

Carrum Downs Financial
Services Limited

ABN 89 088 990 470

annual report 2011



Carrum Downs **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2011

Our 11th year has again been one of profit delivering consistent dividends to you our shareholders and benefit to the community with more than \$155,000 distributed to local groups and projects bringing our total community contributions to \$1.14 million. In addition our cash reserves grew to \$1.3 million.

This past year Bendigo and Adelaide Bank Ltd, our partner, was the only bank in Australia to achieve a ratings agency upgrade. This is in part due to prudent economic management but also to the continued growth of its network through new **Community Bank**[®] branches and Company owned branches.

It is extremely important to have a strong partner such as Bendigo and Adelaide Bank Ltd. Our partnership with BABL involves the sharing of the profits on banking transactions on a 50/50 basis and these are independently audited to ensure the status quo is maintained. Over time and in some cases since the beginning of the **Community Bank**[®] network some of the profit shares have become skewed in favour of the franchisee in some cases more than 60% going to the franchisee. During the past year BABL has undertaken a project called "Restoring the Balance" to address this imbalance. "Restoring the Balance" was crucial for BABL to address the problems caused by the GFC. The first stage involved longer term. This will be addressed in future years by adjusting the product mix of our book.

The Extra Time Foundation has continued to provide support to the terminally ill in need of medication and/or support to either extend their life expectancy or make life more comfortable with the provision of dressings etc. Unfortunately, the Extra Time Foundation, although open to tax deductible public donations and other **Community Bank**[®] branches to contribute has not been able to attract significant financial donations to enable us to expand the promotion of it to more people in need. I commend the Extra Time Foundation to you and you can donate at our branch or any branch of Bendigo and Adelaide Bank Ltd.

I advised last year that following a review of the Board's performance and due to the need to have good governance, I had encouraged the Directors to undertake the AICD Company Directors course and I am pleased to report that two more Directors are now graduates of the Australian Institute of Company Directors. We have also had attendance by at least two Directors at both the Victorian State and National Conferences.

The performance of our staff has again been integral to the ongoing success of the business and the branch and members of staff ranked very highly in the mystery shopper visits conducted by our partner Bendigo and Adelaide Bank Ltd. The Board thanks them for their commitment and service.

I reported last year that we were seeking to expand into Hampton Park. To this end, I held a number of meetings with community groups and leaders in the community with representatives of BABL. Unfortunately there was insufficient support to from a Steering Committee and as a result we decided not to pursue the site.

Chairman's report continued

We have continued to work on the Cranbourne North prospect with BABL. We have recently commenced the public information phase and will be moving to the Feasibility Study in due course. The Branch Expansion Sub Committee has taken the cautious route of negotiating suitable terms with the landlord of the chosen site prior to commencing the process. We envisage that the investigation and feasibility is likely to be completed within the next 3-4 months.

In closing we look forward to the next 5 years with confidence that CDFS will continue to perform for our shareholders, Bendigo and Adelaide Bank Ltd, our partner and the communities we service.

To my Board I thank you for your support and work of the past year and I am sure that you will step up to a new level in the coming year to meet the undoubted challenges of expansion, and the continued work required to grow and develop our existing branch.

As Chairman I must acknowledge our Company Secretary Mrs Natalie Fairlie – her advice and counsel has helped enormously in the execution of my duties and in the development of the Board.

A handwritten signature in black ink, appearing to read 'Gary J Rowe', written in a cursive style.

Gary J Rowe. Dip FS (MBM), GAICD.

Chairman

Manager's report

For year ending 30 June 2011

It is my pleasure to report on the progress of Carrum Downs **Community Bank**[®] Branch for the year ended 30 June 2011.

Our branch experienced another year of solid growth with our balances increasing by \$10.562 million to a total figure of \$129.058 million. Our deposit book grew \$6.470 million and lending increased \$5.739 million, however securitised loans decreased \$1.906 million giving us a net increase in lending of \$3.833million. Our off-balance sheet deposits increased \$259,000.

This contrasts to 2010 when the majority of our increase was in lending.

We continue to open between 90 – 100 new accounts per month. Our numbers have declined though on the back of dormant and inactive accounts being removed. Our account numbers now stand at 10,747. Pleasingly though, the number of products per customer increased to 1.645, while low is heading in the right direction.

The ATM activity at Ballarto Road continues to increase steadily, whilst the ATMs in the shopping centre have been impacted by the introduction of ANZ and NAB ATMs within sight of the branch. The slow decline of Maxi Foods has also impacted on the offsite ATM.

During the year we topped the region in a "Mystery Shopper" survey which is testament to the service provided by our staff. Well done Ladies!

Despite an adjustment by Bendigo and Adelaide Bank Ltd to the way trailer income is paid on some products from April, we exceeded expectations in gross income. This adjustment was to restore the income share on these products back to 50/50 where before, the income share was skewed in our **Community Bank**[®] branch's favour.

This year has also seen us continue to support many and various community and sporting organisations.

Just to highlight a few, we have contributed to Vision Australia (seeing eye dog); Carrum Downs Community Group; Chelsea CFA; Seaford Lifesaving Club; Aldercourt Primary school; Southern Life (Christmas Hampers) and the Extra Time Foundation.

My thanks go to the Board and our wonderful staff for their efforts and support over 2011. We look forward to meeting the challenges that 2012 will no doubt bring, given the current financial climate.



Mick Spruhan
Branch Manager

Community contributions

Community Contribution to	Total
Community Enterprise Foundation - Extra Time	\$5,000
Family Services	\$12,915
Children / Youth	\$2,475
Senior Citizens	\$6,432
Business forums	\$1,091
Sporting Clubs	\$80,763
Community Spirit Award - Stroke Foundation	\$5,000
Schools	\$14,855
Event - Vision Australia Carols	\$11,000
Community Infrastructure - Coast Guard and Surf Lifesaving	\$16,200
Total Community Contributions for the 2010/2011 financial year	\$155,732

Directors' report

For the financial year ended 30 June 2011

Your Directors present their report on the Company for the financial year ended 30 June 2011.

The names of the Directors and Officers at any time during, or since the end of the year are:

Mr. Gary Rowe – GAICD, Dip. FS (MBM)
Mr. Lindsay Wells – CPA, B.Bus (Acc), Dip FinServ (Fin Plan)
Mrs. Christine Grayland – Certificate in Shopping Centre Management
Mr. Jason Pater – FCA, B.Comm. Dip FinServ (Fin Plan), GAICD
Mr. Greg Sugars – JP, FAICD, AFAIM, Dip Bus (Mgmt), Adv Dip Bus (Mktg)
Mr. Trevor Collins – MAICD
Mr. Terry Rankin
Mrs Natalie Fairlie as Company Secretary (appointed February 2011) – BA, LLB

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The profit of the Company for the financial year after providing for income tax amounted to \$291,443.

No significant changes in the Company's state of affairs occurred during the financial year.

The principal activities of the Company during the financial year were the Operation of **Community Bank**[®] Franchise in Carrum Downs.

No significant change in the nature of these activities occurred during the year.

No matters or circumstances have arisen since the end of the financial year which 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.

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.

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

Dividends paid or declared since the start of the financial year are as follows:

- Fully franked dividends of 14 cents per share were approved by the Board on 22 November 2010 and 6 June 2011 and paid during the financial year totaling \$96,743.

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

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or Auditor of the Company.

Directors' report continued

Meetings of Directors

During the financial year, Directors and Officers attended the following meetings. Attendances by each Director and Officer were as follows:

	Directors' meetings		Committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Gary Rowe	12	11	-	-
Mr Lindsay Wells	12	10	8	8
Mrs Christine Grayland	12	11	13	13
Mr Jason Pater	12	12	3	3
Mr Greg Sugars	12	12	2	2
Mr Trevor Collins	12	10	2	2
Mr Terry Rankin	12	11	2	2

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Signed in accordance with a resolution of the Board of Directors:



Mr. Gary Rowe (Director)
Director



Mr. Lindsay Wells (Director)
Director

Dated : 17 October 2011

Auditor's independence declaration

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
CARRUM DOWNS FINANCIAL SERVICES LIMITED**

I declare, that to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm: Venn Milner & Co
Chartered Accountants

Name of Director: 
Mr. L.A. Milner (A.C.A Registered Auditor)

Address: Suite 1, 10-12 Chapel Street, Blackburn VIC 3130

Dated : 17th October 2011

Financial statements

Statement of comprehensive income for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue	2	1,686,602	1,513,484
Accountancy expenses		(30,808)	(21,827)
Advertising expenses		(12,279)	(16,580)
Auditor's remuneration	3	(6,000)	(6,000)
Bad and doubtful debt expenses		(1,615)	(1,314)
Depreciation and amortisation expenses		(11,441)	(26,439)
Directors' fees		(146,893)	(99,800)
Employee benefits expenses		(576,529)	(527,583)
Franchise renewal fee		-	(10,000)
Lease expenses		(19,977)	(19,101)
Donations		(155,732)	(231,695)
Other expenses		(311,548)	(232,749)
Profit before income tax	4	413,780	320,396
Income tax expense	5	(122,337)	(110,672)
Profit for the year		291,443	209,724
Total comprehensive income for the year		291,443	209,724
Total comprehensive income attributable to members of the entity		291,443	209,724

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of financial position as at 30 June 2011

	Note	2011 \$	2010 \$
Assets			
Current assets			
Cash and cash equivalents	7	1,293,836	1,025,822
Trade and other receivables	8	136,178	127,913
Other current assets	9	5,355	8,486
Total current assets		1,435,369	1,162,221
Non-current assets			
Property, plant and equipment	10	83,170	91,273
Total non-current assets		83,170	91,273
Total assets		1,518,539	1,253,494
Liabilities			
Current liabilities			
Trade and other payables	11	95,912	132,284
Provisions	12	38,402	20,231
Tax liabilities	13	101,305	16,796
Total current liabilities		235,619	169,311
Non-current liabilities			
Provisions	12	36,842	32,806
Total non-current liabilities		36,842	32,806
Total liabilities		272,461	202,117
Net assets		1,246,078	1,051,377
Equity			
Issued capital	14	345,510	345,510
Reserves	15	4,096	4,096
Retained earnings	16	896,472	701,771
Total equity		1,246,078	1,051,377

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	Retained earnings \$	Total \$
Balance at 30 June 2009		588,791	588,791
Profit attributable to equity shareholders		209,724	209,724
Dividends paid or provided for	6	(96,743)	(96,743)
Balance at 30 June 2010		701,772	701,772
Profit attributable to equity shareholders		291,443	291,443
Dividends paid or provided for	6	(96,743)	(96,743)
Balance at 30 June 2011		896,472	896,472
Issued capital	14		345,510

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			
Receipts from customers		1,605,920	1,467,230
Payments to suppliers and employees		(1,246,010)	(1,018,735)
Interest received		72,417	32,893
Borrowing costs paid		(19,992)	(19,119)
Income tax paid		(37,827)	(98,103)
Net cash provided by operating activities	17	374,508	364,166
Cash flows from investing activities			
Payments for property, plant and equipment		(3,338)	(6,617)
Net cash used in investing activities		(3,338)	(6,617)
Cash flows from financing activities			
Dividends paid		(103,156)	(89,960)
Net cash used in financing activities		(103,155)	(89,960)
Net increase in cash held		268,014	267,589
Cash at beginning of financial year		1,025,822	758,233
Cash at end of financial year	7	1,293,836	1,025,822

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 statements cover Carrum Downs Financial Services Limited as an individual entity. Carrum Downs Financial Services Limited is a Company limited by shares, incorporated and domiciled in Australia.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statements 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 these financial statements are presented below and have been consistently applied unless otherwise stated.

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

Accounting policies

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 the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax assets 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 outside profit or loss when the tax relates to items that are recognised outside profit or loss.

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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

Income tax (continued)

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 the end of the reporting period. 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.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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.

Property, plant and equipment

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

- 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.

In the periods when the freehold land and buildings are not subject to an independent valuation, the Directors conduct Directors' valuations to ensure the land and building's carrying amount is not materially different to the fair value.

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.

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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

Property, plant and equipment (continued)

- Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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.

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 period 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 the asset

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

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.

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to 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 period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over 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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

Financial instruments

- Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (ie trade date accounting adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expenses to profit or loss immediately.

Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use 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.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees at the end of the reporting period. 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

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.

Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of liability.

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 Tax 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 balance sheet are shown inclusive of GST.

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

Comparative figures

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

Notes to the financial statements continued

	2011 \$	2010 \$
Note 2. Revenue and other income		
Revenue		
ATM revenue	94,312	104,403
Commissions received	224,708	218,716
Gross margin income	1,016,003	885,126
	1,335,023	1,208,245
Other revenue:		
Interest received	72,417	32,893
Marketing Development Fund	50,000	50,000
Other revenue	229,162	222,346
	351,579	305,239
Total revenue	1,686,602	1,513,484
Interest revenue from:		
Bendigo and Adelaide Bank Ltd	72,417	32,893

Note 3. Auditor's remuneration

Audit fees	6,000	6,000
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Note 4. Profit for the year

Profit (loss) from ordinary activities before income tax has been determined after:

Expenses		
Depreciation of property, plant and equipment	11,441	26,439
Total depreciation	11,441	26,439
Bad debts	1,615	1,314
Total bad and doubtful debts	1,615	1,314
IT leasing	9,000	10,276
ATM leasing	10,977	8,825
Total leasing charges	19,977	19,101
Auditor remuneration – audit services	6,000	6,000
Total audit remuneration	6,000	6,000

Notes to the financial statements continued

	2011 \$	2010 \$
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Note 5. Income tax expense

The components of tax expense comprise:

Income tax expense on current year profits	122,337	110,672
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Note 6. Dividends

Dividends paid	96,743	96,743
Total dividends per share for the period	\$0.28	\$0.28

Note 7. Cash and cash equivalents

Cash on hand	23,309	25,810
Investment account	1,270,477	1,000,000
Petty cash on hand	50	12
	1,293,836	1,025,822

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	1,293,836	1,025,822
	1,293,836	1,025,822

Note 8. Trade and other receivables

Current

Trade debtors	136,178	127,913
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The Company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

Note 9. Other current assets

Current

Prepayments	5,355	8,486
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Notes to the financial statements continued

	2011 \$	2010 \$
Note 10. Property, plant and equipment		
Leasehold improvements		
Leasehold improvements at:		
At cost	114,180	114,180
Less accumulated depreciation	(47,210)	(44,893)
Total leasehold improvements	66,970	69,287
Plant and equipment		
Plant and equipment:		
At cost	190,005	186,667
Accumulated depreciation	(173,805)	(164,681)
Total plant and equipment	16,200	21,986
Total property, plant and equipment	83,170	91,273

Note 11. Trade and other payables

Current		
Accruals	35,146	77,834
Provision for GST	45,584	41,932
Amounts withheld from salary & wages	15,182	12,518
	95,912	132,284

Note 12. Provisions

Provision for employee entitlements – superannuation	627	12,449
Provision for employee entitlements – annual leave	36,405	-
Provision for employee entitlements – long service	36,842	32,806
	73,874	45,255
Provision for dividend	1,370	7,782
Total provisions	75,244	53,037
Analysis of total provisions		
Current	38,402	20,231
Non-current	36,842	32,806
	75,244	53,037

Notes to the financial statements continued

	2011 \$	2010 \$
Note 13. Tax		
Liabilities		
Current		
Tax on current year's profits	122,338	110,672
Less pay as you go instalments paid	(21,033)	(93,876)
	101,305	16,796

Note 14. Issued capital

345,510 Ordinary shares at \$1.00 each fully paid	345,510	345,510
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There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

Note 15. Reserves

ATO Investment allowance	4,096	4,096
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Note 16. Retained earnings

Retained earnings at the beginning of the financial year	701,771	588,790
Net profit attributable to members of the Company	291,443	209,724
Dividends provided for or paid	(96,743)	(96,743)
Retained earnings at the end of the financial year	896,472	701,771

Note 17. Cash flow information

Reconciliation of cash flow from operations with profit after income tax

Profit after income tax	291,443	209,724
Depreciation	11,441	26,439
(Increase)/Decrease in tax provision	84,510	12,569
(Increase)/Decrease in debtors and prepayments provision	(5,134)	(12,047)
(Increase)/Decrease in accruals	(42,688)	41,357
(Increase)/Decrease in provisions	34,936	86,124
Net cash provided by operating activities	374,508	364,166

Notes to the financial statements continued

	Note	2011 \$	2010 \$
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Note 18. 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 to and from subsidiaries, bills and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

Financial assets

Bank deposits at call	7	1,293,836	1,025,822
Accounts receivable	8	136,178	127,913
		1,430,014	1,153,735

Financial liabilities

Trade and other payables	11	95,912	132,284
Taxation	13	101,305	16,796
		197,217	149,080

Financial risk management policies

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

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These included 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.

Note 19. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year Carrum Downs Financial Services Ltd conducted business with the following Director related entities :-

- Malcolm Wells Accounting Solutions Pty Ltd – fees for Company secretarial, wages and other related accounting services
- Illumin8 Group Pty Ltd – fees for administrative other related accounting services.

Notes to the financial statements continued

Note 19. Related party transactions (continued)

Shares held by Director related entities:-

Shares held directly or indirectly by Directors represent 18.57% of the total shares issued in Carrum Downs Financial Services Ltd.

Note 20. Company details

Carrum Downs Financial Services Limited

Registered office

Shop 3, 100 Hall Road, Carrum Downs Shopping Centre,
Carrum Downs VIC 3201

Directors' declaration

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with 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. 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.

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



Mr. Gary Rowe (Director)
Director



Mr. Lindsay Wells (Director)
Director

Dated: 17 October 2011

Independent audit report

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CARRUM DOWNS FINANCIAL SERVICES LIMITED
89 088 990 470**

Report on the Financial Report

I have audited the accompanying financial report of Carrum Downs Financial Services Limited 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 ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the financial reporting requirements of the company's constitution. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: "Presentation of Financial Statements", that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgment, 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of Australian professional ethical pronouncements.

Independent audit report continued

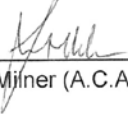
**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CARRUM DOWNS FINANCIAL SERVICES LIMITED
89 088 990 470**

Auditor's Opinion

In my opinion:

- (a) the financial report of Carrum Downs Financial 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 (including Australian Accounting Interpretations) and the company's constitution.
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Name of Firm: Venn Milner & Co
Chartered Accountants

Name of Director: 
Mr L.A. Milner (A.C.A. Registered Auditor)

Address: Suite 1, 10-12 Chapel Street, Blackburn VIC 3130

Dated : 17th October 2011



Carrum Downs **Community Bank**[®] Branch
Shop 3 Carrum Downs Shopping Centre,
100 Hall Road, Carrum Downs VIC 3201
Phone: (03) 9782 9788

Franchisee: Carrum Downs Financial Services Limited
Shop 3 Carrum Downs Shopping Centre,
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(BMPAR11098) (09/11)