

Cummins District
Financial Services Limited

ABN 25 094 393 692

annual report 2011



Cummins District **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2011

This year has marked ten complete years in business for "our" **Community Bank**[®] branch. We celebrated by providing 5 Loaves Bakery cakes for businesses who bank with us in the main street of Cummins. We also held a function to recognise all Formation Committee, Board Directors and staff since the idea of a **Community Bank**[®] branch for Cummins was first suggested. Unfortunately our founding Chairman Leo Haarsma passed away shortly before this event. We made mention of his contribution then, however I don't think enough praise can be given to Leo for his vision of a strong community supporting itself through a successful **Community Bank**[®] branch. Leo's daughter Liz read a challenging speech Leo had written in hospital, and the power flickered on and off. Some thought it was a coincidence! Leo's plan was for a refurbishment of our local hospital rooms. This plan is receiving community support and the Board has pledged \$20,000 to this project.

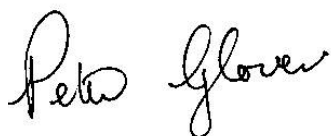
In Chris Miller's Branch Manager's report he discusses the contribution of the **Community Bank**[®] network. Our part played in this has been to return about \$1,200,000 in Community Grants and \$400,000 as dividends to our shareholders. This is a measure of our success, made possible by continued use of our banking services by our customers. I know it sounds like a broken record but a continued benefit to our community depends on more of the community choosing to do their banking with us.

The end of the year has seen Chris Miller resigning as our Branch Manager to take on the role of Business Banking Manager for the Eyre Peninsula with Bendigo Bank. I see it as a win - win for us as he will continue to be based in Cummins and will be an added resource for our branch. Chris has been a large part of our success in the last ten years and I wish to publicly thank him for his efforts on our behalf, as Branch Manager. Chris has grown with our branch and justifiably takes personal pride in our success. We wish him continued success in his banking career.

With every change comes opportunity. We are pleased to welcome Brenton Parsons as our new Branch Manager. He will already be known to many of you having gone to school in Cummins. Please take the opportunity to welcome him, his wife Donna and two children to our community.

Thanks to the rest of our staff. These are the people we see when we do our banking and they work hard to make our experience a pleasurable one. We all benefit from their commitment to the **Community Bank**[®] model. Not in the branch but very important are Josie Turnbull, our Business Promotions Officer and Kate Hancock, Company Secretary. Both have been past branch employees and now have part time roles which are essential to the functioning of the Board. I am pleased they are continuing their association with the branch.

Lastly, on behalf of the community I say thanks to the other Board Directors. They give up their time to help run the organisation which is your **Community Bank**[®] branch. It is a voluntary position and comes with significant responsibility. Their reward is the benefits our community receives from having a successful **Community Bank**[®] branch.



Peter Glover
Chairman

Manager's report

For year ending 30 June 2011

This report marks the final time I talk to all of you, our **Community Bank**[®] branch shareholders, as Branch Manager. Most of you have probably heard by now that I have moved into the Business Banking Manager position, employed by Bendigo and Adelaide Bank Ltd, helping build the Bendigo Bank foot print and the **Community Bank**[®] network on the Eyre Peninsula.

Being the Manager of your **Community Bank**[®] branch for the past 10 years has been a true privilege and I am very grateful to have been given the opportunity to be the first Manager of Cummins District **Community Bank**[®] Branch.

In my new role I will still be the Relationship Manager for many of Cummins District **Community Bank**[®] Branch customers, but will now also assist Port Lincoln **Community Bank**[®] Branch and Tumby Bay District **Community Bank**[®] Branch in building Business Banking relationships for their respective communities.

In reviewing the results of your **Community Bank**[®] branch the business has once again performed well and produced positive growth in terms of funds under management. Total business held as at the end of the 2011 financial year was \$156.6 million. The following table and pie chart provides a snapshot of your **Community Bank**[®] branch's performance.

Product	2011 \$mil	2010 \$mil
BBL deposits	\$ 59.4	\$ 56.5
BBL loans	\$ 62.5	\$ 60.3
Rural Bank deposits	\$ 8.1	\$ 5.9
Rural Bank loans	\$ 21.2	\$ 20.8
Financial Planning	\$ 5.2	\$ 4.8
Superannuation	\$ 0.1	\$ 0.1
Leveraged Equities	\$ 0.1	\$ 0.1
Total	\$156.6	\$148.6

Manager's report continued

Business growth of \$8.0 million (5.38%) was achieved in the 2011 financial year and again our existing customer base played a significant part in this result. Our loyal customers are to be commended for their continued support of your **Community Bank**[®] branch. Without their support your **Community Bank**[®] branch would not be able to deliver and contribute to the social and economic prosperity of the community in the way it does.

In reviewing the past 10 years the outcomes derived from the **Community Bank**[®] branch sometimes are lost and not clearly defined so I thought in signing off as your Branch Manager I would reiterate how the model works and what it brings to our community.

Community Bank[®] branches operate as a shared value model: it creates economic value at the same time it helps communities address their needs and

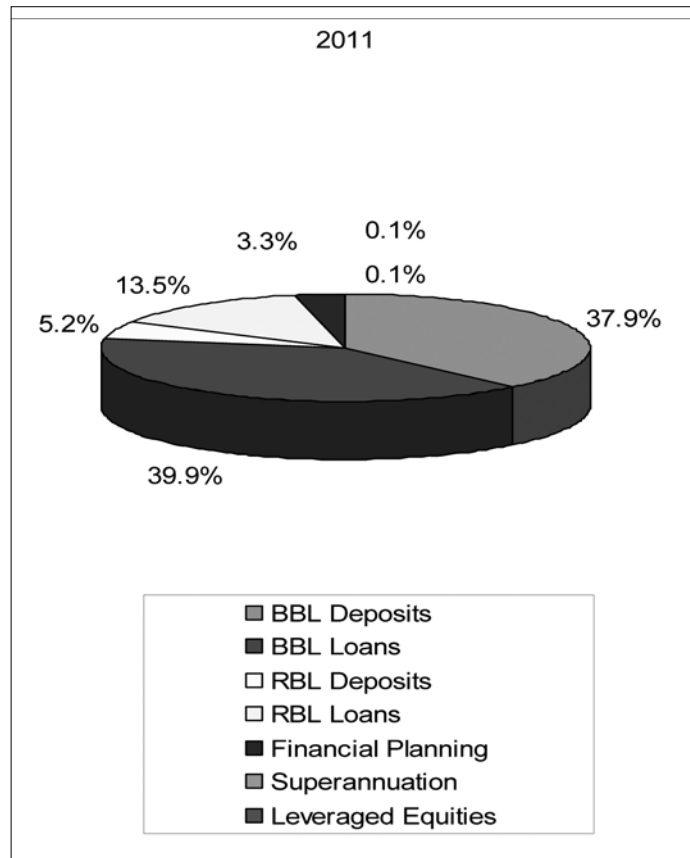
challenges. It allows local people to become shareholders in a community Company formed to run a Bendigo Bank branch.

Your Company aggregates the banking business of its community; pays the costs of running the branch and receives half the income that business generates. Bendigo and Adelaide Bank Ltd retains the other half for providing the balance sheet capital, banking support and infrastructure.

Local profits are split, with shareholders entitled to no more than 20 per cent and the rest being ploughed into community development.

You may find this hard to believe but since **Community Bank**[®] concept started some 13 years ago the **Community Bank**[®] network has returned \$56 million in community grants and paid \$18 million in shareholder dividends. They have created 1400 jobs and each year now spend around \$40 million in wages and services locally, which has a significant positive impact on each of their community economies.

So as you can see your **Community Bank**[®] branch is part of a truly remarkable network doing some amazing things for communities throughout Australia. No other Banking business feeds into community prosperity like we do. Our point of difference is something we all need to be reminded of as it is this point of difference that leads customers to choose to do business with us, which in turn is allowing your branch to be as successful as we are.



Manager's report continued

A special thank you to all of your staff as they strive to deliver a high level of service to our customers at all times. During the year our team comprised of Bernadette Redden, Patrina Coombs, Caro Meyers, Vikki Phillips, Zan Cafuta, Kerry Head and Josie Turnbull. Matthew Piper has since joined the team as your branch's first School Based Apprentice.

I would also like to welcome Brenton Parsons to the team as your new Branch Manager.

Thanks to the Board, both present and past, for their support to me over the years. It has been a great journey and even though my role has now gone down a different path, I look forward to continuing to play a part in the continued journey to sustained long term growth and success.



Chris Miller
Branch Manager

Directors' report

For the financial year ended 30 June 2011

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

Directors

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

Dianne Modra

Chairperson

Farmer/Student

Darren Kelly

Director

Retail Owner

Michael Howell (resigned 8/11/2010)

Director Manager

Peter Glover

Director Farmer

Darren Smith (resigned 8/11/2010)

Director

Business Owner

Heather Norton (appointed 8/11/2010)

Director

Business Manager

Brigitte Hall (appointed 8/11/2010)

Director

Farmer

Leo Haarsma (resigned 8/11/2010)

Director

Retired Businessman

Wendy Holman

Director

Retired Teacher

John Wood Director

School Teacher

Jarrod Phelps Director

Farmer

Scott Bascombe

Director

Owner/Manager, Sales & Mechanical

David Guidera (appointed 8/11/2010)

Director

Insurance Broker

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 Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Ltd.

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

Review of operations

Operations have continued to perform in line with expectations. The profit of the Company for the financial year after provision for income tax was \$201,352 (2010: \$96,272).

Directors' report continued

Dividends	Year ended 30 June 2011	
	Cents per share	\$'000
Dividends paid in the year:		
- Interim dividend paid	10	43,581

Significant changes in the state of affairs

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

Significant events after the balance date

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

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

Likely developments

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

Remuneration report

For the Secretary role Kate Hancock was paid \$1,200 and Kerry Head was also paid \$1,200 for the year ended June 2011.

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

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

Directors' report continued

Directors' meetings

The number of Directors' meetings attended during the year were:

Director	Board meetings #
Dianne Modra	9 (13)
Leo Haarsma (resigned 8/11/2010)	1 (6)
Darren Kelly	13 (13)
Wendy Holman	11 (13)
Michael Howell (resigned 8/11/2010)	2 (6)
John Wood	10 (13)
Peter Glover	11 (13)
Jarrod Phelps	9 (13)
Darren Smith (resigned 8/11/2010)	0 (6)
Scott Bascombe	11 (13)
Heather Norton (appointed 8/11/2010)	8 (8)
David Guidera (appointed 8/11/2010)	7 (8)
Brigette Hall (appointed 8/11/2010)	7 (8)

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

Company Secretary

Kate Hancock was appointed as the Company Secretary for the Cummins District Financial Services on 8 November 2010. Mrs Hancock has had previous secretarial experience and spent three years as a Customer Service Officer at the Cummins District **Community Bank**[®] Branch from 2005 to 2008 before going on maternity leave. Kate and her husband, Sam Hancock, both grew up in the community and currently reside on a farm at Yeelanna with their three children.

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.

Directors' report continued

Auditor's Independence Declaration

The Directors received the following declaration from the Auditor of the Company:



26 September 2011

The Directors
Cummins District Financial Services Limited
PO Box 20
CUMMINS SA 5631

Dear Sirs

Auditor's Independence Declaration

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



Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Signed in accordance with a resolution from the Board of Directors at Cummins, South Australia on 26 September 2011.



Peter Glover
Chairman

Financial statements

Statement of comprehensive income for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue from continuing operations	2	1,281,491	1,088,137
Employee benefits expense	3	(325,117)	(339,915)
Depreciation and amortisation expense	3	(37,916)	(26,190)
Charitable donations & sponsorship		(401,853)	(354,346)
Other expenses		(237,676)	(215,557)
Profit before income tax expense		278,929	152,129
Income tax expense	4	77,577	55,857
Profit after income tax expense		201,352	96,272
Other comprehensive income		-	-
Total comprehensive income		201,352	96,272
Earnings per share (cents per share)			
- basic for profit for the year	22	46.20	22.09
- diluted for profit for the year	22	46.20	22.09

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of financial position as at 30 June 2011

	Note	2011 \$	2010 \$
Current assets			
Cash and cash equivalents	6	222,232	259,143
Receivables	7	120,479	119,896
Other assets	10	45,146	43,624
Total current assets		387,857	422,663
Non-current assets			
Property, plant and equipment	8	296,550	139,242
Intangible assets	9	51,519	12,300
Total non-current assets		348,069	151,542
Total assets		735,926	574,205
Current liabilities			
Payables	11	48,579	20,772
Current tax liabilities	4	33,795	30,563
Provisions	12	14,473	41,562
Total current liabilities		96,847	92,897
Total liabilities		96,847	92,897
Net assets		639,079	481,308
Equity			
Share capital	13	435,809	435,809
Retained earnings	14	203,270	45,499
Total equity		639,079	481,308

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Cash receipts in the course of operations		1,376,743	1,146,140
Cash payments in the course of operations		(1,088,205)	(986,923)
Interest received		24,542	15,238
Dividends received		3,512	2,449
Income tax paid		(74,345)	(33,655)
Net cash flows from operating activities	15b	242,247	143,249
Cash flows from investing activities			
Payments for property, plant and equipment		(199,455)	(3,966)
Proceeds from sale of property, plant and equipment		13,878	-
Payments for investments		-	(8,126)
Payments for intangible assets		(50,000)	-
Net cash flows used in investing activities		(235,577)	(12,092)
Cash flows from financing activities			
Dividends paid		(43,581)	(43,581)
Net cash flows used in financing activities		(43,581)	(43,581)
Net increase in cash held		(36,911)	87,576
Cash and cash equivalents at start of year		259,143	171,567
Cash and cash equivalents at end of year	15a	222,232	259,143

The accompanying notes form part of these financial statements.

Financial statements continued

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

	Note	2011 \$	2010 \$
Share capital			
Balance at start of year		435,809	435,809
Issue of share capital		-	-
Balance at end of year		435,809	435,809
Retained earnings			
Balance at start of year		45,499	(7,192)
Profit after income tax expense		201,352	96,272
Dividends paid	21	(43,581)	(43,581)
Balance at end of year		203,270	45,499

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2011

Note 1. Basis of preparation of the financial report

(a) Basis of preparation

Cummins 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 Bank**[®] 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 26 September 2011.

(b) Statement of compliance

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

(c) Significant accounting policies

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

Income tax

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

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

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

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

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Investments

Investments are recorded at cost.

Property, plant and equipment

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

Depreciation is calculated over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Plant & equipment (diminishing value method)	8.00% - 66.67%
Motor vehicles (diminishing value method)	25.00%
Buildings (prime cost method)	2.50%

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.

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.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Goods and services tax (continued)

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

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

Employee benefits

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

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

Intangibles

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

Cash

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

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

Revenue

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

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.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

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.

	2011 \$	2010 \$
Note 2. Revenue from continuing operations		
Operating activities		
- services commissions	1,252,012	1,069,100
Non-operating activities:		
- interest received	24,542	15,238
- rebates received	1,425	1,350
- dividends received	3,512	2,449
	1,281,491	1,088,137

Note 3. Expenses

Employee benefits expense

- wages and salaries	323,484	287,452
- superannuation costs	26,945	25,474
- workers' compensation costs	1,778	1,275
- other costs	(27,090)	25,714
	325,117	339,915

Notes to the financial statements continued

	2011 \$	2010 \$
Note 3. Expenses (continued)		
Depreciation of non-current assets:		
- plant and equipment	23,698	12,879
- buildings	3,437	2,530
Amortisation of non-current assets:		
- intangibles	10,781	10,781
	37,916	26,190
Bad debts	1,114	100

Note 4. Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit before income tax at 30%	83,679	45,639
Add / (less) tax effect of:		
- Non-deductible expenses	(6,102)	10,218
- Prior year overprovision for tax	-	-
Income tax expense	77,577	55,857
Tax liabilities		
Current tax payable	33,795	30,563

Note 5. Auditors' remuneration

Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	3,900	3,900
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Note 6. Cash and cash equivalents

Cash at bank and on hand	222,232	259,143
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Notes to the financial statements continued

	2011 \$	2010 \$
Note 7. Receivables		
Accrued income	8,710	7,213
Trade debtors	111,769	112,683
	120,479	119,896

Note 8. Property, plant and equipment

Land

Freehold land at cost	10,000	10,000
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Buildings

At cost	194,125	101,167
Less accumulated depreciation	(26,079)	(22,641)
	168,046	78,526

Plant and equipment

At cost	201,144	145,827
Less accumulated depreciation	(82,640)	(95,111)
	118,504	50,716

Total written down amount	296,550	139,242
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Movements in carrying amounts

Land and buildings

Carrying amount at beginning of year	88,526	91,056
Additions	92,957	-
Disposals	-	-
Depreciation expense	(3,437)	(2,530)
Carrying amount at end of year	178,046	88,526

Plant & equipment

Carrying amount at beginning of year	50,716	59,629
Additions	106,498	3,966
Disposals	(15,012)	-
Depreciation expense	(23,698)	(12,879)
Carrying amount at end of year	118,504	50,716

Notes to the financial statements continued

	2011 \$	2010 \$
Note 9. Intangible assets		
Franchise fee		
At cost	50,000	50,000
Less accumulated amortisation	(5,833)	(45,833)
	44,167	4,167
Preliminary expenses		
At cost	15,627	15,627
Less accumulated amortisation	(8,275)	(7,494)
	7,352	8,133
	51,519	12,300

Note 10. Other assets

Prepayments	7,068	5,546
Investments	38,078	38,078
	45,146	43,624

Note 11. Payables

Trade creditors	46,712	20,674
Business credit card	126	51
Payroll liabilities	12,459	3,536
GST liability/(refund)	(13,618)	(6,389)
Accrued audit fee	2,900	2,900
	48,579	20,772

Note 12. Provisions

Employee benefits	14,473	41,562
Movement in employee benefits		
Opening balance	41,562	15,849
Additional provisions recognised	24,883	25,713
Amount utilised during the year	(51,972)	-
Closing balance	14,473	41,562

Notes to the financial statements continued

	2011	2010
	\$	\$
Note 13. Share capital		
435,809 Ordinary shares fully paid of \$1 each	435,809	435,809

Note 14. Retained earnings

Balance at the beginning of the financial year	45,499	(7,192)
Profit after income tax	201,352	96,272
Dividends paid	(43,581)	(43,581)
Balance at the end of the financial year	203,270	45,499

Note 15. Statement of cash flows

(a) Cash and cash equivalents

Cash assets	222,232	259,143
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(b) Reconciliation of profit after tax to net cash provided from operating activities

Profit after income tax	201,352	96,272
Non cash items		
- Depreciation	27,135	15,409
- Amortisation	10,781	10,781
- Net profit / (loss) from sale of plant & equipment	1,134	-
Changes in assets and liabilities		
- (Increase) decrease in receivables / other assets	(2,105)	(31,597)
- Increase (decrease) in payables	27,807	4,469
- Increase (decrease) in tax liabilities	3,232	22,202
- Increase (decrease) in provisions	(27,089)	25,713
Net cash flows from operating activities	242,247	143,249

Notes to the financial statements continued

Note 16. Directors and related party disclosures

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

Dianne Modra
Leo Haarsma (resigned 8/11/2010)
Darren Kelly
Wendy Holman
Michael Howell (resigned 8/11/2010)
John Wood
Peter Glover
Jarrod Phelps
Darren Smith (resigned 8/11/2010)
Scott Bascombe
Heather Norton (appointed 8/11/2010)
David Guidera (appointed 8/11/2010)
Brigette Hall (appointed 8/11/2010)

For the Secretary role Kate Hancock was paid \$1,200 and Kerry Head was also paid \$1,200 for the year ended June 2011.

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

Directors' shareholdings	2011	2010
Dianne Modra	1,000	1,000
Leo Haarsma (resigned 8/11/2010)	12,001	12,001
Darren Kelly	-	-
Wendy Holman	1,001	1,001
Michael Howell (resigned 8/11/2010)	500	500
John Wood	1,000	1,000
Peter Glover	1,800	1,800
Jarrod Phelps	500	500
Darren Smith (resigned 8/11/2010)	-	-
Scott Bascombe	-	-
Heather Norton (appointed 8/11/2010)	-	-
David Guidera (appointed 8/11/2010)	2,000	2,000
Brigette Hall (appointed 8/11/2010)	500	500

Each share held has a paid up value of \$1 and is fully paid.

Notes to the financial statements continued

Note 17. Subsequent events

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

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

Note 18. Contingent liabilities and assets

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

Note 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 Cummins District, South Australia.

Note 20. Corporate information

Cummins District Financial Services Limited is a Company limited by shares incorporated in Australia. The registered office and principal place of business is:

18 Railway Terrace,
Cummins SA 5631

	2011	2010
	\$	\$

Note 21. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

Fully Franked dividend - 10 cents per share (2010: 10 cents)	43,581
43,581	

(b) Franking credit balance

The amount of franking credits available for the subsequent financial year are:

- Franking account balance as at the end of the financial year	116,319	60,652
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	33,795	30,563
	150,114	91,215

Notes to the financial statements continued

	2011	2010
	\$	\$

Note 22. Earnings per share

Basic earnings per share amounts are calculated by dividing profit 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 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 after income tax expense	201,352	96,272
Weighted average number of ordinary shares for basic and diluted earnings per share	435,809	435,809

Note 23. Financial risk management

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

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

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is assisted in the area of risk management by an internal audit function.

(a) Credit risk

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

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

	Carrying amount	
	2011	2010
	\$	\$
Cash assets	222,232	259,143
Other assets - investments	38,078	38,078
Receivables	120,479	119,896
	380,789	417,117

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(a) Credit risk (continued)

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

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

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

(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.

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

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
30 June 2011					
Payables	48,579	(48,579)	(48,579)	-	-
	48,579	(48,579)	(48,579)	-	-
30 June 2010					
Payables	20,772	(20,772)	(20,772)	-	-
	20,772	(20,772)	(20,772)	-	-

(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.

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis

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

	Carrying amount	
	2011	2010
	\$	\$
Fixed rate instruments		
Financial assets	129,110	105,164
Financial liabilities	-	-
	129,110	105,164
Variable rate instruments		
Financial assets	93,122	153,979
Financial liabilities	-	-
	93,122	153,979

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

(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.

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(e) Capital management (continued)

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.

Directors' declaration

In accordance with a resolution of the Directors of Cummins 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, International Financial Reporting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Peter Glover

Signed in Cummins on 26 September 2011

Independent audit report



**Richmond
Sinnott &
Delahunty**

Chartered Accountants

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF CUMMINS DISTRICT
FINANCIAL SERVICES LIMITED**

SCOPE

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

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

Audit approach

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

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

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

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

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

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

Partners: Kenneth J Richmond • Warren J Sinnott • Philip P Delahunty • Brett A Andrews
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Independent audit report continued

INDEPENDENCE

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

AUDIT OPINION

In our opinion, the financial report of Cummins District Financial Services Limited is in accordance with:

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

Richmond Sinnott & Delahunty
RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 26 September 2011



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(BMPAR11015) (07/11)