Great Southern Community Financial Services Limited

ABN 75 089 136 121

2011 ANNUAL REPORT

Tambellup Cranbrook Community Bank® Branch

Great Southern Community Financial Services Limited
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Bendigo and Adelaide Bank Limited
The Bendigo Centre, Bendigo, VIC 3550
ABN 11 068 049 178. AFSL 237 879

GREAT SOUTHERN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 75 089 136 121

Financial report for the year ended 30 June 2011

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Director

Dated this 8th *day of* SEPTEMBER *2011*

2011 Chairman's Report

To the Shareholders of Great Southern Community Financial Services Limited

After another challenging year it is my pleasure to report to you that the Tambellup Cranbrook **Community Bank®** Branches of Bendigo Bank have once again returned a solid profit to not only you our Shareholders, but to all of the communities in which we operate.

With the after effects of the Global Financial Crisis still lingering around the globe it should bring us all a great deal of confidence that the Australian banking system has weathered the storm extremely well.

In saying that, we too have seen off its effects as is shown by this year's strong financial result, in fact a 101% increase in total comprehensive income for the year ending June 30 2011.

By staying financially strong we have enabled our communities to stay strong, achieved by sponsoring some key events and infrastructure throughout the year, one being the joint sponsorship of the Great Southern Regional Netball Carnival with our regional partners in Mt Barker and Albany. These carnivals were attended by some 400 junior school and 470 senior school participants along with their families and spectators, all made possible by our **Community Bank®** branches' support.

We continued our joint sponsorship of the Southern Art & Craft Trail which was a huge success last year and also the Great Southern Regional Men's and Women's Golf Championships which were again great successes.

The Board also authorized the $20,000 payment for the Frankland River Caravan Park Redevelopment which we look forward to seeing completed in 2012 with the park being a focal point for tourism in the Cranbrook Shire.

We have also assisted the Anglican Church in Cranbrook to purchase five new ergonomic chairs for parishioners who have difficulty using the pews in the church due to disabilities. Also, the Board has continued our relationships with the Tambellup Agricultural Society, the Shires of Broomehill-Tambellup and Cranbrook as well as the Frankland, Tambellup and Cranbrook Primary Schools and their respective Parents & Citizens Associations.

As you can see our input into the community is wide and varied and we look forward to being a part of all our communities in the exciting years to come.

I must thank our dedicated staff Johanna, Amy and Zoey for again making us the success that we are and being the friendly face of our **Community Bank®** branches With that I welcome Clint Masters who has taken over as Branch Manager and is now settled in to his role within the community.

On behalf of the board I am pleased to inform you that we are currently investigating a possible expansion of our services with an Agency in Katanning and also the installation of ATM's in our area. We hope these will help service our local account holders in their day to day needs.

I will also take great pleasure in announcing at our AGM that Great Southern Community Financial Services Limited will be paying a fully-franked dividend to our Shareholders – our 6th dividend and another fantastic result for **Community Bank®** branches of our size.

At a Board level I would like to thank all my fellow Directors who have made the job of Chairman such a pleasure in the last 12 months and I would like to pay special recognition to Connie Witham who is retiring this year as our Company Treasurer and Jenny Cristinelli as our continuing Administrative Assistant for their hard work throughout the year which is integral to the success of our business.

The Board is an organic creature and we are always on the look out for contributions from all of our community members. So, if you are interested in joining the Board or have any questions about the way we do these important community strengthening projects, please contact our friendly staff, myself or any Board member.

We will continue our focus on Youth Leadership in the coming years as it is our youth who will determine the future of both our branches and our community's strength and success. In real terms we will be looking to have a junior observer on the Board which will help teach our younger generation what it means to be a community representative. We also intend to continue to offer support to other community organisations with training for their up and coming leaders.

At this stage I wish to thank most importantly our partners in Bendigo and Adelaide Bank, without whom we would not be able to support your communities' wants and needs. A special thanks to Keith McLuckie our ever present Regional Manager and David Boromeo our State Manager and to their respective teams who make the ongoing success of the Tambellup Cranbrook **Community Bank®** branches assured.

I look forward to working with my fellow Directors in the coming year for the continued benefit of not only our **Community Bank®** branches and its shareholders but all of our communities as a whole. Your bank is strong and successful and I look to the coming years with great anticipation.

Andrew Murray
Chairman

GREAT SOUTHERN COMMUNITY FINANCIAL SERVICES LIMITED
2011 MANAGER'S REPORT

It has been a busy year full of comings and goings. Previous Branch Manager Geoff Beckley transferred to Mission Beach, Queensland in August 2010 and I began the position of Branch Manager at the end of November. Zoey Askevold commenced in March 2011, replacing Vicky Taylor who left in February.

Congratulations to Johanna Kinnane, Customer Relationship Manager for becoming the longest serving staff member. She has overtaken Keith McLuckie, our Regional Manager, who served as the original Branch Manager from the opening of the doors in 1999 through to 2005. Johanna's knowledge and experience has ensured that required tasks continued to be completed in the absence of a Branch Manager, and both branches have passed all compliance audits.

Amy Chadbourne, part-timer at Cranbrook, has regularly stepped up to assist with relief requirements when needed. Both have ensured the branches continued to operate smoothly through these periods of staff changes as well as helping with training requirements.

We have a combined book value of $51 million that saw slight growth over the year but there is the potential within our communities for this to grow substantially. Many of our customers hold just one account with us and we would love to gain more of your banking business as well as that of new customers. Having a philosophy to put profits back into the community, the more you support us the more we can support you.

The new Bendigo Bank television commercials are perfectly timed for us to retell the **Community Bank®** story. We must remember that being only the third company to open a **Community Bank®** in Western Australia, it is understandable that residents might have been nervous about embracing the. There are now forty **Community Bank®** branches in WA with more opening as many other communities are seeing the benefits of profits going back into community projects.

School banking in Cranbrook & Tambellup continues to do well with good support from both schools.

The year ahead offers many opportunities to grow our business and I look forward to helping our customers achieve their goals.

Finally I wish to thank the staff & Board for their efforts throughout the year and most importantly I thank our customers for supporting our Community Bank® Branches.

Remember, banking with us is good for U and your community.

Clint Masters
Branch Manager

BENDIGO AND ADELAIDE BANK

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, Generation Green, 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 Bank's 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 (BEN) 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.

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

GREAT SOUTHERN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 75 089 136 121

Financial report for the year ended 30 June 2011

DIRECTORS' REPORT

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:

Andrew James Murray

Position:	Chairperson
Occupation:	Manager / Viticulture and Farmer
Background Information:	Manager of Powderbark Ridge Vineyard, Frankland River
Directorships held in other entities:	None
Interest in shares and options:	2,000 shares (direct)
	300 shares (indirect)

Adrian Robert Bridge

Position:	Non-Executive Director
Occupation:	Farmer / Meat Inspector
Background Information:	Experience in shearing and meat inspection. A Senior Compliance Officer in primary industries (AQIS)
Directorships held in other entities:	None
Interest in shares and options:	500 shares (direct)
	16,000 shares (indirect)

Janice Christine Pope

Position:	Non-Executive Director/Secretary
Occupation:	Farmer / Business Proprietor
Background Information:	Partner in the family farming business, Former Manager of an independent publishing company, a Shire Councillor and partner in Stirling Bulk Distributors.
Directorships held in other entities:	None
Interest in shares and options:	1,000 shares (direct)
	3,600 shares (indirect)

Trevor Walter Prout

Position:	Non-Executive Director
Occupation:	Auto Mechanic / Business Owner
Background Information:	Partner in a mechanical business in Tambellup. Former Councillor on the Shire of Tambellup and long time resident of the district.
Directorships held in other entities:	None
Interest in shares and options:	500 shares (indirect)

GREAT SOUTHERN COMMUNITY FINANCIAL SERVICES LIMITED

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Financial report for the year ended 30 June 2011

DIRECTORS' REPORT

Barbara Joy Groves

Position:	Non-Executive Director
Occupation:	Administrator
Background Information:	Barbara lives at Tambellup and has been a partner in a farming business. Barbara is also Secretary of a number of community organisations in Tambellup, is held in very high regard and brings many years of experience as a volunteer and committed community member to the Board. In her role as Secretary and Treasurer of some organisations, she also has a good understanding of the Company finances and works well with the community for the benefit of the Board and the community.
Directorships held in other entities:	None
Interest in shares and options:	1,200 shares (direct)

Sandra Jane Hallett (resigned on 30 June 2011)

Position:	Non-Executive Director
Occupation:	Business Manager
Background Information:	Sandra is Business & Marketing Manager of Alkoomi Wines, Frankland River, her family-owned viticulture and winery business.
Directorships held in other entities:	None
Interest in shares and options:	1,000 shares (indirect)

Cassandra Michelle Stipanicev

Position:	Non-Executive Director
Occupation:	Manager of Business Development, Shire of Cranbrook
Background Information:	Cassandra has a background in business management and in her current role, is responsible for the economic development 'portfolio' with the Shire of Cranbrook. She is a member of Economic Development Australia.
Directorships held in other entities:	None
Interest in shares and options:	Nil shares

Anne-Marie Lockyer

Position:	Non-Executive Director
Occupation:	Farmer
Background Information:	Anne-Marie's experience is in the administration, human resource and financial side of small business prior to returning to the country and working as an active partner in the family farming partnership. She has fulfilled various roles in voluntary organisations throughout the community from agri-business development through historical & heritage, service organisations and sporting clubs.
Directorships held in other entities:	None
Interest in shares and options:	1,000 shares (direct) 2,000 shares (indirect)

GREAT SOUTHERN COMMUNITY FINANCIAL SERVICES LIMITED

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Financial report for the year ended 30 June 2011

Company Secretary

Janice Christine Pope

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:

Names of Directors	Directors' Meetings	
	Number eligible to attend	Number Attended
Andrew Murray	11	9
Trevor Prout	11	9
Adrian Bridge	11	11
Janice Pope	11	10
Barbara Groves	11	11
Anne-Marie Lockyer	11	10
Cassandra Stipanicev	11	9
Sandra Hallett (resigned on 30 June 2011)	11	4

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 $44,649.

Dividends paid or recommended

The Company paid or declared for payment dividends of $14,638 during the year.

Financial position

The net assets of the Company have increased from $188,261 as at 30 June 2010 to $218,272 as at 30 June 2011.

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

Significant changes in state of affairs

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

After balance date events

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

Future developments

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

Options

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

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

Indemnifying officers or auditor

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

Environmental issues

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

Proceedings on behalf of Company

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

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

Corporate governance

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

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

b) Ongoing Director training; and

c) Monthly Director meetings to discuss performance and strategic plans

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

Non-audit services

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

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

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

Taxation services:	$5,710

GREAT SOUTHERN COMMUNITY FINANCIAL SERVICES LIMITED

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Financial report for the year ended 30 June 2011

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 8th day of 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 Great Southern 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: 8 September 2011

Liability limited by a scheme approved under Professional Standards Legislation

Major Offices in: Perth, Sydney, Melbourne, Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms. RSM International is the name given to a network of independent accounting and consulting firms each of which practises in its own right. RSM International does not exist in any jurisdiction as a separate legal entity.

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GREAT SOUTHERN COMMUNITY FINANCIAL SERVICES LIMITED

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Financial report for the year ended 30 June 2011

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
Revenue	2	511,760	502,389
Employee benefits expense		(208,018)	(209,749)
Depreciation and amortisation expense		(16,639)	(16,589)
Finance costs		(4,506)	(5,968)
Other expenses	3	(218,697)	(238,545)
Profit before income tax		63,900	31,538
Income tax expense	4	(19,251)	(9,415)
Profit for the year		**44,649**	**22,123**
Other comprehensive income		-	-
Total comprehensive income for the year attributable to members		**44,649**	**22,123**

The accompanying notes form part of these financial statements

GREAT SOUTHERN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 75 089 136 121

Financial report for the year ended 30 June 2011

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011 $	2010 $
CURRENT ASSETS			
Cash and cash equivalents	6	203,901	148,657
Trade and other receivables	7	32,291	36,605
Other current assets	8	7,087	21,184
TOTAL CURRENT ASSETS		243,279	206,446
NON-CURRENT ASSETS			
Plant and equipment	9	64,048	78,686
Intangible assets	10	6,833	8,833
Deferred tax asset	23	3,954	4,468
TOTAL NON-CURRENT ASSETS		74,835	91,987
TOTAL ASSETS		**318,114**	**298,433**
CURRENT LIABILITIES			
Trade and other payables	11	26,351	30,401
Short-term financial liabilities	12	15,380	20,431
Short-term provisions	13	11,361	12,765
Current tax liability	23	12,975	2,125
TOTAL CURRENT LIABILITIES		66,067	65,722
NON-CURRENT LIABILITIES			
Long-term financial liabilities	12	33,775	44,450
TOTAL NON-CURRENT LIABILITIES		33,775	44,450
TOTAL LIABILITIES		**99,842**	**110,172**
NET ASSETS		**218,272**	**188,261**
EQUITY			
Issued capital	14	292,750	292,750
Retained earnings/(Accumulated losses)		(74,478)	(104,489)
TOTAL EQUITY		**218,272**	**188,261**

The accompanying notes form part of these financial statements

GREAT SOUTHERN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 75 089 136 121

Financial report for the year ended 30 June 2011

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Share Capital (Ordinary shares)	Retained earnings/ (Accumulated losses)	Total
	$	$	$
Balance at 1 July 2009	292,750	(111,975)	180,775
Total comprehensive income for the year	-	22,123	22,123
Subtotal	292,750	(89,852)	202,898
Dividends paid or provided for	-	(14,637)	(14,637)
Balance at 30 June 2010	**292,750**	**(104,489)**	**188,261**
Balance at 1 July 2010	292,750	(104,489)	188,261
Total comprehensive income for the year	-	44,649	44,649
Subtotal	292,750	(59.840)	232,390
Dividends paid or provided for	-	(14,638)	(14,638)
Balance at 30 June 2011	**292,750**	**(74,478)**	**218,272**

The accompanying notes form part of these financial statements

GREAT SOUTHERN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 75 089 136 121

Financial report for the year ended 30 June 2011

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		508,610	493,407
Payments to suppliers and employees		(418,116)	(440,184)
Interest received		5,512	5,148
Finance costs		(4,506)	(5,968)
Income tax received (paid)		(5,892)	(16,316)
Net cash provided by operating activities	15	85,608	36,087
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		-	-
Proceeds from sale of plant and equipment		-	1,540
Purchase of franchise fee		-	(10,000)
Net cash used in investing activities		-	(8,460)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(15,726)	(16,667)
Proceeds from borrowings		-	960
Dividends paid		(14,638)	(14,637)
Net cash used in financing activities		(30,364)	(30,344)
Net increase/(decrease) in cash held		55,244	(2,717)
Cash and cash equivalents at beginning of financial year		148,657	151,374
Cash and cash equivalents at end of financial year	**6**	**203,901**	**148,657**

The accompanying notes form part of these financial statements

GREAT SOUTHERN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 75 089 136 121

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

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 were authorised for issue on the 8th 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.

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

1 Statement of significant accounting policies (cont'd)

future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Plant and equipment

Plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

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

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

Depreciation

The depreciable amount of all fixed assets 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	20%
Buildings	5%
Motor vehicles	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.

1 Statement of significant accounting policies (cont'd)

(c) Leases

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

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

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

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

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

(d) Financial instruments

Recognition and Initial Measurement

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

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

Derecognition

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

Classification and Subsequent Measurement

i. Financial assets at fair value through profit or loss

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

1 Statement of significant accounting policies (cont'd)

ii. Loans and receivables

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

iii. Held-to-maturity investments

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

iv. Available-for-sale financial assets

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

v. Financial Liabilities

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

Derivative instruments

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

The Company does not hold any derivative instruments.

Fair value

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

Impairment

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

Financial Guarantees

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

The Company has not issued any financial guarantees.

1 Statement of significant accounting policies (cont'd)

(e) Impairment of assets

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

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

(f) Intangibles

Franchise fee

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

(g) Employee benefits

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

(h) Provisions

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

(i) Cash and cash equivalents

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

(j) Revenue and other income

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

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

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

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

(k) Borrowing costs

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

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

1 Statement of significant accounting policies (cont'd)

(l) Goods and services tax (GST)

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

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

(m) Comparative figures

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

(n) Critical accounting estimates and judgments

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

Key estimates — Impairment

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

No impairment has been recognised in respect of intangibles for the year ended 30 June 2011. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2011 amounting to $6,833.

(o) **New Accounting Standards for Application in Future Periods**

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

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 9	*Financial Instruments*	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013	No expected impact on the entity.
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.

		2011 $	2010 $
2.	**Revenue**		
	Franchise margin income	500,606	492,258
	Interest revenue	7,464	5,596
	Other revenue	3,690	4,535
		511,760	**502,389**
3.	**Expenses**		
	Advertising and marketing	11,487	8,166
	Bad debts	41	25
	Community sponsorship and donations	28,694	52,812
	Freight and postage	14,536	14,329
	Insurance	12,900	11,638
	IT leasing and running costs	39,578	43,232
	Motor Vehicle expenses	8,433	7,403
	Occupancy running costs	8,030	8,896
	Printing and stationery	11,483	14,188
	Rental on operating lease	6,884	6,583
	Repairs and maintenance	2,880	632
	Security	9,450	15,056
	Other operating expenses	64,301	55,585
		218,697	**238,545**
	Remuneration of the auditors of the Company		
	Audit services	7,450	6,800
	Other services	5,710	5,250
		13,160	**12,050**

	2011 $	2010 $
4. Income tax expense		
a. The components of tax expense comprise:		
Current tax	19,765	12,805
Deferred tax	(514)	(1,838)
Over provision in respect of prior years	-	(1,552)
	19,251	**9,415**
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%)	19,170	9,462
Add:		
Tax effect of:		
— non-deductible depreciation and amortisation	600	350
— other non-allowable items	-	1,170
Less:		
Tax effect of:		
— under / (over) provision for income tax in prior years	-	(1,552)
— recoupment of deferred tax assets from prior year not recognised	(519)	-
— other allowable items	-	(15)
Income tax attributable to the Company	**19,251**	**9,415**

5. Key management personnel compensation

a. Names and positions

Name	*Position*
Andrew James Murray	Chairman
Janice Christine Pope	Non-Executive Director/Secretary
Adrian Robert Bridge	Non-Executive Director
Trevor Prout	Non-Executive Director
Barbara Joy Groves	Non-Executive Director
Sandra Jane Hallett	Non-Executive Director (resigned on 30 June 2011)
Cassandra Michelle Stipanicev	Non-Executive Director
Anne-Marie Lockyer	Non-Executive Director
Connie Ann Witham	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

2011

	Ordinary Shares			
Directors	*Balance at beginning of period*	*Purchased during the period*	*Other changes*	*Balance at end of period*
Adrian Bridge	16,500	-	-	16,500
Andrew Murray	2,300	-	-	2,300
Janice Pope	4,600	-	-	4,600
Connie Witham	1,000	-	-	1,000
Barbara Groves	1,200	-	-	1,200
Trevor Prout	500	-	-	500
Anne-Marie Lockyer	3,000	-	-	3,000
Sandra Hallett – resigned on 30 June 2011	1,000	-	(1,000)*	-
Cassandra Stipanicev	-	-	-	-
	30,100	**-**	**(1,000)**	**29,100**

* These are the number of shares held by the director at the date of resignation.

		2011 $	2010 $
6.	**Cash and cash equivalents**		
	Cash at bank and in hand	**203,901**	**148,657**
	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	**203,901**	**148,657**

7.	**Trade and other receivables**		
	Trade debtors	**32,291**	**36,605**

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.

		2011 $	2010 $
8.	**Other assets**		
	Current		
	Accrued income	1,952	1,562
	Prepayments	5,135	4,777
	Income tax credit	-	14,845
		7,087	**21,184**
9.	**Plant and equipment**		
	Building		
	Cost	80,106	80,106
	Accumulated depreciation	(25,772)	(21,767)
		54,334	**58,339**
	Plant and equipment		
	Cost	32,262	32,262
	Accumulated depreciation	(22,548)	(17,310)
		9,714	**14,952**
	Motor vehicle		
	Cost	23,636	23,636
	Accumulated depreciation	(23,636)	(18,241)
		-	**5,395**

	2011 $	2010 $
9. Plant and equipment (cont.)		
Reconciliation of the carrying value for each class of plant and equipment are set out below:		
Building		
Balance at the beginning of the year	58,339	63,885
Disposals	-	(1,540)
Depreciation expense	(4,005)	(4,006)
Carrying amount at the end of the year	**54,334**	**58,339**
Plant and equipment		
Balance at the beginning of the year	14,952	20,459
Depreciation expense	(5,238)	(5,507)
Carrying amount at the end of the year	**9,714**	**14,952**
Motor vehicle		
Balance at the beginning of the year	5,395	11,304
Depreciation expense	(5,395)	(5,909)
Carrying amount at the end of the year	-	**5,395**
Total carrying amount at the end of the year	**64,048**	**78,686**

10. Intangible assets

Franchise fee		
Cost	10,000	10,000
Accumulated amortisation	(3,167)	(1,167)
	6,833	**8,833**

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.

		2011 $	2010 $
11.	**Trade and other payables**		
	Trade creditors and accruals	18,486	23,456
	GST payable	7,102	6,384
	Unclaimed dividends	763	561
		26,351	**30,401**
12.	**Financial liabilities**		
	Current		
	Credit card	1,412	628
	Chattel mortgage	-	5,739
	Mortgage loan	13,968	14,064
		15,380	**20,431**
	Non current		
	Chattel mortgage	-	1,366
	Mortgage loan	33,775	43,084
		33,775	**44,450**

Security:

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

13.	**Provisions**		
	Current		
	Provision for employee entitlements	**11,361**	**12,765**
	Number of employees at year end	**4**	**4**

		2011 $	2010 $
14.	**Equity**		
	292,750 fully paid ordinary shares (2010: 292,750 fully paid ordinary shares)	**292,750**	**292,750**
15.	**Cash flow information**		
	a. Reconciliation of cash flow from operations with profit after tax		
	Profit after tax	44,649	22,123
	Depreciation and amortisation	16,639	16,589
	Movement in assets and liabilities		
	Receivables	4,314	(3,386)
	Other assets	14,096	(8,384)
	Payables	(4,050)	4,856
	Deferred tax asset	514	(1,838)
	Provisions	(1,404)	4,002
	Current tax liability	10,850	2,125
	Net cash provided by/(used in) operating activities	**85,608**	**36,087**

b. Credit Standby Arrangement and Loan Facilities

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

16. Related party transactions

Connie Witham trading under the name of Witham Agronomy & Accounting received $5,720 for Treasury services. The services were provided on a commercial basis.

No other parties have entered into a transaction with the Company during the financial years ended 30 June 2011 and 30 June 2010.

		2011 $	2010 $
17.	**Leasing commitments**		
	Non cancellable operating lease commitment contracted for but not capitalised in the financial statements		
	Payable		
	Not longer than 1 year	4,617	6,156
	Longer than 1 year but not longer than 5 years	-	4,617
		4,617	**10,773**
18.	**Dividends**		
	Distributions paid		
	Interim fully franked ordinary dividend of 6 October 2010 at 5.0 (2010:5.0) cents per share franked at the tax rate of 30% (2010: 30%)	**14,637**	**14,637**
	a. Proposed final 2011 fully franked ordinary dividend of Nil (2010:0) cents per share unfranked	-	-
	b. Balance of franking account at year end adjusted for franking credits arising from:		
	- Opening balance	57,495	35,553
	- payment of provision for income tax	5,892	28,215
	- dividends recognised as receivables and franking debits arising from payment of dividends, and franking credits that may be prevented from distribution in subsequent financial years	(6,273)	(6,273)
		57,114	**57,495**

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.

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	5.63%	203,901	-	-	-	203,901
Loans and receivables		-	-	-	32,291	32,291
Total Financial Assets		**203,901**	**-**	**-**	**32,291**	**236,192**
Financial Liability						
Bank loan secured	8.49%	-	15,380	33,775	-	49,155
Trade and other payables		-	-	-	26,351	26,351
Total Financial Liabilities		**-**	**15,380**	**33,775**	**26,351**	**75,506**

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	5.30%	148,657	-	-	-	148,657
Loans and receivables		-	-	-	36,605	36,605
Total Financial Assets		**148,657**	**-**	**-**	**36,605**	**185,262**
Financial Liability						
Bank loan secured	8.94%	-	20,431	44,450	-	64,881
Trade and other payables		-	-	-	30,401	30,401
Total Financial Liabilities		**-**	**20,431**	**44,450**	**30,401**	**95,282**

		2011 $	2010 $
19.	**Financial risk management (cont'd)**		
	Trade and sundry payables are expected to be paid as followed:		
	Less than 6 months	26,351	30,401

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	203,901	(4,078)	(4,078)	4,078	4,078

2010

		-2 %		+ 2%	
	Carrying Amount $	Profit $	Equity $	Profit $	Equity $
Financial Assets					
Cash and cash equivalents	148,657	(2,973)	(2,973)	2,973	2,973

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.

21. Events after the reporting date

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

22. Contingent liabilities and contingent assets

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

		2011 $	2010 $
23.	**Tax**		
	a. Liability		
	Current		
	Income tax	**12,975**	**2,125**
	b. Assets		
	Deferred tax assets comprise:		
	Provisions	3,408	3,831
	Other	546	637
		3,954	**4,468**
	c. Reconciliations		
	i. Gross Movements		
	The overall movement in the deferred tax account is as follows:		
	Opening balance	4,468	2,630
	(Charge) / Credit to statement of comprehensive income	(514)	1,838
	Closing balance	**3,954**	**4,468**
	ii. Deferred Tax Assets		
	The movement in deferred tax assets for each temporary difference during the year is as follows:		
	Provisions		
	Opening balance	3,830	2,630
	(Charge) / Credit to statement of comprehensive income	(422)	1,200
	Closing balance	**3,408**	**3,830**
	iii. Other		
	Opening balance	638	-
	(Charge) / Credit to statement of comprehensive income	(92)	638
	Closing balance	**546**	**638**
		3,954	**4,468**

24. Economic dependency – Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branches at Tambellup and Cranbrook, 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.

25. Company details

The registered office of the Company is:

36 Norrish Street

Tambellup WA 6320

The principal places of business of the Company are:

36 Norrish Street

Tambellup WA 6320

25 Gathorne Street

Cranbrook WA 6321

GREAT SOUTHERN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 75 089 136 121

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the *Corporations Act 2001* and:
   a. comply with Australian Accounting Standards; and
   b. give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Company;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
   a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   b. the financial statements and notes for the financial year comply with the 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 8th day of SEPTEMBER 2011

RSM Bird Cameron Partners
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREAT SOUTHERN COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Great Southern 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.

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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 Great Southern 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 Great Southern 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: 8 September 2011