Gingin Districts

Community Financial Services Limited

ABN 98 095 382 193

annual report 2011

Gingin **Community Bank®** Branch

Lancelin branch of Bendigo Bank

Contents

Chairman's report

For year ending 30 June 2011

In May Gingin Districts Community Financial Services Ltd. celebrated 10 years since opening our first **Community Bank**® branch in Gingin. In that time we have seen our business base grow from nil to $161 million at 30 June 2011 ($140 million at 30 June 2010). A herculean effort, beyond anyone's dreams, that has been a cumulative effort from a lot of people. Your community owned Company is providing a first class banking service, employment and making the Gingin and surrounding district a more vibrant and better place to live.

The Board of Gingin Districts Community Financial Services Ltd is pleased to report the Company has posted a Net Profit for the 2010/2011 financial year of $175,989 ($200,814 in 2009/2010). The Board has declared an 18c per share fully franked dividend up from 16c fully franked in the corresponding period last year.

The Company continues to support a wide range of community projects and organisations. $41,231 has been invested into 22 organisations in sponsorship last financial year and $77,000 contributed to 2 major grants. $150,000 was invested in the Community Enterprise Foundation ™ bringing the balance to $243,000 for future eligible community projects.

A high light for the Company was the induction into the Bendigo Adelaide Bank's "Hall of Fame" in September 2010, effectively judging Gingin Districts Community Financial Services Ltd. the most successful of 190 **Community Bank**® Companies in Australia, based on community contribution. It was a mighty effort and a credit to shareholders, staff and Directors of our Company.

It was with the greatest admiration and a little sadness the board accepted Colin Roche's advise of his intention to retire as Senior Manager in August 2011. After nearly 11 years at the helm, Colin has without doubt, been one of the greatest contributors to our success. On behalf of the shareholders, staff and Directors I thank Colin sincerely and wish him all the best.

Stephen Fidge has been appointed Colin's successor as the Branch's Senior Manager. The Board congratulates Stephen and looks forward to working together in continuing to grow Gingin Districts Community Financial Services Ltd.

I thank our loyal and passionate staff lead by our executive officer Sharon Rule to whom we are indebted.

In a corporate world of huge remuneration packages and issued options, I remind shareholders your Board are volunteers that take their roles and responsibilities very seriously. To the Directors of Gingin Districts Community Financial Services Ltd. Past and present, the community and shareholders thank you for your contribution and service.

Remember "Bank with your **Community Bank**® and **your** community will benefit"

David Roe

David Roe

Chairman

Manager’s report

For year ending 30 June 2011

Welcome to what is my first and hopefully many more Manager’s reports for Gingin Districts Community Financial Services Limited.

As our Chairman outlined in his report our long time serving Manager Colin Roche has decided time is near for taking life easier and has decided to step back from the Senior Managers role as he transitions to retirement. This doesn’t mean that Colin will be leaving us all together as it is envisaged that he will have a role to play going forward all be it on a reduced basis.

I would like to acknowledge the significant role Colin has played over last 10 years in guiding the business from it’s infancy to now being recognised nationally as one of the most successfully **Community Bank**® franchises in Australia. Of course Colin has not done this on his own and acknowledgement and accolades must also go to all of the staff we have employed over the time, our partners at Bendigo Bank and the astute leadership and guidance that the Board of Directors have provided.

It should be celebrated that over the last 10 years Gingin Districts Community Financial Services between shareholder dividends and community contributions in excess of $1 million has been put back in to the Shire of Gingin Community. Who would have thought that possible when you were asked to be part of the initial capital raising all those years ago.

Who is Stephen Fidge?

A number of shareholders and customers will all ready know me however I have included below a brief outline of who I am and my past experiences.

- I am married with 3 children all of whom have spent part of their education at Gingin Districts High School.
- I am a resident of the Gingin town.
- I have been part of the Gingin **Community Bank**® branch management team for the last 6 years as Branch Manager Gingin and Lancelin.
- I have been in banking and finance for 25 years and have 15 years lending experience, specialising in Agribusiness.
- My family and I have lived and worked in regional WA for the last 15 years and been actively involved with our local communities and sporting clubs over this time.

The future

In these interesting economic times the way forward may seem clouded however good businesses with strong foundations like ours will continue to perform ensuring that our Shareholders and the Community continue to benefit from the faith that you have placed in us. It is not envisaged that major staffing changes will be effected and that the friendly and efficient service our customers have come to enjoy will continue long into the future.

I would like to conclude by thanking the Board of Directors of Gingin Districts Community Financial Services Limited for putting their faith and trust in me to be given the opportunity to manage the successful team of Gingin **Community Bank**® branch and Lancelin branch.

Stephen Fidge

Senior 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

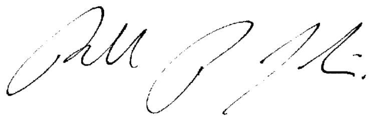
Over the past year the bank has also added more than 700 additional ATMs through a network sharing agreement with Suncorp Bank, which further enhances our customers' convenience and expands our footprint across the country. In addition to this a further 16 **Community Bank®** branches were opened.

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:

David William Roe
Chairperson

Occupation: Primary Producer

Background Information: 28 years in family farming business. Past Chairman Gingin Recreation Group and the Angus Society of Australia (WA Committee). Past Treasurer Gingin Football Club and Gingin Cricket Club. Gingin Shire Councillor since 2005.

Interest in shares and options:1,501 shares (direct)
4,500 shares (indirect)

Ronald Owen Pollard
Non-Executive Director

Occupation: Apiarist

Background Information: Director of "Wescobee Limited". Held office and participated in the football, golf, tennis and bowling clubs. Past President Gingin Districts High School P&C (three years). Twenty-three years on the Executive Beekeepers Section of WA Farmers Federation.

Interest in shares and options: 1,001 shares (direct)
9,400 shares (indirect)

Bruce Courtenay Watson
Non-Executive Director

Occupation: Retired

Background Information: Four years in the Real Estate industry. Forty-five years in agriculture. Held numerous offices in community affairs such as tennis, bowls, rifle shooting and P&C.

Interest in shares and options: 1 share (direct)
3,000 shares (indirect)

Thomas Cesare Cabassi
Non-Executive Director

Occupation:
Real Estate Licensee/Farmer

Background Information:
Lifetime involvement in the beef cattle industry. Chairman Gingin Bowling Club, Lifetime involvement in Community and Sport, P and C President 9 years while children were at school.

Interest in shares and options: 2,801 shares (direct)
1,500 shares (indirect)

Maxwell Norman Fewster
Non-Executive Director

Occupation: Primary Producer

Background Information: Involved in the agricultural industry since 1956 initially in beekeeping and in latest years also running a property breeding beef cattle. A Director of "Wescobee Limited".

Interest in shares and options: 5,001 shares (direct)
1,300 shares (indirect)

Norman Victor Herbert Wallace
Non-Executive Director

Occupation: Retired

Background Information: Thirty-six years of Local Government experience. Thirty-three years as Road Board Secretary and Shire Clerk of the Gingin Districts Shire Council.

Interest in shares and options: 2,001 shares (direct)
Nil shares (indirect)

Directors' report continued

Robert William Kestel
Non-Executive Director

Occupation: Poultry Farmer

Background Information: Associate Diploma Rural Technology, 2008 Nuffield Scholar, Past Nuffield Australia Director, Vice President Gingin Football Club, Past treasurer Gingin Football Club, President Gingin Recreation Group, Vice President and Director Free Range Egg And Poultry Australia Limited, Vice President West Australian Broiler Growers Association, Deputy Director Australian Chicken Growers Council Limited, Gingin Shire Councillor 2001-2005, 2011- .

Interest in shares and options: 701 shares (direct)
300 shares (indirect)

Jody Nicole Bondini
Non-Executive Director
Occupation: Part Owner/Manager Bouncers Sports Centre Joondalup

Background Information: Bachelor of Arts in Education. Business Owner/manager for past 12 years. Held a number of positions within the Lancelin Community including, Secretary and Treasurer for School P & C and Golf Club.

Interest in shares and options: 1,001 shares (direct)
Nil shares (indirect)

Company Secretary
Jody Nicole Bondini

Justin Kimberley Rule
Non-Executive Director

Occupation: Proprietor

Background Information: Qualified school teacher, operating school bus business.

Interest in shares and options: 1,001 shares (direct)
Nil shares (indirect)

Wendy Lynette Harris
Non-Executive Director
Occupation: Business Service Manager

Background Information:Executive Officer for not-for-profit organisation for 3 years. Partner in family farm in Beermullah. Past Secretary of Beermullah Bushfire Brigade. 8 years in Local Government and 8 years in Education Department.

Interest in shares and options: 400 shares (direct)
200 shares (indirect)

Directors' meetings attended

During the financial year, 11 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

Director	Board meetings #	Audit committee meetings #
David Roe	11	10
Ronald Pollard	11	8
Thomas Cabassi	11	11
Maxwell Fewster	11	10
Bruce Watson	11	11
Norman Wallace	11	8
Robert Kestel	11	10
Justin Rule	11	11
Jody Bondini	11	9
Wendy Harris	11	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 $175,989.

Dividends paid or recommended

The Company paid or declared for payment dividends of $70,584 during the year.

Financial position

The net assets of the Company have increased from $688,821 as at 30 June 2010 to $794,226 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

The Board of Directors declared a fully franked dividend of 18 cents per share on 26 August 2011. No other matters of circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the Company, the result 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.

Directors' report continued

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.

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

Taxation and advisory services:	$5,650

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 this 23 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 Gingin 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: 23 September 2011

Financial statements

Statement of comprehensive income
for the year ended 30 June 2011

	Note	2011 $	2010 $
Revenue	2	1,545,869	1,355,495
Employee benefits expense		(580,982)	(545,148)
Depreciation and amortisation expense		(57,852)	(50,863)
Finance costs		-	(6,669)
Other expenses	3	(640,402)	(460,961)
Profit before income tax expense		**266,633**	**291,854**
Income tax expense	4	(90,644)	(91,040)
Profit for the year		**175,989**	**200,814**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year attributable to members		**175,989**	**200,814**

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	303,824	258,470
Trade and other receivables	7	127,285	166,722
Other current assets	8	18,394	15,878
Total current assets		**449,503**	**441,070**
Non-current assets			
Property, plant and equipment	9	354,692	351,525
Intangible assets	10	117,110	14,340
Deferred tax asset	23	16,746	9,496
Total non-current assets		**488,548**	**375,361**
Total assets		**938,051**	**816,431**
Current liabilities			
Trade and other payables	11	32,413	52,489
Short-term financial liabilities	12	-	-
Short-term provisions	13	29,132	20,693
Current tax liability	23	56,344	31,951
Total current liabilities		**117,889**	**105,133**
Non-current liabilities			
Long-term financial liabilities	12	-	-
Long-term provisions	13	25,936	22,477
Total non-current liabilities		**25,936**	**22,477**
Total liabilities		**143,825**	**127,610**
Net assets		**794,226**	**688,821**
Equity			
Issued capital	14	441,150	441,150
Retained earnings		353,076	247,671
Total Equity		**794,226**	**688,821**

The accompanying notes form part of these financial statements.

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

	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2009	**441,150**	**99,795**	**540,945**
Total comprehensive income for the year	-	200,814	200,814
Subtotal	**441,150**	**300,609**	**741,759**
Dividends paid or provided for	-	(52,938)	(52,938)
Balance at 30 June 2010	**441,150**	**247,671**	**688,821**
Balance at 1 July 2010	**441,150**	**247,671**	**688,821**
Total comprehensive income for the year	-	175,989	175,989
Subtotal	**441,150**	**423,660**	**864,810**
Dividends paid or provided for	-	(70,584)	(70,584)
Balance at 30 June 2011	**441,150**	**353,076**	**794,226**

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		1,571,246	1,333,490
Payments to suppliers and employees		(1,264,328)	(997,280)
Interest received		14,060	5,258
Finance costs		-	(6,669)
Income tax paid		(41,550)	(29,805)
Net cash provided by operating activities	**15**	**279,428**	**304,994**
Cash flows from investing activities			
Payment for renewal of franchise fees		(118,315)	-
Proceeds from disposal of assets		12,273	-
Purchase of property, plant and equipment		(57,448)	(22,652)
Net cash used in investing activities		**(163,490)**	**(22,652)**
Cash flows from financing activities			
Repayment of borrowings		-	(190,686)
Dividends paid		(70,584)	(51,596
Net cash used in financing activities		(70,584)	(242,282)
Net increase/(decrease) in cash held		45,354	40,060
Cash and cash equivalents at beginning of financial year		258,470	218,410
Cash and cash equivalents at end of financial year	**6**	**303,824**	**258,470**

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 23 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)

(a) Income tax (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) Property, plant and equipment

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

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the Statement of Comprehensive Income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Comprehensive Income and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the 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	11.25% - 25%

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.

(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.

Note 1. Statement of significant accounting policies (continued)

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.

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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

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.

(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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(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.

(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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

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 $117,110.

(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 inserted 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.
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

	2011 $	2010 $
Franchise margin income	**1,519,171**	**1,338,030**
Interest revenue	16,211	5,283
Other income	10,487	12,182
	1,545,869	**1,355,495**

Note 3. Expenses

	2011 $	2010 $
Advertising and marketing	46,701	14,692
ATM leasing and running costs	9,066	5,719
Bad debts	7,476	270
Community sponsorship and donations	268,231	136,533
Freight and postage	23,259	27,226
Insurance	17,901	19,937
IT leasing and running costs	47,506	49,555
Occupancy running costs	35,392	38,666
Printing and stationery	20,749	15,900
Rental on operating lease	42,324	42,149
Other operating expenses	105,544	95,184
Motor vehicle costs	16,253	15,130
	640,402	**460,961**
Remuneration of the auditors of the Company		
Audit services	7,450	6,800
Other services	5,650	9,725
	13,100	**16,525**

Notes to the financial statements continued

	2011 $	2010 $

Note 4. Income tax expense

a. The components of tax expense comprise:

Current tax	83,395	89,967
Deferred tax (Note 23)	7,249	1,409
Over provision in respect of prior years	-	(336)
	90,644	**91,040**

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%)	79,990	87,556
Add:		
Tax effect of:		
- non-deductible depreciation and amortisation	4,996	3,600
- other non-allowable items	-	239
	84,986	**3,839**
Less:		
Tax effect of:		
- under/(over)provision for income tax in prior years	5,658	(336)
- other allowable items	-	(19)
Income tax attributable to the Company	**90,644**	**91,040**

	2011 $	2010 $

Note 5. Key management personnel compensation

a. Names and positions

Name	Position
David Roe	Chairman
Thomas Cabassi	Non-Executive Director
Ronald Pollard	Non-Executive Director
Maxwell Fewster	Non-Executive Director
Bruce Watson	Non-Executive Director
Norman Wallace	Non-Executive Director
Robert Kestel	Non-Executive Director
Justin Rule	Non-Executive Director
Jody Bondini	Non-Executive Director / Secretary
Wendy Harris	Non-Executive Director

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
Thomas Cabassi	4,301	-	-	4,301
Ronald Pollard	10,401	-	-	10,401
David Roe	6,001	-	-	6,001
Maxwell Fewster	6,301	-	-	6,301
Bruce Watson	3,001	-	-	3,001
Norman Wallace	2,001	-	-	2,001
Robert Kestel	1,001	-	-	1,001
Justin Rule	1,001	-	-	1,001
Jody Bondini	1,001	-	-	1,001
Wendy Harris	600	-	-	600
	35,609	**-**	**-**	**35,609**

	2011 $	2010 $

Note 6. Cash and cash equivalents

	2011 $	2010 $
Cash at bank and on hand	**303,824**	**258,470**
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	**303,824**	**258,470**

Note 7. Trade and other receivables

	2011 $	2010 $
Accrued income	2,552	401
Trade debtors	124,733	166,321
	127,285	**166,722**

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

	2011 $	2010 $
Current		
Prepayments	**18,394**	**15,878**

	2011 $	2010 $

Note 9. Property, plant and equipment

	2011 $	2010 $
Land and Buildings	**267,504**	**267,504**
Plant and Equipment		
Cost	325,234	299,478
Accumulated depreciation	(276,452)	(244,503)
	48,782	54,975
Motor Vehicle		
Cost	68,585	74,292
Accumulated depreciation	(30,179)	(45,246)
	38,406	29,046
Total property, plant and equipment	**354,692**	**351,525**

Valuation of land and buildings

The Directors have considered the valuation of the Company's land and buildings at reporting date with reference to a property appraisal received from a licensed real estate agent. Based on all information available to the Directors at the time of this report, there was no movement in fair values during the year.

Reconciliation of the carrying value for each class of property, plant and equipment are set out below:

	2011 $	2010 $
Plant and equipment		
Balance at the beginning of the year	54,975	61,503
Additions	25,756	22,652
Depreciation expense	(31,949)	(29,180)
Carrying amount at the end of the year	**48,782**	**54,975**
Property, plant and equipment		
Motor Vehicle		
Balance at the beginning of the year	29,046	38,729
Additions	31,692	-
Disposals	(12,273)	-
Loss on disposal	(1,307)	-
Depreciation expense	(8,752)	(9,683)
Carrying amount at the end of the year	**38,406**	**29,046**
Land and Buildings		
Balance at beginning of the year	267,504	293,184
Additions - -		
Adjustment to remove GST component	-	(25,680)
Carrying amount at the end of the year	**267,504**	**267,504**

	2011 $	2010 $

Note 10. Intangible assets

Gingin		
Franchise fee		
Cost	50,000	50,000
Accumulated amortisation	(1,096)	(37,370)
	48,904	**12,630**
Lancelin		
Franchise fee		
Cost	69,423	10,000
Accumulated amortisation	(1,217)	(8,290)
	68,206	**1,710**
Total intangible assets	**117,110**	**14,340**

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	25,544	41,477
GST payable	5,679	9,670
Dividend payable	1,190	1,342
	32,413	**52,489**

Note 12. Financial liabilities

Current		
Mortgage loan	-	-
Non current		
Mortgage loan	-	-

Notes to the financial statements continued

	2011 $	2010 $

Note 13. Provisions

Current		
Provision for employee entitlements	**29,132**	**20,693**
Non current		
Provision for employee entitlements	**25,936**	**22,477**
Number of employees at year end	**9**	**8**

Note 14. Equity

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

Note 15. Cash flow information

a. Reconciliation of cash flow from operations with profit after tax		
Profit after tax	175,989	200,814
Net loss on disposal of asset	(1,307)	-
Depreciation and amortisation	57,852	50,863
Movement in assets and liabilities		
Receivables	41,588	(16,722)
Tax refunds	-	27,875
Other assets	(1,509)	1,954
Accrued income	(2,151)	(25)
Payables	(20,076)	3,324
Deferred tax asset	(7,250)	1,409
Provisions	11,899	3,551
Current tax liability	24,393	31,951
Net cash provided by operating activities	**279,428**	**304,994**

b. Credit Standby Arrangement and Loan Facilities

The Company does not operate a bank overdraft facility or have any loan facilities at present.

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.

	2011 $	2010 $

Note 17. Leasing commitments

Non cancellable operating lease commitment
contracted for but not capitalised in the financial statements

	2011 $	2010 $
Payable – Gingin Branch		
Not longer than 1 year	22,608	22,608
Longer than 1 year but not longer than 5 years	90,433	45,217
	113,041	**67,825**
Payable – Lancelin Branch		
Not longer than 1 year	21,510	11,520
Longer than 1 year but not longer than 5 years	79,853	-
	101,363	**11,520**

Note 18. Dividends

Distributions paid

	2011 $	2010 $
2011 final dividend (fully franked) of 16 cents per share paid (2010:12 cents (fully franked)	**70,584**	**52,938**
a. Balance of franking account at beginning of year adjusted for franking credits arising from:	217,297	210,180
- payment of provision for income tax	41,550	29,805
- dividends recognised as receivables and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years	(30,250)	(22,688)
Balance at end of year	**228,597**	**217,297**

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.

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.

Note 19. Financial risk management (continued)

b. Financial risk exposures and management (continued)

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.

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	1.0%	50,503	-	-	189	50,692
Short term deposits	5.7%	-	253,132	-	-	253,132
Trade and other receivables		-	-	-	127,285	127,285
Total Financial Assets		**50,503**	**253,132**	**-**	**127,474**	**431,109**
Financial Liability						
Trade and other payables		**-**	**-**	**-**	**32,413**	**32,413**

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	1.55%	138,282	-	-	188	138,470
Short term deposits	5.3%	-	120,000	-	-	120,000
Trade and other receivables		-	-	-	166,722	166,722
Total Financial Assets		**138,282**	**120,000**	**-**	**166,910**	**425,192**
Financial Liability						
Trade and other payables		-	-	-	52,489	52,489
Total Financial Liabilities		**-**	**-**	**-**	**52,489**	**52,489**

	2011 $	2010 $

Note 19. Financial risk management (continued)

c. Financial Instrument Composition and Maturity analysis (continued)

Trade and sundry payables are expected to be paid as followed:

	2011 $	2010 $
Less than 6 months	**32,413**	**52,489**

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	50,692	(1,014)	(1,014)	1,014	1,014

2010		**-2 %**		**+ 2%**	
	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Financial assets					
Cash and cash equivalents	138,470	(2,769)	(2,769)	2,769	2,769

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.

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 reporting date

The Board of Directors declared a fully franked dividend of 18 cents per share on 26 August 2011. No other matters of circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in future 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 (credit) / liability	**56,344**	**31,951**
b. Assets		
Deferred tax assets comprise:		
Provisions	16,520	12,950
Other	226	(3,454)
	16,746	**9,496**

Notes to the financial statements continued

	2011 $	2010 $

Note 23. Tax (continued)

c. Reconciliations

i. Gross movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	9,496	10,905
(Charge)/credit to Statement of Comprehensive Income	7,250	1,409
Closing balance	**16,746**	**9,496**
ii. Deferred tax assets		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
Provisions		
Opening balance	12,950	11,885
Credit to the Statement of Comprehensive Income	3,570	1,065
Closing balance	**16,520**	**12,950**
iii. Other		
Opening balance	(3,454)	(980)
(Charge)/credit to the State ment of Comprehensive Income	3,680	(2,474)
Closing balance	**226**	**(3,454)**
	16,746	**9,496**

Note 24. Economic dependency – Bendigo and Adelaide Bank Limited

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

The branches operates 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, o 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.

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:
3 Constable Street
Gingin WA 6503

The other principal place of business of the Company is:
442 Lancelin Plaza
Lancelin WA 6044

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 Standard; 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 also 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 this 23RD day of SEPTEMBER 2011

Independent audit report

RSM Bird Cameron Partners
Chartered Accountants

RSM Bird Cameron Partners
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
GINGIN DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Gingin 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.

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 Gingin 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 Gingin 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: 23 September 2011

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Bendigo Bank