

Chittering Financial Services Limited
ABN 77 096 017 506

2011
Annual
Report

Chittering Financial Services Ltd

ABN 77 096 017 506

Financial Report for the year ended 30 June 2011

C O N T E N T S

Chairman's Report

Manager's Report

Directors Report

Auditor's Independence Declaration

Statement of Income

Statement of Financial Position

Statement of Cash Flows

Statement of Changes in Equity

Notes to the Financial Statements

Directors Declaration

Chairmans Report

Dear Shareholders,

We would have to be living in one of the most financially challenging times. With the world's economy and markets altering on a daily basis, I have to wonder how our small but very efficient little banking franchise fits into a world where even the most well established and financially secure businesses are at risk of toppling over. However, we do! With quiet and reasonable success. I am therefore pleased to confirm that we are on track and that there will be a modest dividend paid to Shareholders this year.

Financial Year 2007/08 – 10cents per share – Total Distribution \$49,871

Financial Year 2008/09 – 10cents per share – Total Distribution \$49,871

Financial Year 2009/10 - No Dividend

Financial Year 2010/11 – 2.5cents per share – Total Distribution \$12,467

The Ellenbrook branch is now over 12 months old and continues to return good results which with time and patience will only increase. Ellenbrook has seen rapid expansion of its retail, commercial and personal sectors. With growth projections to 2031 it is predicted that the population will almost double to 50,000 people. This can only mean a future of steady growth and increase in our business at Ellenbrook.

Since the addition of the Department Of Transport licensing services offered at the Bindoon **Community Bank**[®] Branch, traffic through the branch has increased and provides a steady income stream. Special thanks must go to the staff at Bindoon for their patience and willingness to take on this particular challenge.

Bullsbrook **Community Bank**[®] Branch continues to hold its own but has been affected by the economic downturn. However all branches have steadily managed to increase account numbers and maintain a reasonable income stream.

With careful management the Board expects to see continued growth across all three branches. To all our business partners, on behalf of the Board and all Shareholders, I would like to thank our dedicated management team Ray Povey, Anne Teti, Christine Hudson, and all our employees for their efforts and achievements throughout the year. Their continued dedication and valued contribution that they all make both personally and professionally is the basis of our success. Thanks must also go to Regional Manager, Janet Giacomini of Bendigo and Adelaide Bank Limited who diligently guides us.

Importantly our contributions back to our communities continue to be our main focus. Due to the economic climate we have had to be careful with our funding but we remain committed to the true purpose of the **Community Bank**[®] model and have reinvested back to the community by providing funding for the following initiatives:

1. Two defibrillators for Bindoon town
2. Commitment to further scholarships at Swan Valley Christian College
3. The Bullsbrook Community Bus – a service provided by the Bullsbrook Community & Sports Association

4. School Diaries for the Bindoon Primary School
5. Support to the Salvation Army of Ellenbrook for their Breakfast Program which provides breakfast to school aged children in the Ellenbrook region
6. Support of Seniors Week

Other beneficiaries included: Swan Valley Bowling Club, Flavours of Chittering, Bindoon Show, Safety House Association, Ellen Stirling Primary School, Lions Club, Chequers Golf Club. Not to mention various sporting organisations who received equipment.

Finally, I am proud to be acquainted with and extend sincerest thanks to the efforts of an effective and balanced Board whose dedication and contribution to the Bindoon and Bullsbrook **Community Bank**[®] Branches and the Ellenbrook branch is second to none. It has been a pleasure to serve with them on the Board as Chairman and I look forward to facing the challenges set for us over the next 12 months.



Gemma Bonomi

Chairman

Manager's Report

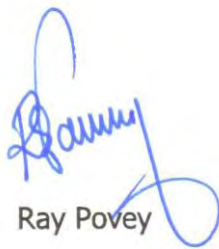
After six years as the Manager, I am pleased that I can report on a successful and inspiring year for the team. With a team that is dedicated to customer service excellence, professional in their knowledge of products and services, and with an admirable ability to work together, it is really a superb opportunity to really respond to our local community and be the best. We have worked very hard to assist and serve customers through some tuff economic times, and this has proven to be very difficult for the staff at times, but we have managed to maintain good relationships and built the team to be even better at the job. I'm very pleased to be a part of this great team.

This year we have focused on building and retaining staff, especially as the job became difficult with the changing economy, it has allowed us to focus on product and service skills in the branch. Better training and new skills have brought new opportunities for staff in the team and they have relished the challenge. I appreciate their willingness to grow and develop, whilst still maintaining their customer focus.

Growth of the portfolio and customers continues and I am pleased to see it exceed our budgeted expectations. The rate of growth has been maintained, despite the more challenging economic conditions and competition within the banking sector. I am pleased to say we are ahead of budget expectations for our Ellenbrook branch and over the next year I see the branch near profit.

The Board also deserve acknowledgment – they work very hard to manage the company and guide it through growth. They support and promote the business at every opportunity, and provide us with an excellent environment in which to work. I would also like to extend appreciation on behalf of the staff to you the shareholders – your investments and commitment has made it all possible.

Finally no one works on their own and many of the achievements of the past year are attributed to the wonderful team that I work with every day at the branch, so thank you to all my staff



Ray Povey

Branch Manager

Chittering Financial Services Limited
ABN 77 096 017 506
Directors' Report

Your Directors submit their report of the Company for the financial year ended 30 June 2011.

Directors

The names and details of the company's directors who held office during or since the end of the financial year are:

Bruce Sydney Rowley
Chairman
Retired
Resigned 30 November 2010

Delma Jean Baum
Secretary
Business Proprietor

Ross Albert Bishop
Non-Executive Director
Licensee of liquor store

Ian David Smith
Non-Executive Director
Retired Accountant & Company Secretary

Gemma Diane Bonomi
Chairman (appointed Chairman during year)
Company Director

Diane Lee Broad
Non-Executive Director
Retired farmer & journalist
Resigned 30 November 2010

Kevin Bailey
Non-Executive Director
Business Owner
Resigned 26 April 2011

Maxwell Edward Haynes
Non-Executive Director
Accountant
Appointed 28 April 2011

Rebecca Simone Cornthwaite
Non-Executive Director
Self Employed
Appointed 28 April 2011

Directors were in office for this entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the Company.

Principal activities

The principal activities of the Company during the course of the financial year were in providing community banking services under management rights to operate franchised branches of Bendigo and Adelaide Bank Limited.

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

Review of Operations

Operations have continued to perform in line with expectations. The profit/(loss) of the Company for the financial year after provision for income tax was \$28,574 (2010: (\$57,275)).

Dividends

No dividends were declared or paid during the year.

Significant changes in the state of affairs

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

Chittering Financial Services Limited
ABN 77 096 017 506
Directors' Report

Significant events after the balance date

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

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

Likely Developments

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

Remuneration Report

Bruce Rowley is the landlord for the Bindoon branch premises and rent for the year ended 30 June 2011 of \$10,315 (2010: \$11,645) was paid. Delma Baum is a director of Kilo Delta Pty Ltd who received \$5,500 (2010: \$6,600) for the year ended 30 June 2011 to host the company website. Gemma Bonomi is a director of Bon Electrics Pty Ltd who provided electrical work for the Ellenbrook branch at a cost of \$2,440 (2010: \$24,129).

No other Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

Indemnification and Insurance of Directors and Officers

The Company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company also has Officers Insurance for the benefit of Officers of the Company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an auditor of the company or a related body corporate.

Chittering Financial Services Limited
ABN 77 096 017 506
Directors' Report

Directors Meetings

The number of Directors meetings attended during the year were:

Director	Board Meetings #	Audit Committee Meetings #
Bruce Sydney Rowley (resigned 30 November 2010)	3 (5)	N/A
Delma Jean Baum	11 (11)	N/A
Ross Albert Bishop	11 (11)	3 (3)
Ian David Smith	11 (11)	3 (3)
Gemma Diane Bonomi	11 (11)	N/A
Diane Lee Broad (resigned 30 November 2010)	4 (5)	N/A
Kevin Bailey (resigned 26 April 2011)	4 (7)	N/A
Maxwell Edward Haynes (appointed 28 April 2011)	2 (2)	N/A
Rebecca Simone Cornthwaite (appointed 28 April 2011)	2 (2)	N/A

*# The first number is the meetings attended while in brackets is the number of meetings eligible to attend.
N/A - not a member of that Committee.*

Company Secretary

Delma Jean Baum has been the company secretary of Chittering Financial Services Limited since 2001. Her qualifications and experience include a background in engineering prior to migrating to Australia in 1996. She is the Director of a computer software development company since 1978 and former President of the Volunteer Sea Search and Rescue Association of WA.

Corporate Governance

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

- (a) The establishment of an audit committee. Members of the audit committee are Ross Bishop, Ian Smith and Ray Povey (Bank Manager);
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Chittering Financial Services Limited
ABN 77 096 017 506
Directors' Report

Auditor Independence Declaration

The directors received the following declaration from the auditor of the Company:



**Richmond
Sinnott &
Delahunty**

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

Chartered Accountants

Auditor's Independence Declaration

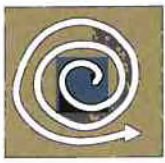
In relation to our audit of the financial report of Chittering Financial Services Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty
Bendigo
5 September 2011

Signed in accordance with a resolution of the Board of Directors at Bullsbrook on 5 September 2011.



Gemma Diane Bonomi - Chairman



5 September 2011

The Directors
Chittering Financial Services Limited
PO Box 300
BULLSBROOK WA 6084

Dear Directors

We have now completed our audit of the financial report of Chittering Financial Services Limited for the year ended 30 June 2011. Subject to the Board of Directors adopting the financial report, we are in a position to issue an unqualified audit opinion on the company's financial report.

1. Overview of Audit Approach

Our audit was designed in accordance with Australian Auditing Standards (AUS), which provides for reasonable, rather than absolute, assurance that the financial report is free of material misstatement. The nature and scope of the audit work performed was designed to achieve our primary goal of supporting the audit opinion on the financial report.

2. Operations

2.1 Financial Performance

	30 June 2011 \$	30 June 2010 \$
Revenue from ordinary activities	1,335,333	1,056,060
Salaries & employee benefits expense	(799,384)	(715,964)
Charitable donations and sponsorship	(1,587)	(7,937)
Depreciation and amortisation expenses	(87,358)	(64,960)
Finance costs	(10,392)	(5,992)
Administration and other expenses	(395,370)	(336,847)
Profit/(Loss) before income tax	41,242	(75,640)
Income tax expense/(benefit)	(12,668)	(18,365)
Profit/(Loss) after income tax	28,574	(57,275)

2.2 Financial Position

	30 June 2011 \$	30 June 2010 \$
Current assets	271,802	181,759
Non-current assets	221,649	280,474
Total assets	493,451	462,233
Total liabilities	228,630	225,986
Shareholders' equity	264,821	236,247

3. Auditing/Accounting Issues

Our audit once again did not highlight any significant issues.

4. Summary of Audit Differences

There are no material audit differences that have not been included in the financial report for Chittering Financial Services Limited.

5. Other Matters

Our work is not primarily directed towards the discovery of weaknesses or the detection of fraud or other irregularities, other than those that would influence us in forming our audit opinion.

Should you have any queries in relation to any other matter please do not hesitate to contact us.

Yours sincerely



Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Chittering Financial Services Limited
ABN 77 096 017 506
Statement of Comprehensive Income
for the year ended 30 June 2011

	<u>Notes</u>	2011 \$	2010 \$
Revenue from continuing operations	2	1,335,333	1,056,060
Employee benefits expense	3	(799,384)	(715,964)
Charitable donations and sponsorship		(1,587)	(7,937)
Depreciation and amortisation expense	3	(87,358)	(64,960)
Finance costs	3	(10,392)	(5,992)
Other expenses		<u>(395,370)</u>	<u>(336,847)</u>
Profit/(Loss) before income tax expense		41,242	(75,640)
Income tax expense/(benefit)	4	<u>12,668</u>	<u>(18,365)</u>
Profit/(Loss) after income tax expense		28,574	(57,275)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u><u>28,574</u></u>	<u><u>(57,275)</u></u>
Earnings per share (cents per share)			
- basic for profit/(loss) for the year	22	5.73	(11.48)
- diluted for profit/(loss) for the year	22	5.73	(11.48)

The accompanying notes form part of these financial statements

Chittering Financial Services Limited
ABN 77 096 017 506
Statement of Financial Position
As at 30 June 2011

	<u>Notes</u>	2011 \$	2010 \$
Current Assets			
Cash and cash equivalents	6	128,839	64,432
Receivables	7	142,963	117,327
Total Current Assets		<u>271,802</u>	<u>181,759</u>
Non-Current Assets			
Property, plant and equipment	8	191,783	216,825
Deferred tax asset	4	9,035	21,703
Intangible assets	9	20,831	41,946
Total Non-Current Assets		<u>221,649</u>	<u>280,474</u>
Total Assets		<u>493,451</u>	<u>462,233</u>
Current Liabilities			
Payables	10	74,902	65,699
Loans and borrowings	11	33,348	33,000
Provisions	12	58,581	42,280
Total Current Liabilities		<u>166,831</u>	<u>140,979</u>
Non-Current Liabilities			
Loans and borrowings	11	61,799	85,007
Total Non-Current Liabilities		<u>61,799</u>	<u>85,007</u>
Total Liabilities		<u>228,630</u>	<u>225,986</u>
Net Assets		<u>264,821</u>	<u>236,247</u>
Equity			
Share capital	13	495,209	495,209
Accumulated losses	14	(230,388)	(258,962)
Total Equity		<u>264,821</u>	<u>236,247</u>

The accompanying notes form part of these financial statements

Chittering Financial Services Limited
ABN 77 096 017 506
Statement of Cash Flows
For the year ended 30 June 2011

	<u>Notes</u>	2011 \$	2010 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		1,443,004	1,134,152
Cash payments in the course of operations		(1,304,681)	(1,153,881)
Interest paid		(10,392)	(5,992)
Interest received		618	19
Income tax paid		-	(9,853)
Net cash flows from/(used in) operating activities	15b	<u>128,549</u>	<u>(35,555)</u>
Cash Flows From Investing Activities			
Payment for intangible assets		(8,872)	(33,018)
Payments for property, plant and equipment		(32,410)	(229,394)
Net cash flows from/(used in) investing activities		<u>(41,282)</u>	<u>(262,412)</u>
Cash Flows From Financing Activities			
Dividends paid		-	(49,871)
Proceeds from borrowings		(22,860)	118,007
Net cash flows from/(used in) financing activities		<u>(22,860)</u>	<u>68,136</u>
Net increase/(decrease) in cash held		64,407	(229,831)
Cash and cash equivalents at start of year		64,432	294,263
Cash and cash equivalents at end of year	15a	<u>128,839</u>	<u>64,432</u>

The accompanying notes form part of these financial statements

Chittering Financial Services Limited
ABN 77 096 017 506
Statement of Changes in Equity
for the year ended 30 June 2011

	<u>Notes</u>	2011 \$	2010 \$
SHARE CAPITAL			
Balance at start of year		495,209	495,209
Issue of share capital		-	-
Share issue costs		<u>-</u>	<u>-</u>
Balance at end of year		<u><u>495,209</u></u>	<u><u>495,209</u></u>
ACCUMULATED LOSSES			
Balance at start of year		(258,962)	(151,816)
Profit/(Loss) after income tax expense		28,574	(57,275)
Dividends paid	21	<u>-</u>	<u>(49,871)</u>
Balance at end of year		<u><u>(230,388)</u></u>	<u><u>(258,962)</u></u>

The accompanying notes form part of these financial statements

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
for the year ended 30 June 2011

1. Basis of preparation of the Financial Report

(a) Basis of preparation

Chittering Financial Services Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2011 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing community banking services.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 5 September 2011.

(b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report. These changes are not expected to have a material impact on the Company's financial statements.

(c) Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2010 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
for the year ended 30 June 2011

1. Basis of preparation of the Financial Report (continued)

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

<i>Class of Asset</i>	<i>Depreciation Rate</i>
Plant & Equipment	18.75-40%

Impairment

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

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

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

Revaluations

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

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

Recoverable amount of assets

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

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
for the year ended 30 June 2011

1. Basis of preparation of the Financial Report (continued)

Goods and services tax

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

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

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

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

Employee Benefits

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

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

Intangibles

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

Cash

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

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

Revenue

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

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
for the year ended 30 June 2011

1. Basis of preparation of the Financial Report (continued)

Receivables and Payables

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

Loans and Borrowings

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

Provisions

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

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

Share Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Comparative Figures

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

2. Revenue from continuing operations

	2011	2010
	\$	\$
Operating activities		
- services commissions	1,334,715	1,056,041
	<u>1,334,715</u>	<u>1,056,041</u>
Non-operating activities:		
- interest received	618	19
	<u>618</u>	<u>19</u>
	<u><u>1,335,333</u></u>	<u><u>1,056,060</u></u>

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
for the year ended 30 June 2011

3. Expenses	2011	2010
	\$	\$
Employee benefits expense		
- wages and salaries	686,524	623,135
- superannuation costs	59,963	59,363
- other costs	52,897	33,466
	<u>799,384</u>	<u>715,964</u>
 Depreciation of non-current assets:		
- plant and equipment	57,371	38,847
 Amortisation of non-current assets:		
- intangibles	29,987	26,113
	<u>87,358</u>	<u>64,960</u>
 Finance Costs:		
- Interest paid	10,392	5,992
 Bad debts	5,044	3,133
 4. Income Tax Expense		
The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:		
 Prima facie tax on profit/(loss) before income tax at 30%	12,373	(22,692)
 Add tax effect of:		
- Non-deductible expenses	4,890	989
- Under/(over) provision of tax in prior year	(4,595)	3,338
 <i>Current income tax expense/(benefit)</i>	<u>12,668</u>	<u>(18,365)</u>
 Income tax expense/(benefit)	<u>12,668</u>	<u>(18,365)</u>
 Deferred tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	9,035	21,703
	<u>9,035</u>	<u>21,703</u>

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
for the year ended 30 June 2011

5. Auditors' Remuneration

	2011	2010
	\$	\$
Amounts received or due and receivable by Richmond Sinnott & Delahunty, for:		
- Audit or review of the financial report of the Company	3,900	3,900
- Preparation and lodgement of taxation return	500	450
	4,400	4,350

6. Cash and Cash Equivalents

Cash at bank and on hand	128,839	64,432
--------------------------	---------	--------

7. Receivables

Prepayments	-	230
Trade and other debtors	142,963	117,097
	142,963	117,327

8. Property, Plant and Equipment

Plant and equipment

At cost	465,808	445,691
Less accumulated depreciation	(274,025)	(228,866)
	191,783	216,825
Total written down amount	191,783	216,825

Movements in carrying amounts

Plant and equipment

Carrying amount at beginning of year	216,825	26,278
Additions	32,410	229,394
Disposals	(81)	-
Depreciation expense	(57,371)	(38,847)
Carrying amount at end of year	191,783	216,825

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
for the year ended 30 June 2011

9. Intangible Assets

	2011	2010
	\$	\$
<i>Franchise Fee</i>		
At cost	70,000	70,000
Less accumulated amortisation	<u>(49,169)</u>	<u>(37,084)</u>
	<u>20,831</u>	<u>32,916</u>
 <i>Preliminary Expenses</i>		
At cost	26,932	18,060
Less accumulated amortisation	<u>(26,932)</u>	<u>(9,030)</u>
	<u>-</u>	<u>9,030</u>
 Total written down amount	 <u>20,831</u>	 <u>41,946</u>

10. Payables

Trade creditors	53,403	46,607
GST payable	<u>21,499</u>	<u>19,092</u>
	<u>74,902</u>	<u>65,699</u>

11. Loans and Borrowings

<i>Current</i>		
Bank Loan	<u>33,348</u>	<u>33,000</u>
 <i>Non-Current</i>		
Bank Loan	<u>61,799</u>	<u>85,007</u>

12. Provisions

Employee benefits	<u>58,581</u>	<u>42,280</u>
-------------------	---------------	---------------

Movement in employee benefits

Opening balance	42,280	38,984
Additional provisions recognised	52,810	47,933
Amounts utilised during the year	<u>(36,509)</u>	<u>(44,637)</u>
Closing balance	<u>58,581</u>	<u>42,280</u>

13. Share Capital

498,709 Ordinary Shares fully paid of \$1 each	498,709	498,709
Cost of raising equity	<u>(3,500)</u>	<u>(3,500)</u>
	<u>495,209</u>	<u>495,209</u>

14. Accumulated Losses

Balance at the beginning of the financial year	(258,962)	(151,816)
Profit/(loss) after income tax	28,574	(57,275)
Dividends	-	(49,871)
Balance at the end of the financial year	<u>(230,388)</u>	<u>(258,962)</u>

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
for the year ended 30 June 2011

15. Statement of Cash Flows	2011	2010
	\$	\$
(a) Cash and cash equivalents		
Cash assets	<u>128,839</u>	<u>64,432</u>
(b) Reconciliation of profit/(loss) after tax to net cash provided from/(used in) operating activities		
Profit/(loss) after income tax	28,574	(57,275)
Non cash items		
- Depreciation	57,371	38,847
- Amortisation	29,987	26,113
- Loss on disposal of fixed assets	81	-
Changes in assets and liabilities		
- (Increase) decrease in receivables	(25,636)	(28,078)
- (Increase) decrease in deferred income tax asset	12,668	(21,703)
- Increase (decrease) in income tax payable	-	(6,515)
- Increase (decrease) in payables	9,203	9,760
- Increase (decrease) in provisions	16,301	3,296
Net cashflows from/(used in) operating activities	<u>128,549</u>	<u>(35,555)</u>

16. Director and Related Party Disclosures

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

Bruce Sydney Rowley (resigned 30 November 2010)
 Delma Jean Baum
 Ross Albert Bishop
 Ian David Smith
 Gemma Diane Bonomi
 Diane Lee Broad (resigned 30 November 2010)
 Kevin Bailey (resigned 26 April 2011)
 Maxwell Edward Haynes (appointed 28 April 2011)
 Rebecca Simone Cornthwaite (appointed 28 April 2011)

Bruce Rowley is the landlord for the Bindoon branch premises and rent for the year ended 30 June 2011 of \$10,315 (2010: \$11,645) was paid. Delma Baum is a director of Kilo Delta Pty Ltd who received \$5,500 (2010: \$6,600) for the year ended 30 June 2011 to host the company website. Gemma Bonomi is a director of Bon Electrics Pty Ltd who provided electrical work for the Ellenbrook branch at a cost of \$2,440 (2010: \$24,129).

No other director or related entity has entered into a material contract with the Company. No director's fees have been paid as the positions are held on a voluntary basis.

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
for the year ended 30 June 2011

16. Director and Related Party Disclosures (continued)

Directors shareholdings	2011	2010
Bruce Sydney Rowley (resigned 30 November 2010)	15,000	15,000
Delma Jean Baum	1,001	1
Ross Albert Bishop	10,000	10,000
Ian David Smith	500	500
Gemma Diane Bonomi	1,000	1,000
Diane Lee Broad (resigned 30 November 2010)	-	-
Kevin Bailey (resigned 26 April 2011)	-	-
Maxwell Edward Haynes (appointed 28 April 2011)	5,000	5,000
Rebecca Simone Cornthwaite (appointed 28 April 2011)	-	-

Delma Jean Baum purchased 1,000 shares during the year. There were no other movement in directors shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

17. Subsequent Events

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

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

18. Contingent Liabilities and Assets

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

19. Segment Reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in three geographic areas being Bullsbrook, Bindoon and Ellenbrook, Western Australia.

20. Corporate Information

Chittering Financial Services Limited is a company limited by shares incorporated in Australia

The registered office is:

185 Powderbark Road
Chittering WA 6084

The principal place's of business are:

2533 Great Northern Highway
Bullsbrook WA 6084

13 Binda Place
Bindoon WA 6502

Shop 6, 38 Main Street
Ellenbrook WA 6069

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
for the year ended 30 June 2011

21. Dividends paid or provided for on ordinary shares

	2011	2010
	\$	\$
Dividends paid during the year		
Unfranked dividends - nil cents per share (2010: 10 cents per share)	-	49,871
	<u> </u>	<u> </u>

The tax rate at which dividends have been franked is 0% (2010: 0%).

22. Earnings per share

Basic earnings per share amounts are calculated by dividing profit/(loss) after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit/(loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit/(loss) after income tax expense	<u>28,574</u>	<u>(57,275)</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>498,709</u>	<u>498,709</u>

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
For the year ended 30 June 2011

23. Financial risk management

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

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

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

(a) Credit Risk

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

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

	Carrying Amount	
	2011	2010
	\$	\$
Cash assets	128,839	64,432
Receivables	142,963	117,327
	<u>271,802</u>	<u>181,759</u>

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

None of the assets of the Company are past due (2010: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
For the year ended 30 June 2011

23. Financial risk management (continued)

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	1 year or less	over 1 to 5 years	more than 5 years
	\$	\$	\$	\$	\$
30 June 2011					
Payables	74,902	(74,902)	(74,902)	-	-
Loans and borrowings	95,147	(115,162)	(33,348)	(81,814)	-
	<u>170,049</u>	<u>(190,064)</u>	<u>(108,250)</u>	<u>(81,814)</u>	<u>-</u>
30 June 2010					
Payables	65,699	(65,699)	(65,699)	-	-
Loans and borrowings	118,007	(146,960)	(33,000)	(113,960)	-
	<u>183,706</u>	<u>(212,659)</u>	<u>(98,699)</u>	<u>(113,960)</u>	<u>-</u>

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest Rate Risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular board meetings.

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying Amount	
	2011	2010
	\$	\$
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	<u>-</u>	<u>-</u>
Variable rate instruments		
Financial assets	128,839	64,432
Financial liabilities	(95,147)	(118,007)
	<u>33,692</u>	<u>(53,575)</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
For the year ended 30 June 2011

23. Financial risk management (continued)

(d) Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The Company does not have any unrecognised financial instruments at year end.

(e) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

- (i) the Distribution Limit is the greater of:
 - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2011 can be seen in the Statement of Comprehensive Income.

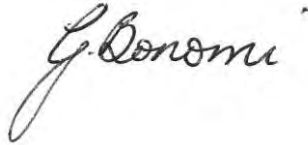
There were no changes in the Company's approach to capital management during the year.

Chittering Financial Services Limited
ABN 77 096 017 506
Directors' Declaration

In accordance with a resolution of the directors of Chittering Financial Services Limited,
I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia, International Financial Reporting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

A handwritten signature in black ink, appearing to read 'G. Bonomi', is centered on the page. The signature is written in a cursive, flowing style.

Signed at Bullsbrook on 5 September 2011.

Bullsbrook Bindoon Ellenbrook **Community Bank**[®] Branch
1/13 Binda Place Bindoon WA 6502
Phone: 9576 0333 Fax: 9576 0400
2355 Gt Northern Hwy Bullsbrook WA 6804
Phone: 9571 2355 Fax: 9571 3925
35E Main Street Ellenbrook WA 6069
Phone: 6296 6319

Franchisee: Chittering Financial Services Limited.
185 Powderbark Rd. WA 6084
Phone: 9571 0002 Fax: 9571 0003
ABN 77 096 017 506

www.bendigobank.com.au, Bendigo and Adelaide Bank Limited, The Bendigo Centre,
Bendigo, VIC, 3550 ABN 11 068 049 178, AFSL 237879, (PSWAR7001) (09/07)

CHITTERING FINANCIAL SERVICES LIMITED
ABN 77 096 017 506
NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders of Chittering Financial Services Limited will be held at Windmill Farm Kay Rd. Bindoon WA Tuesday, 29th November 2011 at 7:30 PM

AGENDA

Ordinary Business

1. Chairman's Report

- a. The Chairman, Ms Gemma Bonomi will present his report on the operations of the Company for the period 1 July 2010 to 30 June 2011.

2. Financial Report

- a. To receive, consider and adopt the financial report of the company for the period 1 July 2010 to 30 June 2011 and the reports by the Directors and Auditor thereon.

3. Re-election and Election of Directors

- a. To consider, and if thought fit, pass the following resolutions as ordinary resolutions:
 1. "That Ian Smith and dj Baum, retire from office as Director of the Company".
 2. "That Ian Smith, be now re-elected in accordance with Rule 52(1) of the Constitution".
 3. "That dj Baum, be now re-elected in accordance with Rule 52(1) of the Constitution".
 4. "That Maxwell Edward Haynes , who has been nominated in accordance with Rule 62 of the Constitution and being eligible, be elected as a Director of the Company".
 5. "That Rebecca Simone Cornthwaite, who has been nominated in accordance with Rule 62 of the Constitution and being eligible, be elected as a Director of the Company".

4. Annual dividend

- a. To consider, and if thought fit, pass the following resolution as an ordinary resolution.
 - i. To accept the recommendation of the Board that a dividend of \$12467.72 representing \$0.025 per share be declared.

5. Director remuneration

- a. To consider, and if thought fit, pass the following resolution as an ordinary resolution.
 - i. To accept the recommendation of the Board to approve a maximum total payment to the Directors (sum of all Directors) of \$30,000 per year.

The company will disregard any votes cast (in any capacity) on item 5 by or on behalf of a member of key management personnel (which includes Directors) unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

6. General Business

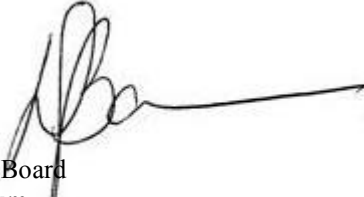
- a. To discuss any other business or ask questions by the members of the Company.

Proxies

- A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. That person need not be a member of the company, but should be a natural

person over the age of 18 years. **Forms must be returned or received by facsimile transmission (08 9571 0003) at the Registered office of the Company not less than 48 hours before the timing of the meeting.**

- The Proxy Form must be signed personally by the shareholder or his attorney, duly authorised in writing. If the proxy is given by a corporation, the proxy must be executed under the common seal of the corporation (if required) or under the hand of the appropriate officers of the Company or its duly authorised attorneys.
- If the proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.

A handwritten signature in black ink, appearing to be 'DJ Baum', with a long horizontal line extending to the right.

By order of the Board
Delma Jean Baum
Company Secretary
Dated: 20/9/2011

Agenda item 3. Re-Election of Directors

The following information is provided about candidates for election to the Board.

(b) **Ian Smith and dj Baum** retire by rotation in accordance with the constitution of the Company, and being eligible, offers themselves for re-election.

CHITTERING FINANCIAL SERVICES LIMITED
ABN 77 096 017 506
PROXY FORM

Registered Office: 185 Powderbark Rd, Lower Chittering WA 6084

I/We _____

of _____

being a member/members of Chittering Financial Services Limited hereby appoint

of _____

or in his/her absence, _____

of _____

or in his/her absence, the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the Annual General Meeting of the company to be held on Tuesday, 29 November 2011 or at any adjournment of that meeting.

Signed this _____ day of _____ 2011

Natural person or joint holder

Company

Signature of Shareholder

The Common Seal of _____
was affixed in accordance with its Constitution

Director _____

Director/Secretary _____

I/We direct the Chairman of the Meeting to vote in accordance with his/her voting intentions on item 5 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my/our proxy even though item 5 is connected directly or indirectly with the remuneration of a member of key management personnel.

By marking this box, you direct the Chairman of the Meeting to vote in accordance with his/her voting intentions on item 5 as set out below and in the Notice of Meeting.

If you do not mark this box, and you have not directed your proxy how to vote on item 5 and, the Chairman of the Meeting will not cast your votes on item 5 and your votes will not be counted in computing the required majority.

The Chairman of the Meeting intends to vote all available proxies in favour of item 5.

_____ FOR AGAINST ABSTAIN

Agenda
Item no:

2	Adoption of Financial Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
---	------------------------------	--------------------------	--------------------------	--------------------------

3	Re-election and Election of Directors -----			
	Acceptance of resignation of Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Acceptance of re-election of Ian Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Acceptance of re-election of DJ Baum	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Election of Max Haynes as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Election of Rebecca Cornthwaite as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Acceptance of recommendation for Dividend of \$0.025	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Acceptance of recommendation for Director remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>