

Coleraine & District  
Financial Services Limited

ABN 77 102 030 017

# annual report 2011

Coleraine & District **Community Bank**<sup>®</sup> Branch

COLERAINE & DISTRICT  
FINANCIAL SERVICES LIMITED  
ABN 77 102 030 017

2011  
ANNUAL  
REPORT

Coleraine & District  
**Community Bank**<sup>®</sup> Branch



# Contents

Chairman's report	2
Manager's report	4
Community Grants, Donations & Sponsorships	6
Directors' report	7
Financial statements	10
Notes to the financial statements	14
Directors' declaration	27
Auditors' report	28
Auditors' declaration	30

## Chairman's report

### For year ending 30 June 2011

Reflecting on this successful year, I need to acknowledge three key groups of people. Firstly, The Board of Directors of Coleraine & District Financial Services (CDFS) who have unfailingly given their time so passionately and with great dedication, both to this organisation and the wider community. We have had a great year, but with great results come new challenges.

We need to consider the geographical reach that CDFS can encompass and we need to consider the further development of every arm of our business in line with the set goals of our business plan. We need to consider reputation, risk, community partnerships, the big picture versus the small details, and so on.

As Directors we have varied and sometimes challengingly different perspectives on some of these things, but we have maintained a strong team with a strong purpose, and I thank each and every one of the Directors for their commitment and their input. One extra person to acknowledge is Kelsey McIntosh, our Junior Observer. Kelsey has been a very valuable member of our team, and has sometimes been able to give us another view, reflecting community perspectives, that helps keep us grounded. I believe Kelsey has valued participating in our Board.

The second group to acknowledge is the staff. They are the public face of the **Community Bank**<sup>®</sup>, their role is critical, and as we know, excellent customer service is our priority. They have varied skills and personalities, and we hope to really value each of them by giving them a purposeful role in their work life where they can continue to work with zeal, helping make a difference on behalf of their customers, and growing our business.

I would like here to particularly acknowledge our Manager Jeanette McDonnell. I can't believe she's only been with us 12 months. Jeanette's obvious delight in working with a banking organisation that values its customers as people, has given us all an enormous boost. Her vast experience, her talent for working with people as well as money, and her unfailing good nature and wicked sense of humour, have been enormously appreciated. She has given fresh leadership to the staff team and very valuable insights to the Board at critical moments.

Our Regional Manager Garry Attrill, Financial Planner John Ashford, Agribusiness Manager Rowan Blair, and other Region Support Staff, are all an important part of our success and we thank them for their relationships with our enterprise.

## **Chairman's report** 30 June 2011 cont'd

Finally I need to acknowledge our customers, shareholders and the wider community. Now that we are able to make significant contributions to our community, and also return further dividends to shareholders, the real understanding of the **Community Bank**<sup>®</sup> concept is beginning to permeate through our community.

Our most major donor announcement to date, the \$103,000 for provision of a solar hot water service at our new hospital, has assisted the community's understanding of our model. We committed to this funding over a three year period, so that we would not compromise our ability to support our community in many other ways, and we are very pleased to have made significant other funds available across the community.

Our profit after deductions and before income tax was \$106,620, after tax profit \$74,634. Earnings per share rose from 10 cents per share in 2010 to 16 cents per share in 2011. Our shareholders will be pleased to know that we will again pay a dividend.

The model is one of mutual generosity – as the community is generous to us with its banking business, we can be generous to the community, with the profits created from their business.

In the 10 years since we pursued the formation of 'our bank', the learning curve has been pretty steep. The next round of challenges and learning are just as exciting!



**Coralie Coulson**  
**Chairman**

## **Manager's report**

### **For year ending 30 June 2011**

I am very proud to present my first Annual Report as Manager of Coleraine & District **Community Bank**<sup>®</sup> Branch of Bendigo and Adelaide Bank.

I sincerely thank the people of Coleraine and district for the warm and friendly welcome extended to me when I arrived in Coleraine to take up the position. I am indeed fortunate to be working in such a vibrant community where its citizens would not accept that their town would be left without a Bank, so they boldly carried through with a plan to establish their own.

As we celebrated our 8<sup>th</sup> Birthday in April 2011, we reflected on how we must live by our **Community Bank**<sup>®</sup> branch values each and every day. We know that if we can help our customers, partners and our community prosper in a sustainable and responsible way, then we too will prosper.

We enter our 9<sup>th</sup> year of operation with a total business portfolio of \$57.2 million. This portfolio comprises of \$21.6 million in loans and \$28.3 million in deposits. We hold \$7.3 million in other business which includes Rural Bank, financial planning and superannuation. We have more than 1,380 customers holding 2,424 accounts with our **Community Bank**<sup>®</sup> branch. We must aim for continued growth so we can in turn put more resources back into our local community.

We are a full service branch and can offer and deliver any banking product or service but with one big difference – our commitment to our local communities. Of course, customer service and placing our customer's needs first are priorities each and every time we have a conversation with you. Our branch Mission Statement is "Excellent customer service is our priority for your **Community Bank**<sup>®</sup> branch".

The branch also offers specialists in business and agribusiness banking and financial planning. Each specialist visits the branch regularly.

Your **Community Bank**<sup>®</sup> branch team consists of Donna Cook, Janelle Tooley, Michelle Ferey, Tamara Nash and Andrea McClure. These girls display passion, a strong work ethic and willingness to go that extra mile to assist our customers and the branch achieve goals and milestones. I thank them for the support they have shown to me and the dedication they display to our branch and the community.

## **Manager's report** 30 June 2011 cont'd

I would like to thank our Chairman, Coralie Coulson, Deputy Chairman Grant Little, Secretary John Kane and the Board of Directors for their belief and enthusiasm towards our **Community Bank**<sup>®</sup> branch. With their differing backgrounds and skills, they are a great source of knowledge and advice.

Most importantly I thank our customers, shareholders and partners for their continuing support of our branch by bringing us their banking business. Your investment will keep our community alive and prospering. "When you understand the concept, why wouldn't you bank with us".

A handwritten signature in cursive script, appearing to read "Jeanette McDonnell".

**Jeanette McDonnell**  
**Branch Manager**



## Community Grants, Donations and Sponsorships Year ended 30 June 2011

### Major Community commitment decision:

Solar panels for the Coleraine Hospital Redevelopment - \$103,000 over 3 years

<b>Schools:</b>	Coleraine Primary School	\$300	
	St Joseph's Fete Raffle	\$300	
	Merino consolidated School	\$300	
	School Sports Equipment	\$240	
	Year 6 Children's Valedictory Vouchers	<u>\$1900</u>	
	(Coleraine PS 10; St Joseph's PS 6, Merino School 3)		\$3,040

### Sporting:

Major Sponsorship – Balmoral-Harrow Football/Netball Club			
(3 year s'ship of all senior & all junior football & netball teams)	\$10,000		
Casterton U16 Football Team	\$1250		
Coleraine Bowling Club (an extra scoreboard \$400)	\$750		
Coleraine Cricket Club	\$350		
Coleraine Golf Club	\$150 + boxes of balls		
Coleraine Football and Netball Club	\$300 + drinkbottles/caps		
Coleraine Pony Club	\$500		
Coleraine Racing Club	\$1500		
Coleraine Rope Quoits Association	\$300		
Merino Golf Club	\$300		
Hamilton & District Darts Association	\$300 + caps		
Hamilton Gymnastic Club	\$100		
Tahara Cricket Club	<u>\$1000</u>		\$16,800

### Organisations:

Apex Club Show bags			
Balmoral Lions Club (Prizes for Easter fundraiser)			
CDDA (rental for storing community equipment)	\$330		
Coleraine Art Show	\$400		
Coleraine Christmas Carnival, various - (steam engine, new tree, showbags, quickshear)	\$1300		
Coleraine Lions Club (family fun day, catering and golf balls)	\$400 +		
Coleraine P & A Society - Open shearing	\$600		
Safety Vests	\$1800		
Wood Chop	\$450		
Coleraine Swimming Pool Committee	\$100		
Community Car Petrol	\$1000		
Hamilton-Coleraine Rail Reserve Committee (equipment)	\$1000		
Men's Shed Rental	\$5200		
Mulleraterong Ball	\$350		
Peter Francis Points Arboretum (equipment)	\$2500		
Promenade of Sacred Music (Gold Sponsorship Level)	\$1100		
RMIT Nursing Awards	\$300		
Soil Health Group	\$250		
Australian Pedal Car Grand Prix Comm. (est. costs)	<u>\$500</u>		\$17,580

### Charitable:

OxFam Walkers	\$200		
Relay for Life	\$100		
Bursary for Student Study	<u>\$200</u>		
\$500			

### Marketing:

3HA MiXX FM Advertising	\$750		
Bus for Sheepvention	\$400		
8 <sup>th</sup> Birthday Vouchers	\$1225		
Flags for Gophers			
BEN Marquee for local use	<u>\$3525</u>		\$5900

**Grand total - \$43,820 plus.....**

**Coleraine District Financial Services Limited**

**ABN 77 102 030 017**

**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:

Alexandra Louise Kelso  
Director  
Farmer / Administration

Coralie Louise Coulson  
Director  
Community Worker / Company Director

Elizabeth Mary Britten  
Director  
Retired School Teacher

Grant James Little  
Director  
Farm Manager

Gregory Hodgson  
Director  
Grazier

John Thomas Kane  
Director / Company Secretary  
Farmer

Patricia Ann Munro  
Director  
Retail Proprietor

Quentin Arthur Baudinette  
Director  
Cabinet Maker

Tim Johnston  
Director  
Farmer

Valerie Joyce Lawson  
Director  
Retail Operations Manager

Sandra Margaret Adams  
Director / Treasurer  
Clerical Assistant & Fellow of the Institute of Company Directors

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 performed in line with expectations. The profit/(loss) of the Company for the financial year after provision for income tax was \$74,634 (2010: (\$47,366)).

**Dividends**

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

- An unfranked dividend declared for payment on 15 December 2010 of \$ 23,474 was paid on 21 March 2011.

Coleraine District Financial Services Limited

ABN 77 102 030 017

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**

There are no 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**

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.

**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 incurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

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

**Directors Meetings**

The number of Directors meetings attended during the year were:

Director	Board Meetings #
Alexandra Louise Kelso	8 (11)
Coralie Louise Coulson	11 (11)
Elizabeth Mary Britten	11 (11)
Grant James Little	7 (11)
Gregory Hodgson	9 (11)
John Thomas Kane	10 (11)
Patricia Ann Munro	8 (11)
Quentin Arthur Baudinette	8 (11)
Sandra Margaret Adams	11 (11)
Tim Johnston	9 (11)
Valerie Joyce Lawson	9 (11)

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

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Directors' Report**

**Company Secretary**

John Kane has been the Company secretary of Coleraine & District Financial Services Limited since 24 November 2009.

**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.

**Auditor Independence Declaration**

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

Director:           CH Coulson          

Dated:           27.9.11



**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Statement of Comprehensive Income**  
**for the year ended 30 June 2011**

	<u>Notes</u>	<b>2011</b> <b>\$</b>	<b>2010</b> <b>\$</b>
Revenue	2	521,424	475,367
Other income	2	3,447	8
Employee benefits expense	3	(227,962)	(227,684)
Depreciation and amortisation expense	3	(28,810)	(22,799)
Other expenses		<u>(161,479)</u>	<u>(162,260)</u>
<b>Profit/(loss) before income tax expense</b>		106,620	62,632
Income tax expense	4	<u>(31,986)</u>	<u>(15,266)</u>
<b>Profit/(loss) after income tax expense</b>		74,634	47,366
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u><u>74,634</u></u>	<u><u>47,366</u></u>
<b>Earnings per share (cents per share)</b>			
- basic for profit / (loss) for the year	22	0.16	0.09
- diluted for profit / (loss) for the year	22	0.16	0.09

The accompanying notes form part of these financial statements

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Statement of Financial Position**  
**As at 30 June 2011**

	<u>Notes</u>	<b>2011</b> <b>\$</b>	<b>2010</b> <b>\$</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	222,822	100,923
Trade and other receivables	7	50,687	51,336
<b>Total Current Assets</b>		<u>273,509</u>	<u>152,259</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	99,133	110,465
Deferred tax assets	4	26,794	58,780
Intangible assets	9	23,158	36,940
<b>Total Non-Current Assets</b>		<u>149,085</u>	<u>206,185</u>
<b>TOTAL ASSETS</b>		<u>422,594</u>	<u>358,444</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	35,091	29,812
Provisions	11	14,639	6,928
<b>Total Current Liabilities</b>		<u>49,730</u>	<u>36,740</u>
<b>TOTAL LIABILITIES</b>		<u>49,730</u>	<u>36,740</u>
<b>NET ASSETS</b>		<u>372,864</u>	<u>321,704</u>
<b>EQUITY</b>			
Issued capital	12	469,472	469,472
Retained earnings / (accumulated losses)	13	(96,608)	(147,768)
<b>TOTAL EQUITY</b>		<u>372,864</u>	<u>321,704</u>

The accompanying notes form part of these financial statements

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2011**

	<u>Notes</u>	<b>2011</b> <b>\$</b>	<b>2010</b> <b>\$</b>
<b>SHARE CAPITAL</b>			
Balance at start of year		<u>469,472</u>	<u>469,472</u>
<b>Balance at end of year</b>		<u><b>469,472</b></u>	<u><b>469,472</b></u>
<b>RETAINED EARNINGS / (ACCUMULATED LOSSES)</b>			
Balance at start of year		(147,768)	(181,050)
Profit/(loss) after income tax expense		74,634	47,366
Transfers to and from reserves		<u>(23,474)</u>	<u>(14,084)</u>
<b>Balance at end of year</b>		<u><b>(96,608)</b></u>	<u><b>(147,768)</b></u>
<b>COMMUNITY PROJECTS RESERVE</b>			
Balance at start of year		-	14,084
Transfers to and from reserves		23,474	-
Dividends paid	21	<u>(23,474)</u>	<u>(14,084)</u>
<b>Balance at end of year</b>		<u><b>-</b></u>	<u><b>-</b></u>

The accompanying notes form part of these financial statements

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**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		521,467	467,727
Cash payments in the course of operations		(375,848)	(403,369)
Interest received		3,447	8
<b>Net cash flows from/(used in) operating activities</b>	14b	<u>149,068</u>	<u>64,366</u>
<b>Cash Flows From Investing Activities</b>			
Payments for property, plant and equipment		(3,695)	(37,010)
<b>Net cash flows from/(used in) investing activities</b>		<u>(3,695)</u>	<u>(37,010)</u>
<b>Cash Flows From Financing Activities</b>			
Dividends paid		(23,474)	(14,084)
<b>Net cash flows from/(used in) financing activities</b>		<u>(23,474)</u>	<u>(14,084)</u>
<b>Net increase/(decrease) in cash held</b>		121,899	13,272
Cash and cash equivalents at start of year		100,923	87,651
<b>Cash and cash equivalents at end of year</b>	14a	<u>222,822</u>	<u>100,923</u>

The accompanying notes form part of these financial statements



**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2011**

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

**(a) Basis of preparation**

Coleraine & District 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 15 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.

**(c) Significant accounting policies**

The following is a summary of the material accounting policies adopted.

**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.

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**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>
Leasehold Improvements	2.5% - 50%
Furniture & Fittings	20%

*Impairment*

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

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

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

*Revaluations*

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

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

**Recoverable amount of assets**

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



**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**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**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

**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).

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**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**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Operating activities		
- services commissions	124,245	121,832
- other revenue	397,179	353,535
	<u>521,424</u>	<u>475,367</u>
 Non-operating activities:		
- interest received	3,447	8
	<u>3,447</u>	<u>8</u>
	<u>524,871</u>	<u>475,375</u>

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2011**

<b>3. Expenses</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Employee benefits expense		
- wages and salaries	203,061	209,745
- superannuation costs	16,576	19,552
- employee entitlements	7,711	(2,274)
- other costs	614	661
	<u>227,962</u>	<u>227,684</u>
 Depreciation of non-current assets:		
- plant and equipment	815	103
- property improvements	14,413	8,914
 Amortisation of non-current assets:		
- intangibles	13,782	13,782
	<u>28,810</u>	<u>22,799</u>
 Finance Costs:		
- Interest paid	-	-
 Bad debts	118	637
 <b>4. Income Tax Expense</b>		
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%	(31,986)	(18,790)
Add tax effect of:		
- Investment allowance	-	3,524
- Future income tax benefit not brought to account	-	-
<i>Current income tax expense / (benefit)</i>	<u>(31,986)</u>	<u>(15,266)</u>
 Income tax expense / (benefit)	<u>(31,986)</u>	<u>(15,266)</u>
 <b>Deferred tax assets</b>		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.		
	<u>26,794</u>	<u>58,780</u>



**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2011**

<b>5. Auditors' Remuneration</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Amounts received or due and receivable by Coffey Hunt for:		
- Audit or review of the financial report of the Company	2,250	2,100
	<u>2,250</u>	<u>2,100</u>
 <b>6. Cash and Cash Equivalents</b>		
Cash and cash equivalents	222,822	100,923
	<u>222,822</u>	<u>100,923</u>
 <b>7. Receivables</b>		
GST receivable	-	-
Prepayments	4,008	4,614
Trade debtors	46,679	46,722
	<u>50,687</u>	<u>51,336</u>
 <b>8. Property, Plant and Equipment</b>		
<i>Leasehold Improvements</i>		
At cost	130,005	130,005
Less accumulated depreciation	(36,080)	(21,667)
	<u>93,925</u>	<u>108,338</u>
 <i>Furniture &amp; Fittings</i>		
At cost	5,476	5,476
Less accumulated depreciation	(268)	(3,349)
	<u>5,208</u>	<u>2,127</u>
 Total written down amount	<u>99,133</u>	<u>110,465</u>
 <b>Movements in carrying amounts</b>		
<i>Leasehold Improvements</i>		
Carrying amount at beginning of year	108,338	82,192
Additions	-	35,060
Disposals	-	-
Depreciation expense	(14,413)	(8,914)
Carrying amount at end of year	<u>93,925</u>	<u>108,338</u>
 <i>Furniture &amp; Fittings</i>		
Carrying amount at beginning of year	2,127	280
Additions	3,696	1,950
Disposals	-	-
Depreciation expense	(615)	(103)
Carrying amount at end of year	<u>5,208</u>	<u>2,127</u>

**Coleraine District Financial Services Limited**

**ABN 77 102 030 017**

**Notes to the Financial Statements  
for the year ended 30 June 2011**

<b>9. Intangible Assets</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<i>Franchise Fee</i>		
At cost	68,909	68,909
Less accumulated amortisation	<u>(45,751)</u>	<u>(31,969)</u>
	<u>23,158</u>	<u>36,940</u>
 <b>10. Payables</b>		
Trade creditors	7,084	9,425
Superannuation payable	5,512	-
Other creditors and accruals	<u>22,495</u>	<u>20,387</u>
	<u>35,091</u>	<u>29,812</u>
 <b>11. Provisions</b>		
Employee benefits	<u>14,639</u>	<u>6,928</u>
 <b>Movement in employee benefits</b>		
Opening balance	6,928	9,202
Additional provisions recognised	19,356	17,023
Amounts utilised during the year	<u>(11,645)</u>	<u>(19,297)</u>
Closing balance	<u>14,639</u>	<u>6,928</u>
 <b>12. Share Capital</b>		
469,472 Ordinary Shares fully paid of \$1 each	<u>469,472</u>	<u>469,472</u>
	<u>469,472</u>	<u>469,472</u>
 <b>13. Retained Earnings / (Accumulated Losses)</b>		
Balance at the beginning of the financial year	(147,768)	(181,050)
Profit/(loss) after income tax	74,634	47,366
Dividends	<u>(23,474)</u>	<u>(14,084)</u>
Balance at the end of the financial year	<u>(96,608)</u>	<u>(147,768)</u>

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2011**

<b>14. Statement of Cash Flows</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Cash and cash equivalents</b>		
Cash assets	222,822	100,923
Bank overdraft	-	-
	<u>222,822</u>	<u>100,923</u>
<b>(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities</b>		
Profit / (loss) after income tax	74,634	47,366
Non cash items		
- Depreciation	15,028	9,017
- Amortisation	13,782	13,782
Changes in assets and liabilities		
- (Increase) decrease in receivables	43	(7,639)
- (Increase)/decrease in prepayments	606	(3,403)
- (Increase) decrease in deferred tax assets	31,986	15,236
- Increase (decrease) in payables	5,278	(7,749)
- Increase (decrease) in provisions	7,711	(2,274)
Net cashflows from/(used in) operating activities	<u>149,068</u>	<u>64,336</u>

**15. Director and Related Party Disclosures**

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

Alexandra Louise Kelso  
Coralie Louise Coulson  
Elizabeth Mary Britten  
Grant James Little  
Gregory Hodgson  
John Thomas Kane  
Patricia Ann Munro  
Quentin Arthur Baudinette  
Sandra Margaret Adams  
Tim Johnston  
Valerie Joyce Lawson

No director or related entity has entered into a material contract with the Company. Director's fees have been paid to Sandra, Coralie, Trish, John and Elizabeth, the balance of the positions are held on a voluntary basis.



**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2011**

**16. Key Management Personnel Compensation**

	2011	2010
	\$	\$
Short-term benefits	<u>64,780</u>	<u>69,644</u>

**Loans from Directors**

Directors, and director-related entities, have provided the unsecured interest-free at call loans to the trust disclosed in the income statement.

**Distributions**

Distributions to directors are identified in the income statement.

**17. Subsequent Events**

There have been no events after the end of the financial year that would materially affect the financial 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 one geographic area being Coleraine, Victoria.

**20. Corporate Information**

Coleraine & District Financial Services Limited is a company limited by shares incorporated in Australia.

The registered office is:

59 Whyte Street  
Coleraine VIC 3315

The principal place of business is:

59 Whyte Street  
Coleraine VIC 3315

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2011**

<b>21. Dividends paid or provided for on ordinary shares</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Declared final unfranked ordinary dividend of 5 cents per share to be declared for payment 21 March 2011. ( 2010 - unfranked dividend of 3 cents per share paid on 10 July 2009)	<u>23,474</u>	<u>14,084</u>

**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>74,634</u>	<u>47,366</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>469,472</u>	<u>469,472</u>

**23. Donation Commitments**

As at 30 June 2011 Coleraine & District Financial Services has committed to provide \$103,000 over the next three years towards new hospital developments.

Donations are to be paid as follows:

Within one year	34,000
One to five years	<u>69,000</u>
	<u>103,000</u>

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**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:

	<u>Carrying Amount</u>	
	<u>2011</u>	<u>2010</u>
	\$	\$
Cash assets	222,822	100,923
Receivables	50,687	51,336
	<u>273,509</u>	<u>152,259</u>

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

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

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

**(b) Liquidity risk**

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

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



**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**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	35,091	35,091	35,091	-	-
	<u>35,091</u>	<u>35,091</u>	<u>35,091</u>	<u>-</u>	<u>-</u>
<b>30 June 2010</b>					
Payables	29,812	29,812	29,812	-	-
	<u>29,812</u>	<u>29,812</u>	<u>29,812</u>	<u>-</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:

	<u>Carrying Amount</u> 2011 \$	<u>Carrying Amount</u> 2010 \$
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	-	-
	<u>-</u>	<u>-</u>
<b>Variable rate instruments</b>		
Financial assets	273,509	152,259
Financial liabilities	-	-
	<u>273,509</u>	<u>152,259</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. This assumes all other variables remain constant.

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**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.

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Directors' Declaration**

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

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; 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.

  
\_\_\_\_\_

Signed at Coleraine on the 15 September 2011..





**COFFEY HUNT**

199 Koroit Street

P.O. Box 677

Warrnambool VIC 3280

**TELEPHONE** (03) 5562 3544

**FAX** (03) 5562 0689

**WEBSITE** [www.coffeyhunt.com.au](http://www.coffeyhunt.com.au)

Company limited by guarantee approved under Professional Services legislation

---

## **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF COLERAINE & DISTRICT FINANCIAL SERVICES LIMITED**

### **Report on the financial report**

We have audited the accompanying financial report of Coleraine & District Financial Services Limited, which comprises the balance sheet as at 30 June 2011, and the comprehensive income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

#### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### *Auditor's responsibility*

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

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

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.



*Auditor's opinion*

In our opinion,

- (a) the financial report of Coleraine & District Financial Services Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view, of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

*Coffey Hunt.*

**COFFEY HUNT**  
**CHARTERED ACCOUNTANTS**

*C. J. Kol*

**C.J. KOL**  
**PARTNER**

Dated at Warmambool: 22<sup>nd</sup> September 2011.

Liability limited by a scheme approved under Professional Standards Legislation.





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

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

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

**C.J. KOL**  
**PARTNER**  
**COFFEY HUNT**

Dated at Warrnambool:

Liability limited by a scheme approved under Professional Standards Legislation.

Coleraine & District **Community Bank**<sup>®</sup> Branch  
59 Whyte Street, Coleraine VIC 3315  
Phone: (03) 5575 2783

Franchisee: Coleraine & District Financial Services Limited  
59 Whyte Street, Coleraine VIC 3315  
Phone: (03) 5575 2783  
ABN: 77 102 030 017

[www.bendigobank.com.au](http://www.bendigobank.com.au)  
Bendigo and Adelaide Bank Limited,  
The Bendigo Centre, Bendigo VIC 3550  
ABN 11 068 049 178. AFSL 237879.  
(BMPAR11089) (09/11)

