

Coleambally Finance  
Group Limited

ABN 52 086 241 509

# annual report 2011

Coleambally **Community Bank**<sup>®</sup> Branch

Darlington Point Agency

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**

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**Coleambally Finance Group Ltd**

**ABN 52 086 241 509**

**Registered Office: 1 Brolga Place, Coleambally**

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Chairman: Mr A J Howe

P O Box 110  
Coleambally NSW 2707

## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the thirteenth ANNUAL GENERAL MEETING of COLEAMBALLY FINANCE GROUP LTD will be held at the Coleambally Community Club on Thursday, 24 November 2011 at 7:00 p.m.

### **AGENDA**

- 1. Minutes of Annual General Meeting dated 24 November 2010**
- 2. Ordinary Business**

#### **Chairman's Report**

The Chairman, Mr A J Howe will present his report on the operations of the Company for the year ended 30 June 2011.

#### **Adoption of Accounts**

To receive and consider the financial statements and reports to the contributors comprising:

1. The Profit and Loss accounts for the year ended 30 June 2011 and Balance Sheet of the Company as at 30 June 2011.
2. The Directors' declaration and report by auditors for the financial year ended 30 June 2011.
3. The Directors' report for the financial year ended 30 June 2011.

#### **Election of Directors**

To elect two (2) Directors:

Mr R M Brain retires in accordance with the provisions of the constitution and being eligible, may offer to re-elect. Mrs K Pound appointed on 26 May 2011 and seeks election confirmation. Mrs S E White is retiring and Mr C J Noack is resigning and they do not seek re-election.

- 3. General Business**

To transact any business that may be lawfully brought forward.

By Order of the Board

John C Smith  
Secretary  
14 October 2011

## **Notes:**

1. Mr R M Brain and Mrs K Pound will retire under Section 45 of the Constitution of Coleambally Finance Group Ltd and have indicated they will seek re-election.
2. As per the company constitution any two members of the company shall be at liberty to nominate any other member to serve as an office-bearer or other Director.
3. Nomination and Consent to Act forms may be collected from the Coleambally Community Bank<sup>®</sup> Branch, 1 Brolga Place, Coleambally or the Secretary.
4. Nomination and Consent to Act forms must be lodged with the Secretary by 5:00 pm, 10 November 2011.
5. A list of candidates' names in alphabetical order with the nominators' and seconders' names shall be posted in the registered office for at least seven days immediately preceding the Annual General Meeting.

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. Proxy forms will be available once nominations close from the Coleambally Community Bank<sup>®</sup> Branch, 1 Brolga Place, Coleambally or the Secretary and must be lodged at the registered office of the company not less than 48 hours before the timing of the meeting.

**Minutes of the Annual General Meeting  
Held at Coleambally Bowling Club 24<sup>th</sup> November 2010**

- MEETING OPENED:** Mr. A. Howe opened the meeting at 7.11 p.m.
- Attendance:** Directors and members as per signatures in the official Attendance Book
- Apologies:** Messrs. D. Brain, I. Payne, S. Rice, James White.  
Mrs. A. Brain
- Minutes of previous Meeting:** The minutes of the Annual General Meeting of 2009 were tabled
- RESOLVED:** **That the minutes be accepted**
- Business arising:** Darlington Pt. Agency - \$3.4M, 20 transactions per week.  
Improvement expected.  
The Medical Centre Opening is scheduled for Dec 2.
- Chairman's Report:** Mr. Howe tabled the Chairman's Report.  
Mention was made of opportunities for expansion.  
The new lights on Coleambally Oval are an example of the major achievements made possible by a Community Bank.
- RESOLVED:** **That the Chairman's Report be accepted.**
- Treasurer's Report:** The Treasurer tabled the financial report and the Auditor's Report, and gave a verbal update to the end of October.  
  
Mr. Hayes drew the meeting's attention to the returns to the community exceeding \$585k, plus returns to pledge holders.
- RESOLVED:** **That the Treasurer's Report be accepted**
- Election of Directors:** The retiring Directors having offered themselves for re-election, and there being no nominations for the vacant positions, the retiring Directors were duly re-elected to the vacant positions without the need for an election.
- Bendigo Bank:** Mr. Butt representing BABL summarised the Region's achievements, and thanked the staff of Coleambally Community Bank, and the Directors of Coleambally Financial Group for their dedication.

**General Business**

Mr. Sutherland commented on the decision of the Community Bank to go solar.  
Mr. Hayes thanked the Community Bank staff, its Board and especially its Chairman - they enjoy an enviable reputation in the community banking movement.

**Meeting Close:**

There being no further business, the Chairman closed the meeting at 8.30 pm.

Signed as a true record

Dated 14/10/11

  
..... (Chairman)

## CHAIRMANS REPORT

After the last few years of drought it is pleasing to see that there is plenty of optimism for the future of the Coleambally community. The Coleambally Community Bank has weathered the storm & as the treasurers report shows we are in a very good position to expand our growth.

With the merger of The Coleambally & Hillston Community branches it is a very exciting period of growth that we are now going through. Let me assure you as contributors of the Coleambally Community Bank that there will be very little change to the way things have been operating over our period of operation. The annual dividend & Community grants will continue as normal.

Whilst talking about the merger I would like to welcome Hillston as a part of our continuing operation. Plans are now in place to appoint a manager for Hillston to allow Chris to return more time to Coleambally.

Whilst speaking of Chris I would like to express my thanks to him for his continued work. Thank you also to our experienced, courteous & dedicated staff members, namely Mary, Kate & Jessica. Welcome & thanks to our new staff members, Colleen Casey & Jessica Walsh.

Thanks are extended to our directors for there continued interest & concern for the success & progression of our business.

Sadly during the last year we have lost John Payne, on of the original driving forces & original board members of our Bank. Also one of our early staff members & Manager of The Hillston Branch, Steve Tuckett passed away since our last A.G.M. I would like to pass on my deepest sympathy to there families.

Thank you to the Bendigo & Adelaide Bank for providing the banking expertise to allow our business to run successfully. Thank you to our Regional Manager, Tim Butt, who is there to assist in solving any problems that arise throughout the year. A special mention must also be made to Bendigo's, John Nelson who did so much work to enable the merger to go through so smoothly.

Once again the Coleambally Community Bank has made significant contributions to our community with many, Sporting bodies, Schools, & other community groups benefiting from our Community contributions.

As I reported last year the Coleambally Community Bank was providing assistance to the Darlington Point Medical. It was a pleasure to be able to attend the opening of the center & congratulations to all involved who have made this a possibility.

Once again, I am pleased to announce that the Coleambally Community Bank is sponsoring the Grow Coleambally- Shop Local Campaign to be drawn on Australia Day 2012. We have decided to move away from the car this year & have supplied two travel vouchers to the value of \$10,000 & \$5,000. Please shop locally & support our town & best of luck in the draw.

Finally, as always, thank you to you our contributors & customers for your ongoing support & patronage & we look forward to more success & a successful merger that we can report on next year.

TONY HOWE  
Chairman.



## Managers Report

It doesn't seem that long ago that I was writing last years report. My how time flies. They say it is a sign of getting older. This in my 13<sup>th</sup> report and they haven't got any easier to write.

2011 was another very good year for Your Community Bank, in terms of business growth of \$12.8 million. This was against a budget of \$5.75 million. The end of the financial year saw business levels sitting at just over \$97.5 million. With a return to more favourable seasons we are expecting to see some solid debt reduction over the current financial year and accordingly we have budgeted for growth in banking business of \$4.28 million.

Income generated from this banking business exceeded \$790,000. This was just ahead of forecast figures of \$764,000. This is due to a number of factors such as the unexpected volume of business, interest rate movements, the types of loans customers take out, loan size etc.

Expenses were up marginally on the previous year by \$33,000 to \$717,000. The major items were salaries and wages \$260,802 against a budget of \$228,785. This was due in part to increasing staff numbers and additional hours to cover business growth. Donations and sponsorships were \$196,120 against a budget of \$49,705. This was due to the quantity and quality of requests from the community for funding.

After taking all of this into account the taxable income for the year was \$73,410 which is in line with last years result of \$70,357. Taking all things into consideration we believe this is a very solid result and puts the company on a solid footing to commence the next stage of the journey.

The agency at Darlington Point is doing very well and there is no reason why this should change. I believe this is a valuable service for our customers in Darlington Point.

This year we welcomed Colleen Casey and Jessica Walsh to the team. They are quickly becoming valuable parts of the team. We are fortunate to have experienced staff of the calibre of Mary Thompson, Jessica Dunbar and Kate Price. It is through the efforts of all the staff that Your Community bank is able to achieve the results it has. I am not saying we can't do better, we can and we are continually trying to improve our service levels.

I would again like to thank the Board of Directors, capably lead by Tony Howe, for their continued support of me and our company.

I say this every year too and it is more important than ever. I must again thank our customers for their support and patronage, because without customers supporting us we would not be able to support the community to the extent that we have.



Chris Noack  
Manager

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Directors' Report**

Your Directors submit the financial 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:

AJ Howe Chairman Electrical appliance repairer	SE Sutherland Director Farmer
KR Boyle Director Post Master	JC Smith Secretary Retired School Teacher
JH Payne (Deceased) Director Farmer	CJ Noack Director Bank Manager
SE McCamley-White Director Farmer	RM Brain Director Farmer
AJ Hayes Director Farm Manager	K Pound (appointed 26 May 2011) Director Accountant

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 a franchised branch of Bendigo and Adelaide Bank Limited.

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

**Review of Operations**

Operations have continued to perform in line with expectations. The profit of the Company for the financial year after provision for income tax was \$47,306 (2010: \$44,261).

**Dividends**

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Directors' Report**

**Significant changes in the state of affairs**

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

**Significant events after the balance date**

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

The Company is undertaking a due diligence with a view to merging with Hillston & District Financial Services Limited.

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**

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

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

**Executive Remuneration**

<u>Branch Manager</u>	<u>Primary Benefits</u> Salary & Fees \$	<u>Post Employment</u> Superannuation \$	<u>Total</u> \$
Christopher Noack			
2011	87,415	11,647	99,062
2010	72,700	10,660	83,360

**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.

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Directors' Report**

**Directors Meetings**

The number of Directors meetings attended during the year were:

<b>Director</b>	<b>Board Meetings #</b>
CJ Noack	10 (11)
AJ Howe	9 (11)
KR Boyle	9 (11)
JH Payne (Deceased)	8 (8)
SE Sutherland	8 (11)
SE McCamley-White	9 (11)
AJ Hayes	9 (11)
JC Smith	10 (11)
RM Brain	11 (11)
K Pound (appointed 28 May 2011)	2 (2)

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

**Company Secretary**

John Smith has been the Company secretary of Coleambally Finance Group since 15 December 2005. He was head science teacher at Coleambally for 23 years. Now retired.

**Corporate Governance**

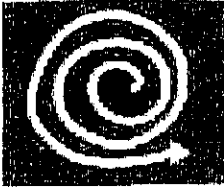
The Company has implemented various corporate governance practices, which include:

- (a) Director approval of operating budgets and monitoring of progress against these budgets;
- (b) Ongoing Director training; and
- (c) Monthly Director meetings to discuss performance and strategic plans.

Coleambally Finance Group Limited  
ABN 52 086 241 509  
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](mailto:rsd@rsdadvisors.com.au)

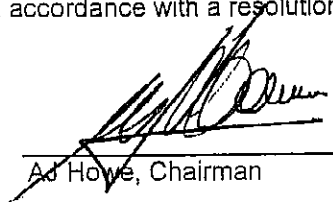
Chartered Accountants

**Auditor's Independence Declaration**

In relation to our audit of the financial report of Coleambally Finance Group 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  
20 September 2011**

Signed in accordance with a resolution of the Board of Directors at Coleambally on 20 September 2011.

  
\_\_\_\_\_  
Ad Howe, Chairman

Coleambally Finance Group Limited  
 ABN 52 086 241 509  
 Statement of Comprehensive Income  
 For the year ended 30 June 2011

	<u>Notes</u>	2011 \$	2010 \$
Revenue from continuing operations	2	791,031	754,982
Employee benefits expense	3	(292,353)	(250,034)
Depreciation and amortisation expense	3	(31,003)	(28,773)
Finance costs	3	(39,037)	(39,769)
Charitable donations and sponsorship		(196,120)	(203,217)
Other expenses		<u>(159,108)</u>	<u>(162,832)</u>
<b>Profit before income tax expense</b>		73,410	70,357
Income tax expense	4	<u>26,104</u>	<u>26,096</u>
<b>Profit after income tax expense</b>		47,306	44,261
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u><u>47,306</u></u>	<u><u>44,261</u></u>

The accompanying notes form part of these financial statements

Coleambally Finance Group Limited  
 ABN 52 086 241 509  
 Statement of Financial Position  
 As at 30 June 2011

	<u>Notes</u>	2011 \$	2010 \$
<b>Current Assets</b>			
Cash and cash equivalents	6	535,774	442,041
Current tax receivable	4	511	-
Receivables	7	72,772	66,881
Other assets	8	9,385	7,732
<b>Total Current Assets</b>		<u>618,442</u>	<u>516,654</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	274,298	242,338
Investments	10	46,491	44,223
Intangible assets	11	35,002	40,587
<b>Total Non-Current Assets</b>		<u>355,791</u>	<u>327,148</u>
<b>Total Assets</b>		<u>974,233</u>	<u>843,802</u>
<b>Current Liabilities</b>			
Payables	12	23,920	20,295
Current tax payable	4	-	8,414
Loans and borrowings	13	330,766	233,718
Provisions	14	71,952	61,531
<b>Total Current Liabilities</b>		<u>426,638</u>	<u>323,958</u>
<b>Non-Current Liabilities</b>			
Loans and borrowings	13	52,612	72,167
Restricted funds - pledges	13	333,790	333,790
<b>Total Non-Current Liabilities</b>		<u>386,402</u>	<u>405,957</u>
<b>Total Liabilities</b>		<u>813,040</u>	<u>729,915</u>
<b>Net Assets</b>		<u>161,193</u>	<u>113,887</u>
<b>Equity</b>			
Retained earnings	15	161,193	113,887
<b>Total Equity</b>		<u>161,193</u>	<u>113,887</u>

The accompanying notes form part of these financial statements

Coleambally Finance Group Limited  
 ABN 52 086 241 509  
 Statement of Cash Flows  
 For the year ended 30 June 2011

	<u>Notes</u>	2011 \$	2010 \$
<b>Cash Flows From Operating Activities</b>			
Cash receipts in the course of operations		836,362	826,213
Cash payments in the course of operations		(700,143)	(678,533)
Income tax paid		(35,029)	(1,203)
Interest paid		(39,037)	(39,769)
Interest received		13,733	13,795
<b>Net cash flows from operating activities</b>	16b	<u>75,886</u>	<u>120,503</u>
<b>Cash Flows From Investing Activities</b>			
Payment for investments		(2,268)	(3,359)
Payments for property, plant & equipment		(57,378)	-
Payments for intangible assets		-	-
<b>Net cash flows used in investing activities</b>		<u>(59,646)</u>	<u>(3,359)</u>
<b>Cash Flows From Financing Activities</b>			
Repayment of borrowings		(18,755)	(17,304)
<b>Net cash flows used in financing activities</b>		<u>(18,755)</u>	<u>(17,304)</u>
<b>Net increase/(decrease) in cash held</b>		(2,515)	99,840
Cash and cash equivalents at start of year		232,651	132,811
<b>Cash and cash equivalents at end of year</b>	16a	<u><u>230,136</u></u>	<u><u>232,651</u></u>

The accompanying notes form part of these financial statements



**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2011**

	<u>Notes</u>	2011 \$	2010 \$
<b>PLEDGES</b>			
Balance at start of year		333,790	333,790
Additional pledges		<u>-</u>	<u>-</u>
<b>Balance at end of year</b>		<u><u>333,790</u></u>	<u><u>333,790</u></u>
 <b>RETAINED EARNINGS/(ACCUMULATED LOSSES)</b>			
Balance at start of year		113,887	69,626
Profit after income tax expense		47,306	44,261
Dividends paid	20	<u>-</u>	<u>-</u>
<b>Balance at end of year</b>		<u><u>161,193</u></u>	<u><u>113,887</u></u>

The accompanying notes form part of these financial statements

Coleambally Finance Group Limited  
ABN 52 086 241 509  
Notes to the Financial Statements  
for the year ended 30 June 2011

**1. Basis of preparation of the Financial Report**

**(a) Basis of preparation**

Coleambally Finance Group 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 20 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.

**Investments**

Investments in listed shares are recorded at cost.

Coleambally Finance Group Limited  
ABN 52 086 241 509  
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:

<u>Class of Asset</u>	<u>Depreciation Rate</u>
Furniture & Equipment	10 - 30%
Plant & Equipment	10%
Buildings	2.5%
Motor Vehicle	22.5 - 30%

*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.

Coleambally Finance Group Limited  
ABN 52 086 241 509  
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 5 - 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).

Coleambally Finance Group Limited  
 ABN 52 086 241 509  
 Notes to the Financial Statements  
 for the year ended 30 June 2011

**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.

**Comparative Figures**

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

	2011	2010
	\$	\$
<b>2. Revenue from continuing operations</b>		
Operating activities		
- services commissions	412,284	383,324
- other revenue	<u>359,814</u>	<u>352,663</u>
	<u>772,098</u>	<u>735,987</u>
Non-operating activities:		
- interest received	13,733	13,795
- other revenue	<u>5,200</u>	<u>5,200</u>
	<u>18,933</u>	<u>18,995</u>
	<u>791,031</u>	<u>754,982</u>

Coleambally Finance Group Limited  
 ABN 52 086 241 509  
 Notes to the Financial Statements  
 for the year ended 30 June 2011

3. Expenses	2011 \$	2010 \$
Employee benefits expense	260,802	222,287
- wages and salaries	31,551	27,747
- superannuation costs	<u>292,353</u>	<u>250,034</u>
Depreciation of non-current assets:		
- plant and equipment	8,243	1,081
- buildings	4,137	4,137
- motor vehicles	13,038	17,970
Amortisation of non-current assets:		
- intangibles	<u>5,585</u>	<u>5,585</u>
	<u>31,003</u>	<u>28,773</u>
Finance cost:		
- Interest paid	39,037	39,769
Bad debts	-	1,834
<b>4. Income Tax Expense</b>		
The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 30%	22,023	21,107
Add tax effect of:		
- Non-deductible expenses	4,081	4,989
<i>Current income tax expense</i>	<u>26,104</u>	<u>26,096</u>
Income tax expense	<u>26,104</u>	<u>26,096</u>
<b>Tax liabilities</b>		
Current tax payable/(receivable)	<u>(511)</u>	<u>8,414</u>

Coleambally Finance Group Limited  
 ABN 52 086 241 509  
 Notes to the Financial Statements  
 for the year ended 30 June 2011

	2011 \$	2010 \$
<b>5. Auditors' Remuneration</b>		
Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:		
- Audit or review of the financial report of the Company	<u>2,900</u>	<u>2,900</u>
<b>6. Cash and Cash Equivalents</b>		
Cash at bank and on hand	<u>535,774</u>	<u>442,041</u>
<b>7. Receivables</b>		
Trade debtors	<u>72,722</u>	<u>66,881</u>
	<u>72,722</u>	<u>66,881</u>
<b>8. Other assets</b>		
Prepayments	<u>9,385</u>	<u>7,732</u>
<b>9. Property, Plant and Equipment</b>		
<i>Land - 1 Brolga Place</i>		
At cost	<u>40,000</u>	<u>40,000</u>
<i>Buildings</i>		
At cost	165,487	165,487
Less accumulated depreciation	<u>(19,620)</u>	<u>(15,483)</u>
	<u>145,867</u>	<u>150,004</u>
<i>Office furniture &amp; equipment</i>		
At cost	69,728	69,728
Less accumulated depreciation	<u>(66,952)</u>	<u>(66,126)</u>
	<u>2,776</u>	<u>3,602</u>
<i>Plant and equipment</i>		
At cost	57,375	1,790
Less accumulated depreciation	<u>(7,414)</u>	<u>(1,790)</u>
	<u>49,961</u>	<u>-</u>
<i>Motor Vehicles</i>		
At cost	86,251	86,251
Less accumulated depreciation	<u>(50,557)</u>	<u>(37,519)</u>
	<u>35,694</u>	<u>48,732</u>
Total written down amount	<u>274,298</u>	<u>242,338</u>
<b>Movements in carrying amounts</b>		
<i>Land - 1 Brolga Place</i>		
Carrying amount at beginning of year	40,000	40,000
Additions	<u>-</u>	<u>-</u>
Carrying amount at end of year	<u>40,000</u>	<u>40,000</u>

Coleambally Finance Group Limited  
 ABN 52 086 241 509  
 Notes to the Financial Statements  
 for the year ended 30 June 2011

9. Property, Plant and Equipment (continued)	2011	2010
	\$	\$
<b>Movements in carrying amounts (continued)</b>		
<i>Buildings</i>		
Carrying amount at beginning of year	150,004	154,141
Additions	-	-
Disposals	-	-
Depreciation expense	(4,137)	(4,137)
Carrying amount at end of year	<u>145,867</u>	<u>150,004</u>
<i>Office furniture &amp; equipment</i>		
Carrying amount at beginning of year	3,602	4,683
Additions	-	-
Disposals	-	-
Depreciation expense	(826)	(1,081)
Carrying amount at end of year	<u>2,776</u>	<u>3,602</u>
<i>Plant and equipment</i>		
Carrying amount at beginning of year	-	-
Additions	57,378	-
Disposals	-	-
Depreciation expense	(7,417)	-
Carrying amount at end of year	<u>49,961</u>	<u>-</u>
<i>Motor Vehicles</i>		
Carrying amount at beginning of year	48,732	66,702
Additions	-	-
Disposals	-	-
Depreciation expense	(13,038)	(17,970)
Carrying amount at end of year	<u>35,694</u>	<u>48,732</u>
<b>10. Investments</b>		
Listed shares at cost	<u>46,491</u>	<u>44,223</u>
<b>11. Intangible Assets</b>		
<i>Franchise Fee and Establishment Costs</i>		
At cost	141,700	141,700
Less accumulated amortisation	(106,698)	(101,113)
	<u>35,002</u>	<u>40,587</u>
<b>12. Payables</b>		
Trade creditors	11,306	11,764
GST payable	9,424	5,341
Other creditors and accruals	3,190	3,190
	<u>23,920</u>	<u>20,295</u>



Coleambally Finance Group Limited  
 ABN 52 086 241 509  
 Notes to the Financial Statements  
 for the year ended 30 June 2011

	2011	2010
	\$	\$
<b>13. Loans and Borrowings</b>		
<i>Current</i>		
Chattel mortgage	11,207	11,207
Less: Unexpired charges	<u>(827)</u>	<u>(1,627)</u>
	<u>10,380</u>	<u>9,580</u>
Bank overdraft	305,638	209,390
Bank loan	14,748	14,748
	<u>330,766</u>	<u>233,718</u>
<i>Non Current</i>		
Chattel mortgage	3,991	15,198
Less: Unexpired charges	<u>(93)</u>	<u>(920)</u>
	<u>3,898</u>	<u>14,278</u>
Bank loan	48,714	57,889
	<u>52,612</u>	<u>72,167</u>
Restricted funds - pledges	<u>333,790</u>	<u>333,790</u>
<b>14. Provisions</b>		
PAYG withholding	6,497	3,286
Employee benefits	58,801	53,986
Other	<u>6,654</u>	<u>4,259</u>
	<u>71,952</u>	<u>61,531</u>
<b>Movement in employee benefits</b>		
Opening balance	53,986	47,369
Additional provisions recognised	20,062	17,099
Amounts utilised during the year	<u>(15,247)</u>	<u>(10,482)</u>
Closing balance	<u>58,801</u>	<u>53,986</u>
<b>15. Retained Earnings/(Accumulated Losses)</b>		
Balance at the beginning of the financial year	113,887	69,626
Net profit from ordinary activities after income tax	<u>47,306</u>	<u>44,261</u>
Balance at the end of the financial year	<u>161,193</u>	<u>113,887</u>
<b>16. Statement of Cash Flows</b>		
<i>(a) Cash and cash equivalents</i>		
Cash assets	535,774	442,041
Bank overdraft	<u>(305,638)</u>	<u>(209,390)</u>
	<u>230,136</u>	<u>232,651</u>

Coleambally Finance Group Limited  
 ABN 52 086 241 509  
 Notes to the Financial Statements  
 for the year ended 30 June 2011

	2011	2010
	\$	\$
<b>16. Statement of Cash Flows (continued)</b>		
<i>(b) Reconciliation of profit after tax to net cash from operating activities</i>		
Profit after income tax	47,306	44,261
Non cash items		
- Depreciation	25,418	23,188
- Amortisation	5,585	5,585
Changes in assets and liabilities		
- (Increase) decrease in receivables and other assets	(7,544)	20,598
- Increase (decrease) in payables	3,625	(240)
- Increase (decrease) in provisions	10,421	2,218
- Increase (decrease) in income tax payable	(8,925)	24,893
Net cashflows from operating activities	75,886	120,503

**17. Director and Related Party Disclosures**

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

CJ Noack  
 AJ Howe  
 KR Boyle  
 JH Payne (Deceased)  
 SE Sutherland  
 SE McCamley-White  
 AJ Hayes  
 JC Smith  
 RM Brain  
 K Pound (appointed 26 May 2011)

Apart from the following, no related party transaction occurred during the year:

**Executive Remuneration**

	Primary <u>Benefits</u> Salary & Fees	Post <u>Employment</u> Superannuation	<u>Total</u>
	\$	\$	\$
Christopher Noack			
2011	87,415	11,647	99,062
2010	72,700	10,660	83,360

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2011**

**18. 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.

The Company is undertaking a due diligence with a view to merging with Hillston & District Financial Services Limited.

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

**19. Contingent Liabilities and Assets**

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

**20. Dividends paid or provided for**

No dividends were paid or proposed by the Company during the year.

**21. Segment Reporting**

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

**22. Corporate Information**

Coleambally Finance Group Ltd is a Company limited by guarantee incorporated in Australia.

The registered office and principal place of business is:

1 Brolga Place  
Coleambally NSW 2707

Coleambally Finance Group Limited  
 ABN 52 086 241 509  
 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 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, investments 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:

	<u>Carrying Amount</u>	
	<u>2011</u>	<u>2010</u>
	\$	\$
Cash assets	535,774	442,041
Investments	46,491	44,223
Receivables	<u>72,772</u>	<u>66,881</u>
	<u>655,037</u>	<u>553,145</u>

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

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

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

**(b) Liquidity risk**

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

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

In addition, the Company has an established overdraft facility with Bendigo and Adelaide Bank Ltd.

Coleambally Finance Group Limited  
 ABN 52 086 241 509  
 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 \$
<b>30 June 2011</b>					
Payables	23,920	(23,920)	(23,920)	-	-
Loans and borrowings	383,378	(440,493)	(331,593)	(63,662)	(45,238)
	<u>407,298</u>	<u>(464,413)</u>	<u>(355,513)</u>	<u>(63,662)</u>	<u>(45,238)</u>
<b>30 June 2010</b>					
Payables	20,295	(20,295)	(20,295)	-	-
Loans and borrowings	305,885	(338,484)	(235,345)	(74,190)	(28,959)
	<u>326,180</u>	<u>(358,779)</u>	<u>(255,640)</u>	<u>(74,190)</u>	<u>(28,959)</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
	\$	\$
<b>Fixed rate instruments</b>		
Financial assets	208,412	114,679
Financial liabilities	(77,740)	(96,495)
	<u>130,672</u>	<u>18,184</u>
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	(305,638)	(209,390)
	<u>(305,638)</u>	<u>(209,390)</u>

It should be noted that included in cash assets is an amount of \$327,362 (2010: \$327,362) which is non interest bearing.

*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.

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2011**

**23. Financial risk management (continued)**

*Cash flow sensitivity analysis for variable rate instruments*

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

**(d) Net fair values**

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

**(e) Capital management**

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. Capital is represented by total equity as recorded in the Statement of Financial Position.

There are no 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.

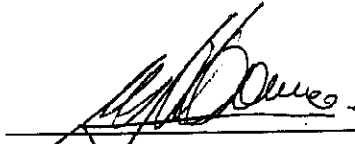
There were no changes in the Company's approach to capital management during the year.

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Directors' Declaration**

In accordance with a resolution of the directors of Coleambally Finance Group 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.

  
\_\_\_\_\_  
AJ Howe, Chairman

Signed at Coleambally on 20 September 2011.



20 September 2011

The Directors  
Coleambally Finance Group Limited  
1 Brolga Place  
COLEAMBALLY NSW 2707

Dear Directors

We have now completed our audit of the financial report Coleambally Finance Group Limited for 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	791,031	754,982
Employee benefits expense	(292,353)	(250,034)
Depreciation & amortisation expenses	(31,003)	(28,773)
Finance costs	(39,037)	(39,769)
Charitable donations & sponsorship	(196,120)	(203,217)
Administration and other operating expenses	(159,108)	(162,832)
Profit before income tax	73,410	70,357
Income tax expense	26,104	26,096
Profit after income tax	47,306	44,261

### 2.2 Financial Position

	30 June 2011 \$	30 June 2010 \$
Current assets	618,442	516,654
Non-current assets	355,791	327,148
Total assets	974,233	843,802
Current liabilities	426,638	323,958
Non-current liabilities	386,402	405,957
Total liabilities	813,040	729,915
Equity	161,193	113,887



**3. Auditing/Accounting Issues**

During our audit we did not identify any significant issues.

**4. Summary of Audit Differences**

There are no material audit differences that have not been included in the financial report for Coleambally Finance Group 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 the above or any other matters please do not hesitate to contact either Stephen Brown or myself.

Yours sincerely



**Warren Sinnott  
Partner  
Richmond Sinnott & Delahunty**



**Richmond  
Sinnott &  
Delahunty**

Chartered Accountants

20 September 2011

The Directors  
Coleambally Finance Group Limited  
1 Brolga Place  
COLEAMBALLY NSW 2707

Dear Directors

**Auditor's Independence Declaration**

In relation to our audit of the financial report of Coleambally Finance Group Limited for the 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**



**Richmond  
Sinnott &  
Delahunty**

Chartered Accountants

**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF  
COLEAMBALLY FINANCE GROUP LIMITED**

**SCOPE**

The financial report comprises the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Coleambally Finance Group Limited, for the year ended 30 June 2011.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

***Audit approach***

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

**INDEPENDENCE**

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

**AUDIT OPINION**

In our opinion, the financial report of Coleambally Finance Group Limited is in accordance with:

- (a) the Corporations Act 2001 including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

*Richmond Sinnott & Delahunty*  
**RICHMOND SINNOTT & DELAHUNTY**  
Chartered Accountants

*W. J. Sinnott*

**W. J. SINNOTT**  
Partner  
Bendigo

Date: 20 September 2011

Coleambally **Community Bank**<sup>®</sup> Branch  
1 Brolga Place, Coleambally NSW 2707  
Phone: (02) 6954 4192 Fax: (02) 6954 4375

Darlington Point Agency  
21 Carrington Street, Darlington Point NSW 2706  
Phone: (02) 6968 4166 Fax: (02) 6968 4252

Franchisee: Coleambally Finance Group Limited  
1 Brolga Place, Coleambally NSW 2707  
Phone: (02) 6954 4192 Fax: (02) 6954 4375  
ABN: 52 086 241 509

[www.bendigobank.com.au/coleambally](http://www.bendigobank.com.au/coleambally)  
Bendigo and Adelaide Bank Limited,  
The Bendigo Centre, Bendigo VIC 3550  
ABN 11 068 049 178. AFSL 237879.  
(BMPAR11048) (08/11)

