Collie & Districts Community Financial Services Limited

ABN 76 096 536 355

annual report 2011

Collie **Community Bank®** Branch

Contents

Chairman's report

For year ending 30 June 2011

The 2010/11 financial year has once again been a very successful one for the Collie and Districts Community Financial Services Ltd.

There continues to be considerable financial challenges within our economy both locally, nationally and internationally. In an international sense risks appear to have moved from private debt as was experienced in the Global Financial Crisis of 2008 to the current situation of sovereign debt issues in Europe and the need for the US to manage its long term debt. This coupled with a two speed economy in Australia where the mining industry (particularly in northern Australia) continues to grow and push forward at a red hot pace whilst the remainder of the economy remains steady and luke warm at best, creates many challenges in banking. Our local economy also has a number of challenges including the potential sale of Premier Coal and the unknown impacts of the Minerals Resources Rent Tax and the Carbon Tax. On a positive note the sale of Griffin Coal which had been under administration since January 2010 provided some certainty moving forward for the community.

Despite these challenges which have impacted our business during the year and will continue to impact the economy moving forward we have once again had a strong year in 2010/11. The value of business on our books has grown from $110 million to $122 million at June 30, 2011 which is above our budgeted growth for the period. Your **Community Bank**® branch has, through this sustained growth, continued to return strong dividends to shareholders and significant contributions back into our community and surrounding districts and in the case of the natural disasters such as fires and floods made donations further afield.

Significant contributions have included; $25,000 to Riding for the Disabled, $100,000 to the Shire of Collie for an emergency relief fund in the case of a natural disaster in our community, $15,000 to various disaster appeals, $25,000 to Darkan towards their new $1.8 million sports facilities. Along with many other contributions towards music festivals, motor sports events, school scholarships, playgroups and early childhood developments. Through our Community Forum held in November 2010 we have also garnered the thoughts of our community and will be looking to support a number of programs of community wide significance identified by the community including a helipad for the hospital, a music shell, greater support for youth and people at risk in our community and the investigation of a chapel at the cemetery. These projects along with many others in the past will see our community contributions increase to beyond $1.4 million during the 2011/12 financial year.

Our partners in all of our history and into the future, Bendigo and Adelaide Bank Limited, have continued to be significant contributors in our success through the provision of banking services and their overall support for our business. During the past 12 months the strength of our partnership has been tested by the need to 'restore the balance' in the sharing of profit to the founding principle of 50/50. This challenge has resulted from a slowly worsening imbalance where the **Community Bank**® branches, on some products have been receiving far more than 50% of the profit. This balance is being restored and the partnership remains as strong as ever.

Our future and prominence in the Central Business District has been further secured in 2011 with the purchase of premises from which we operate our business. The decision to secure our premises was an easy one for the Board as it further consolidates our connection with our community and district and represents a sound investment into the future of Collie.

Chairman's report continued

The financial accounts which follow show a profit of only $288. This is a deliberate action of your board to reduce the profit made and increase the monies held in the Community Enterprise Foundation which are tax free subject to us distributing them back into our community to not for profit groups we have put some $420,000 into the foundation during 2010/11.

Much of our success continues to be as a result of two simple factors, we have a staff of committed, professional and friendly people who are 100% committed to our business and more importantly this community. This combined with the commitment of this community to continue to bank with us has once again seen our business grow above and beyond banking industry averages and will continue to do so with ongoing support.

2011/12 has significant challenges, which with your support and that of our staff and partners at Bendigo and Adelaide Bank Limited we are going to meet and overcome so we can continue to spend our profits strengthening and growing our community and district.

Glyn Yates

Chairperson

Manager's report

For year ending 30 June 2011

I am pleased to report to the Board, shareholders and customers on an exceptional years trading at the Collie & Districts **Community Bank**® Branch for the financial year ending June 2011.

The branch saw fantastic business growth over the last 12 months with our total banking portfolio growing above $123 million at June 30. The branch achieved growth at well above budgeted expectations which was considered a wonderful effort by the entire banking team.

Our local **Community Bank**® branch continues to remain focused on delivering a balanced outcome for our customers, our community and our shareholders which remains evident by the growing level of community based grants and sponsorships over the last 12 months. The branch continued to reinforce its position in the community with sponsorships to a large variety of worthwhile community groups and organisations, along with other initiatives such as hosting a Community Forum in November which has seen some outcomes to the community already.

I wish to thank the following staff members for their significant contributions over the last 12 months; Tamara, Danelle, Breanna, Sharon, Jody, Madeleine, Tegan and Kristy. The branch had a stable 12 months with no staff movements, however since June 30 it was announced that Tamara had successfully obtained the position of Branch Manager, Albany **Community Bank**® Branch and that Madeleine had moved to Bayswater **Community Bank**® Branch. Both Tamara and Madeleine were strong contributors to the Collie & Districts **Community Bank**® Branch and will be missed. Of course this opens the door for new staff members, and we welcome our two newest Customer Service Officers, Darcy & Sue.

The turnover of staff has also resulted in movements within the branch, with Danelle being promoted to our Customer Relationship Manager and Breanna to Customer Service Supervisor. Breanna is also one of only three Accredited Branch Representatives in Western Australia which allows her to have discussions with our customers for their Financial Planning needs. This is yet another way that Collie is seen as a leader throughout WA.

Our marketing team has been very innovative and supportive of the branch this year, with a number of new and exciting initiatives undertaken. The reintroduction of our 4 monthly shareholder newsletter, the production of our local TV ad which was on late last year, and our DVD and coffee table book is just a sample. The coffee table book has been a hit bank wide and a copy of it has almost gone the length and breadth of Australia, showing other **Community Bank**® branches how they can get their message to their customers of what they have achieved in a simple but effective format.

The most recent initiatives have been the purchase of a mobile EFTPOS machine for community groups to use on an ad-hoc basis and the installation of a TV in the branch showing our community contributions, bank advertisements and our own Community Snapshot, which is one of only 3 from WA available on Bendigo Bank's website.

Manager's report continued

As the staff of your **Community Bank**® branch, we believe that it is our responsibility to ensure that our community and customers understand that we are not merely "just another bank", and that we will continue to provide the quality, friendly and reliable service for which we are known.

Finally, I wish to thank our loyal customers and shareholders for their continued support, the Board of the Collie & Districts **Community Bank**® Branch for their ongoing guidance and commitment, and the staff of your branch for the enthusiastic, hardworking and enjoyable environment they provide.

Travis Ellison

Branch Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2011

As **Community Bank**® shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about organising and strengthening community.

Together, we have reached new heights and achieved many great successes, all of which has been underpinned by our commitment and dedication to the communities we're a part of.

Together we're making extraordinary progress, with more than $58.25 million returned to support community groups and endeavours since the network was established in 1998.

The returns grow exponentially each year, with $469 thousand returned within the first five years, $8.15 million within the first eight and $22.58 million by the end of the first decade of operation. Based on this, we can predict the community returns should top $100 million within the next three years, which equates to new community facilities, better health care, increased transport services and generally speaking, more prosperous communities.

Together, we haven't just returned $58.25 million; there is also the flow on economic impact to consider. Bendigo and Adelaide Bank is in the process of establishing an evidential basis that captures the complete picture and the economic outcomes these initiatives generate. However, the tangible outcomes are obvious. We see it in tenanted shops, increased consumer traffic, retained local capital and new jobs but we know that there are broader elements of community strength beyond the economic indicators, which demonstrate the power of our community models.

It is now evident that branches go through a clear maturity phase, building customer support, generating surpluses and establishing a sustainable income stream. This enables Boards to focus less on generating business and more on the community's aspirations. Bendigo is facilitating this through Director engagement and education, community consultations and other community solutions (Community Enterprise Foundation™, Community Sector Banking, Community Telco, Generation Green™ and Community Enterprises) that will provide Boards with further development options.

In Bendigo, your **Community Bank**® Board has a committed and successful partner. Our past efforts and continued commitment to be Australia's leading customer-connected bank, that is relevant, connected and valued, is starting to attract attention and reap rewards.

In January, a Roy Morgan survey into customer satisfaction saw Bendigo Bank achieve an industry leading score among Australian retail banks. This was the first time Bendigo Bank has led the overall results since August 2009.

In May, Fitch Ratings upgraded Bendigo and Adelaide Banks Long-Term Issuer Default Rating (IDR) to A- from BBB+. This announcement saw us become the first Australian bank – and one of the very few banks globally – to receive an upgrade since the Global Financial Crisis.

Standard & Poor's revised credit rating soon followed seeing Bendigo and Adelaide Bank shift from BBB+ stable, to BBB+ positive. These announcements reflect the hard and diligent work by all our staff, our sound risk management practices, low-risk funding and balance sheet structure, sound capital ratios and a sustained improvement in profitability.

The strength of our business model – based on our commitment to our customers and the communities that we operate in – is being recognised by all three ratings agencies.

Bendigo and Adelaide Bank Ltd report continued

Over the past year the bank has also added more than 700 additional ATMs through a network sharing agreement with Suncorp Bank, which further enhances our customers' convenience and expands our footprint across the country. In addition to this a further 16 **Community Bank**® branches were opened.

The bank has also had a renewed focus on business banking and re-launched our wealth management services through Bendigo Wealth, which oversees the Adelaide Bank, Leveraged Equities, Sandhurst Trustees and financial planning offering.

The **Community Bank**® model is unique and successful, it's one of our major points of difference and it enables us to connect with more than 550,000 customers, in excess of 270 communities and make a difference in the lives of countless people.

We are very proud of the model we have developed and we're very thankful for the opportunity to partner with communities to help build their balance sheets.

We thank you all for the part you play in driving this success.

Russell Jenkins
Executive Customer and Community

Directors' report

For the financial year ended 30 June 2011

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

Directors

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

Glyn Yates
Chairman

Occupation: Business Owner / Manager

Background Information: Current Deputy Shire President, Past President of the Collie Chamber of Commerce, Past Chairperson Collie River Valley Marketing Group, Member of the Collie Senior High School Council. Tertiary qualifications in Forestry. Lived in Collie for the past 21 years.

Interest in shares and options: 5,000 shares

Guisseppe (Joseph) John Italiano
Non-Executive Director

Occupation: Company Manager

Background Information:
Currently the WA Regional Manager for Rural Press Limited. Has worked for Collie Mail and associated companies for over 40 years. Past secretary of Collie Rotary Club and currently Club Secretary.

Interest in shares and options: 3,301 shares

Neil Richard Martin
Non-Executive Director

Occupation: Real Estate Agent and Farmer

Background Information: Associate Diploma in Valuation, Certificate in Real Estate Management. Business proprietor and Rotarian for over 18 years. Past Collie Rotary Club president.

Interest in shares and options: 6,001

Ian Houghton Miffling
Non-Executive Director / Company Secretary

Occupation: Retired

Background Information: Former Chief Executive Officer of the Shire of Collie, Justice of the Peace, Collie Shire Councillor, Member of Board of Management Riverview Residence Collie and Board Secretary The Coal Miners Welfare Board of WA.

Interest in shares and options: 4,501 shares

John Alfred Piavanini
Non-Executive Director

Occupation: Company Director / Business Owner

Background Information: Business proprietor selling new and used earthmover parts as well as rental and farming properties. Collie Shire Councillor, past Member of the Board of Collie Chamber of Commerce and Industry and a Board Member of the Bunbury Wellington Economic Alliance.

Interest in shares and options: 13,001 shares

Kenneth William Smallwood
Non-Executive Director

Occupation: Retired

Background Information: Ex-Chief Engineer UK Merchant Navy, emigrated to WA from Scotland in 1983. Worked in the Power Generation industry in WA, SE Asia and Singapore for over 24 years, in various positions in both operations and maintenance. Tertiary qualifications in Electrical Engineering and Marine Power Engineering.

Interest in shares and options: 21,600 shares

Jocelyn Whiteaker
Non-Executive Director

Occupation: Home duties

Background Information: Member of the Collie Heritage Group and Collie Tidy Towns Committee. Lived in Collie for more than 20 years.

Interest in shares and options: 200 shares

Paul Raymond Sweeney
Non-Executive Director

Occupation: Self Employed Business Owner

Background Information: Business proprietor of Collie Electrical Services for the past 11 years.

Interest in shares and options: 1,500 shares

Ian Johnstone Shannon
Non-Executive Director

Occupation: Self Employed

Background Information: Business proprietor of Collie Salvage and Hardware Store for the past 13 years.

Interest in shares and options: 2,500 shares

Colleen Maree DeAngelis (appointed 5 November 2010)
Non-Executive Director

Occupation: Business Owner

Background Information: Business Owner of hairdressing Salon. Life member and Treasurer for the Collie Netball Association and Treasurer for the Collie Basketball Association. Has lived in Collie for 24 years.

Interest in shares and options: 100 shares

Company Secretary

Ian Houghton Miffling

Directors' meetings attended

During the financial year, 13 meetings of Directors' (including committees of Directors') were held. Attendances by each Director during the year were as follows:

Director	Directors' meetings Number eligible to attend	Number attended
GLYN YATES	13	13
JOE ITALIANO	13	10
IAN SHANNON	13	9
IAN MIFFLING	13	12
NEIL MARTIN	13	13
KENNETH SMALLWOOD	13	13
JOCELYN WHITEAKER	13	13
JOHN PIAVANINI	13	13
PAUL SWEENEY	13	10
COLLEEN DEANGELIS (APPOINTED 5 NOVEMBER, 2010)	13	10

Principal activity and review of operations

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

Operating results

The profit of the Company after providing for income tax amounted to $288.

Dividends paid or recommended

The Company paid dividends of $53,783 during the financial year.

Financial position

The net assets of the Company have increased from $351,306 as at 30 June 2010 to $372,243 as at 30 June 2011, which is an improvement on prior year due to the improved operating performance of the Company.

The Directors believe the Company is in a stable financial position.

Significant changes in state of affairs

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

After balance date events

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

Directors' report continued

Future developments

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

Options

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

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

Indemnifying officers or Auditor

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

Environmental issues

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

Proceedings on behalf of Company

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

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

Corporate governance

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

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

b) Ongoing Director training; and

c) Monthly Director meetings to discuss performance and strategic plans.

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

Non-audit services

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

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

Directors' report continued

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

Taxation services: $5,090

Auditor's Independence Declaration

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

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

Director

Dated 28 September 2011

RSM Bird Cameron Partners
Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION

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

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

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

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

TUTU PHONG
Partner

Perth, WA
Dated: 28 September 2011

Financial statements

Statement of comprehensive income for the year ended 30 June 2011

	Note	2011 $	2010 $
Revenue	2	1,303,617	1,126,043
Employee benefits expense		(569,271)	(496,515)
Depreciation and amortisation expense		(26,850)	(24,775)
Finance costs		(40)	(1,760)
Other expenses	3	(695,709)	(416,925)
Profit before income tax		11,747	186,068
Income tax expense	4	(11,459)	(57,854)
Profit for the year		**288**	**128,214**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year attributable to members		**288**	**128,214**

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2011

	Note	2011 $	2010 $
Current assets			
Cash and cash equivalents	6	273,786	376,928
Trade and other receivables	7	99,605	110,331
Other current assets	8	35,932	7,015
Total current assets		**409,323**	**494,274**
Non-current assets			
Plant and equipment	9	51,710	44,367
Intangible assets	10	5,480	15,480
Deferred tax asset	23	17,344	12,307
Total non-current assets		**74,534**	**72,154**
Total assets		**483,857**	**566,428**
Current liabilities			
Trade and other payables	11	13,125	101,332
Short-term financial liabilities	12	6,887	26,029
Short-term provisions	13	45,312	24,362
Current tax liability	23	-	26,090
Total current liabilities		**65,324**	**177,813**
Non-current liabilities			
Long-term financial liabilities	12	33,291	-
Long-term provisions	13	12,999	16,660
Total non-current liabilities		**46,290**	**16,660**
Total liabilities		**111,614**	**194,473**
Net assets		**372,243**	**371,955**
Equity			
Issued capital	14	430,259	430,259
Retained earnings/(Accumulated losses)		(58,016)	(58,304)
Total equity		**372,243**	**371,955**

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2011

	Share Capital (Ordinary shares) $	Retained earnings/ (Accumulated losses) $	Total $
Balance at 1 July 2009	**430,259**	**(78,953)**	**351,306**
Total comprehensive income for the year	-	128,214	128,214
Subtotal	430,259	49,261	479,520
Dividends paid or provided for	-	(107,565)	(107,565)
Balance at 30 June 2010	**430,259**	**(58,304)**	**371,955**
Balance at 1 July 2010	430,259	(58,304)	371,955
Total comprehensive income for the year	-	288	288
Subtotal	**430,259**	**(58,016)**	**372,243**
Dividends paid or provided for	-	-	-
Balance at 30 June 2011	**430,259**	**(58,016)**	**372,243**

The accompanying notes form part of these financial statements.

Statement of cash flows
for the year ended 30 June 2011

	Note	2011 $	2010 $
Cash flows from operating activities			
Receipts from customers		1,291,866	1,112,067
Payments to suppliers and employees		(1,312,117)	(886,669)
Interest received		21,939	41
Finance costs		(40)	-
Income tax paid		(57,500)	(1,760)
Net cash provided by/(used in) operating activities	**15**	**(55,852)**	**149,494**
Repayment of borrowings		(19,142)	(7,448)
Proceeds from borrowings		39,990	-
Dividends paid		(53,783)	(53,783)
Net cash used in financing activities		**(32,935)**	**(61,231)**
Net increase in cash held		**(103,142)**	**82,195**
Cash and cash equivalents at beginning of financial year		376,928	294,733
Cash and cash equivalents at end of financial year	**6**	**273,786**	**376,928**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2011

Note 1. Statement of significant accounting policies

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

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

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

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

The financial statements were authorised for issue on 28 September 2011 by the Directors of the Company.

(a) Income tax

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

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

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

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

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

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

Note 1. Statement of significant accounting policies (continued)

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

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

(b) Plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20%

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

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

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

Note 1. Statement of significant accounting policies (continued)

(c) Leases

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

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

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

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

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

(d) Financial instruments

Recognition and Initial Measurement

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

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

Derecognition

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

Classification and Subsequent Measurement

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

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

Note 1. Statement of significant accounting policies (continued)

Classification and Subsequent Measurement (continued)

ii. *Loans and receivables*

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

iii. *Held-to-maturity investments*

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

iv. *Available-for-sale financial assets*

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

v. *Financial Liabilities*

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

Derivative instruments

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

The Company does not hold any derivative instruments.

Fair value

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

Impairment

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

Financial guarantees

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

The Company has not issued any financial guarantees.

Note 1. Statement of significant accounting policies (continued)

(e) Impairment of assets

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

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

(f) Intangibles

Franchise fee

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

(g) Employee benefits

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

(h) Provisions

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

(i) Cash and cash equivalents

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

(j) Revenue and other income

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

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

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

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

(k) Borrowing costs

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

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

Note 1. Statement of significant accounting policies (continued)

(l) Goods and services tax (GST)

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

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

(m) Comparative figures

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

(n) Critical accounting estimates and judgments

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

Key estimates — Impairment

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

No impairment has been recognised in respect of intangibles for the year ended 30 June 2011. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2011 amounting to $5,480.

Note 1. Statement of significant accounting policies (continued)

(o) New Accounting Standards for Application in Future Periods

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

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

The Company has decided against early adoption of these standards.

	2011 $	2010 $
Note 2. Revenue		
Franchise margin income	1,274,084	1,106,855
Interest revenue	22,477	41
Gain on disposal of assets	3,598	
Other revenue	3,458	19,147
	1,303,617	**1,126,043**

	2011 $	2010 $
Note 3. Expenses		
Advertising and marketing	41,884	18,585
ATM leasing and running costs	17,483	20,352
Bad debts	283	701
Community sponsorship and donations	420,855	218,648
Freight and postage	11,857	13,466
Insurance	15,867	15,238
IT leasing and running costs	26,744	27,504
Occupancy running costs	10,210	10,578
Printing and stationery	15,400	13,959
Rental on operating lease	25,783	21,258
Security	3,650	2,717
Other operating expenses	105,695	53,919
	695,711	416,925
Remuneration of the Auditors of the Company		
Audit services	7,070	6,800
Other services	5,090	5,188
	12,160	**11,988**

	2011 $	2010 $

Note 4. Income tax expense

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

	2011 $	2010 $
a. The components of tax expense comprise:		
Current tax	18,431	63,590
Deferred tax (Note 23)	(5,037)	(5,663)
Under/(over) provision in respect of prior years	1,935	(73)
	11,459	**57,854**
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 30% (2010: 30%)	6,524	55,820
Add: Tax effect of:		
- non-deductible depreciation and amortisation	3,000	3,000
- other non-allowable items	-	39
Less: Tax effect of:		
- overprovision for income tax in prior years	1,935	(73)
- other allowable items	-	(932)
Income tax attributable to the Company	**11,459**	**57,854**

Note 5. Key management personnel compensation

a. Names and positions

Name	Position
Glyn Yates	Chairman
Ian Shannon	Non-Executive Director
Neil Martin	Non-Executive Director
Joseph Italiano	Non-Executive Director
Ian Miffling	Non-Executive Director / Secretary
John Piavanini	Non-Executive Director
Kenneth Smallwood	Non-Executive Director
Jocelyn Whiteaker	Non-Executive Director
Paul Sweeney	Non-Executive Director
Colleen DeAngelis (appointed 5/11/2010)	Non-Executive Director

Note 5. Key management personnel compensation (continued)

b. Remuneration of Key Management Positions

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

c. Shareholdings

Number of ordinary shares held by key management personnel.

Directors	Balance at beginning of period	Purchased during the period	Other changes	Balance at end of period
Neil Martin	6,001	-	-	6,001
Joseph Italiano	3,301	-	-	3,301
Ian Miffling	4,501	-	-	4,501
John Piavanini	13,001	-	-	13,001
Ian Shannon	2,500	-	-	2,500
Kenneth Smallwood	21,600	-	-	21,600
Jocelyn Whiteaker	200	-	-	200
Glyn Yates	5,000	-	-	5,000
Paul Sweeney	1,500	-	-	1,500
Colleen DeAngelils (appointed 05/11/10)	-	-	100	100
	57,604	**-**	**100**	**57,704**

	2011 $	2010 $
Note 6. Cash and cash equivalents		
Cash at bank and on hand	**273,786**	**376,928**
Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents	**273,786**	**376,928**

	2011 $	2010 $

Note 7. Trade and other receivables

Trade debtors	**99,605**	**110,331**

a. Provision For Impairment of Receivables

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

There is no provision for impairment of receivables.

Note 8. Other assets

Current

Prepayments	18,394	15,878
Refund due on tax overpayment	28,805	-
	35,932	**7,015**

Note 9. Property, plant and equipment

Plant and equipment	**267,504**	**267,504**
Plant and equipment		
Cost	243,293	239,379
Accumulated depreciation	(191,583)	(195,012)
	51,710	**44,367**
Movement in carrying amount		
Balance at the beginning of the year	44,367	53,074
Additions	36,355	6,068
Disposals	(12,162)	-
Depreciation expense	(16,850)	(14,775)
Carrying amount at the end of the year	**51,710**	**44,367**

	2011 $	2010 $

Note 10. Intangible assets

Franchise fee

Cost	50,000	50,000
Accumulated amortisation	(44,520)	(34,520)
	5,480	**15,480**

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

Note 11. Trade and other payables

Trade creditors and accruals	20,430	34,242
GST payable/(receivable)	(7,888)	12,800
Dividend payable	583	54,290
	13,125	**101,332**

Note 12. Financial liabilities

Current

Chattel mortgage	6,504	25,295
Mortgage loan	383	734
	6,887	**26,029**
Non current		
Chattel mortgage	**33,291**	**-**

Security:

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

Note 13. Provisions

Current

Provision for employee entitlements	**45,312**	**24,362**
Non current		
Provision for employee entitlements	**12,999**	**16,660**
Number of employees at year end	**8**	**8**

Note 14. Equity

441,150 (2010: 441,150) fully paid ordinary shares	**430,259**	**430,259**

Notes to the financial statements continued

	2011 $	2010 $

Note 15. Cash flow information

	2011 $	2010 $
a. Reconciliation of cash flow from operations with profit after tax		
Profit after tax	288	128,214
Depreciation and amortisation	26,850	24,775
Profit on sale of plant	(3,598)	-
Movement in assets and liabilities		
Receivables	10,726	(13,935)
Other assets	(28,917)	1,428
Payables	(47,363)	6,468
Deferred tax asset	(5,037)	(5,663)
Provisions	17,289	18,875
Current tax liability	(26,090)	(10,668)
Net cash provided by operating Activities	**(55,852)**	**149,494**

b. Credit Standby Arrangement and Loan Facilities

The Company does not operate a bank overdraft facility.

Note 16. Related party transactions

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

Note 17. Leasing commitments

	2011 $	2010 $
Non cancellable operating lease commitment contracted for but not capitalised in the financial statements		
Payable		
Not longer than 1 year	21,960	21,960
Longer than 1 year but not longer than 5 years	3,660	25,620
	25,620	**47,580**

	2011 $	2010 $

Note 18. Dividends

Distributions paid

	2011 $	2010 $
2010 final dividend of 12.5 (2010: 12.5) cents per share franked at the tax rate of 30% (2010:0%)	**53,783**	**53,782**
a. Proposed final fully franked ordinary dividend of NIL (2010: 12.5) cents per share franked at the tax rate of 30% (2010: 30%)	**-**	**53,783**
b. Balance of franking account at year end adjusted for franking credits arising from:	**115,068**	**-**
- payment of provision for income tax	28,695	138,118
Subsequent to year end, the franking account would be reduced by the proposed dividend reflected per (a) as follows:	-	(23,050)
	143,763	**115,068**

Note 19. Financial risk management

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

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

a. Financial risk management policies

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

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

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

b. Financial risk exposures and management

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

i. Interest rate risk

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

ii. Foreign currency risk

The Company is not exposed to fluctuations in foreign currencies.

iii. Liquidity risk

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

Note 19. Financial risk management

b. Financial risk exposures and management (continued)

iv. Credit risk

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

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

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

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

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

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

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

v. Price risk

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

c. Financial Instrument Composition and Maturity analysis

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

Note 19. Financial risk management (continued)

c. Financial Instrument Composition and Maturity analysis (continued)

2011		**Variable**	**Fixed**			
	Weighted average effective interest rate	Floating interest rate	Within 1 year	Within 1 to 5 years	Non interest bearing	Total
Financial Assets						
Cash and cash equivalents	3.45%	273,786	-	-	-	273,786
Loans and receivables		-	-	-	99,605	99,605
Total Financial Assets		**273,786**	**-**	**-**	**99,605**	**373,391**
Financial Liability						
Bank loan secured	7.61%	383	6,504	33,291	-	40,178
Trade and other payables		-	-	-	13,125	13,125
Total Financial Liabilities		**383**	**6,504**	**33,291**	**13,125**	**53,303**

2010		**Variable**	**Fixed**			
	Weighted average effective interest rate	Floating interest rate	Within 1 year	Within 1 to 5 years	Non interest bearing	Total
Financial Assets						
Cash and cash equivalents	0.08%	376,928	-	-	-	376,928
Loans and receivables		-	-	-	110,331	110,331
Total Financial Assets		**376,928**	**-**	**-**	**110,331**	**487,259**
Financial Liability						
Bank overdraft secured						
Bank loan secured	**8.67%**	**734**	**25,295**	**-**	**-**	**26,029**
					2011 $	**2010 $**
Trade and other payables		**-**	**-**	**-**	**101,332**	**101,332**
Trade and sundry payables are expected to be paid as followed:						
Less than 6 months					13,125	101,332
6 months to 1 year					-	-
1 to 5 years					-	-
					13,125	**101,332**

Notes to the financial statements continued

Note 19. Financial risk management (continued)

d. Net Fair Values

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

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

Fair values are materially in line with carrying values.

e. Sensitivity Analysis

i. Interest Rate Risk

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

ii. Interest Rate Sensitivity Analysis

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

2011		**-2 %**		**+ 2%**	
	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Financial assets					
Cash and cash equivalents	273,786	(5,476)	(5,476)	5,476	5,476
Financial Liability Bank loan secured	383	8	8	(8)	(8)

2010		**-2 %**		**+ 2%**	
	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Financial assets					
Cash and cash equivalents	376,928	(7,539)	(7,539)	7,539	7,539
Financial Liability Bank loan secured	734	15	15	(15)	(15)

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

Note 20. Operating Segments

Types of products and services by segment

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

Major customers

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

Note 21. Events after the Statement of Financial Position date

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

Note 22. Contingent liabilities and contingent assets

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

	2011 $	2010 $
Note 23. Tax		
a. Liability		
Current		
Income tax	(28,805)	26,090
b. Assets		
Deferred tax assets comprise:		
Provisions	17,344	12,307
	17,344	**12,307**

	2011 $	2010 $
Note 23. Tax (continued)		
c. Reconciliations		
i. Gross Movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	12,307	6,644
Credit to Statement of Comprehensive Income	5,037	5,663
Closing balance	**17,344**	**12,307**
ii. Deferred Tax Assets		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
Provisions		
Opening balance	12,307	6,644
Credit to the Statement of Comprehensive Income	5,037	5,663
Closing balance	**17,344**	**12,307**

Note 24. Economic dependency – Bendigo and Adelaide Bank Limited

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**® Branch at Collie, Western Australia.

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

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

Note 24. Economic dependency – Bendigo and Adelaide Bank Limited (continued)

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

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

Note 25. Company details

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

70 Forrest Street

Collie WA 6225

Directors' declaration

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:

    a. comply with Australian Accounting Standards; and

    b. give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Company;

2. the Chief Executive Officer and Chief Finance Officer have each declared that:

    a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

b. the financial statements and notes for the financial year comply with Australian Accounting Standards; and

    c. the financial statements and notes for the financial year give a true and fair view.

3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

4. The financial statements and notes thereto comply with International Financial Reporting Standards, as disclosed in Note 1.

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

Director

Dated 28 September 2011

Independent audit report

RSM Bird Cameron Partners
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
COLLIE & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent audit report continued

RSM Bird Cameron Partners
Chartered Accountants

Independence

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

Opinion

In our opinion:

(a) the financial report of Collie & Districts Community 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 and the *Corporations Regulations 2001*; and

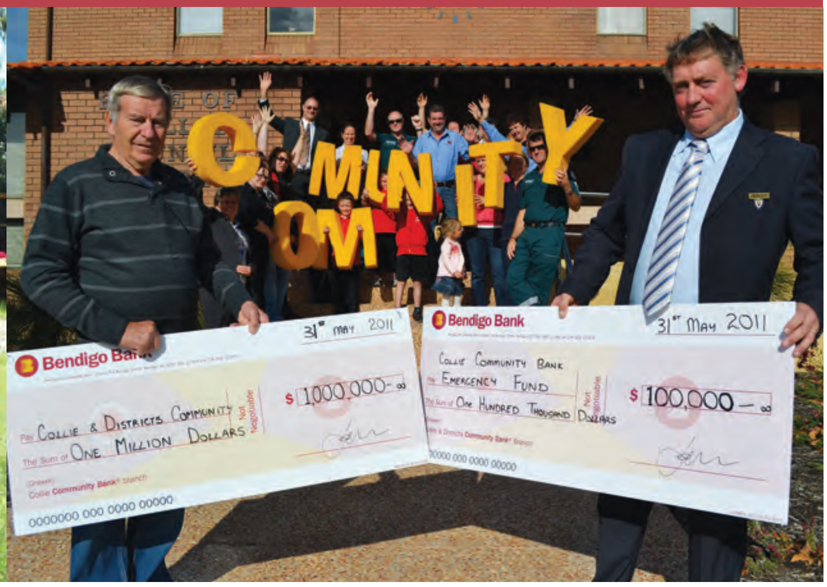
(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

TUTU PHONG
Partner

Perth, WA
Dated: 28 September 2011



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Franchisee: Collie & Districts Community Financial Services Limited
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www.bendigobank.com.au/collie
Bendigo and Adelaide Bank Limited,
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(KKWAR11010) (09/11)

Bendigo Bank