liabilities		**218,286**	**9,120**	**66,499**	**31,554**	**325,459**

Note 19. Financial risk management continued

	2011 $	2010 $
Trade and sundry payables are expected to be paid as followed:		
Less than 6 months	**18,680**	**31,554**

d. Net Fair Values

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

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

Fair values are materially in line with carrying values.

e. Sensitivity Analysis

i. Interest Rate Risk

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

ii. Interest Rate Sensitivity Analysis

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

2011					
		-2 %		+ 2%	
	Carrying Amount $	Profit $	Equity $	Profit $	Equity $
Financial Liability					
Bank overdraft secured	369,728	7,395	7,395	(7,395)	(7,395)

Note 19. Financial risk management continued

2010					
		-2 %		+ 2%	
	Carrying Amount $	Profit $	Equity $	Profit $	Equity $
Financial Liability					
Bank overdraft secured	218,286	4,366	4,366	(4,366)	(4,366)

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

Note 20. Operating Segments

Types of products and services by segment

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

Major customers

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

Note 21. Events after the reporting date

No other matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Note 22. Contingent liabilities and contingent assets

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

	2011 $	2010 $

Note 23. Tax

a. Liability

Current		
Income tax	-	-

b. Reconciliations

Deferred Tax Assets

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out below:

— Provisions	-	-
— Tax losses: operating losses	232,091	178,503
	232,091	**178,503**

Note 24. Economic dependency – Bendigo and Adelaide Bank Limited

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

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

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the Company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, o increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- Advice and assistance in relation to the design, layout and fit out of the Community Bank branches;
- Training for the branch manager and other employees in banking management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sales techniques and proper customer relations.

Note 25. Company details

The registered office and principal place of business of the Company is:

46 Johnson Street
Bruce Rock WA 6418

Directors' declaration

The Directors of the Company declare that:

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

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

Director Mark Anthony Brown M. A. Brown

Dated this 19th day of September 2011

RSM Bird Cameron Partners
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BRUCE ROCK COMMUNITY SERVICES LIMITED

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent audit report

RSM Bird Cameron Partners
Chartered Accountants

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Bruce Rock Community Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Bruce Rock Community Services Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

TUTU PHONG
Partner

Perth, WA
Dated: 19 September 2011

Buying & Selling shares in
Bruce Rock Community Services Limited

1. If you wish to buy or sell shares you need to register your interest by emailing or posting a completed "Register of Interest" form to the Secretary, Mark Brown masbrown@westnet.com.au , PO Box 97 Bruce Rock WA 6418

The form is available from the Bruce Rock **Community Bank®** branch or from the website at:

- www.bendigobank.com.au or to go to the web page, copy & paste below http://www.bendigobank.com.au/public/community_bank/community_sharetrading.asp?community=192
- Select "Community" tab
- Under "Quick Links" select "Our Communities"
- Scroll down and select Bruce Rock
- Select "Trading Shares" which appears on the left hand side of the page.
- Select "Register Your Interest"

***Note A* – tick the box required on the form to ensure you understand the unique aspects of the model and the necessary privacy requirements.**
***Note B* – Warnings on the site are given regarding security issues over emailing the form via the internet.**

2. The Secretary will notify Bendigo Bank Web Services and your interest will be added to the Bruce Rock **Community Bank®** Trading Shares – Register of Interested Parties section on the website. This is a kind of electronic notice board for easy access by interested parties.

3. The Secretary will notify you via mail of the ID number of your registered interest.

4. The Secretary reviews the Register of Interest to identify potential buyers/sellers.

Note C – The Bruce Rock Community Services Limited ***Board is not involved in setting the price of any share trade.***

5. Interested investors are advised of possible counterparties by the Secretary and contact details are provided **(this will only occur where consent is provided: see 1. *Note A* above).**

6. You as, the Buyer/Seller then contact the counterparty to negotiate the sale/purchase of shares.

This page is not intended as financial advice. Its content is intended to assist in processing the transaction. Each party should obtain their own independent advice from their accountant, financial planner and/or solicitor.

LVM share market continued

7. The Buyer obtains the Share Purchase Form from the website or the branch and completes the details in conjunction with the seller and submits this to Secretary for Bruce Rock Community Services Limited Board approval (the Company Constitution is referenced).

8. The Board reviews the Share Purchase Form and approves/declines the trade. The Board then notifies the buyer and seller of their decision via mail.

9. If the trade receives Board approval, the Buyer pays the seller with no involvement from the Bruce Rock Community Services Limited
The Buyer lodges a Security Transfer Form (obtained from the website or the branch) with the Secretary.

Note D – Stamp Duty <u>may</u> be payable by the Buyer. The Bruce Rock Community Services Limited ***Certificate of Incorporation advises that this company is registered in*** WA
It is the buyers responsibility to ascertain whether Stamp Duty is payable by checking with the WA
Revenue Office on (08) 9262 1100 or WA Country Callers 1300 368 364
or at http://www.dtf.wa.gov.au/cms/content.aspx?id=178
. ***If Stamp Duty is payable, buyer must pay the Stamp Duty & get the Security Transfer Form stamped prior to lodging with the*** Bruce Rock Community Services Limited ***Secretary.***

10. On receipt of the Security Transfer Form, the Secretary arranges the issuing of a share certificate to the buyer.

Further information can be obtained by contacting
Mark Brown, ***Company Secretary,*** Bruce Rock Community Services Limited
on (08) 90611020 or 0428 611020

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Shares Available

There are currently interested parties looking to sell shares in Bruce Rock Community Services Limited through the company's low volume market.

To register your interest in purchasing shares please contact Mark Brown (Company Secretary) on (08) 90611020 or 0428 611020 for further details.

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Secretary E-mail: masbrown@westnet.com.au
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