

North Central
Financial Services Limited

ABN 22 094 331 665

annual report 2011



Charlton & District **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2011

What a difficult year to summarise and reflect on. A long awaited wet season complete with floods in September, December and a monster flood in January turned what was a potentially fantastic farming season in to just another average one for many.

For the huge number of people who had their homes and or businesses flooded it was an unmitigated disaster, many businesses being also flooded in September. To each and every one of you we convey our best wishes and hope you are able to rebuild and again see Charlton as a 'friendly river town'.

Charlton & District **Community Bank**[®] Branch was also flooded but thanks to some great work from a couple of Directors and staff, we were able to open for business 5 days later. This was very important for the community at the time being the only banking service available. The damage sustained by Charlton & District **Community Bank**[®] Branch was not covered by our insurer but was picked up by Bendigo and Adelaide Bank Ltd – what a fantastic gesture by our business partner. A special note of thanks to our Regional Manager, John Sirolli who was instrumental in getting our **Community Bank**[®] branch reopened.

At June 30 2011, our total business was a little over \$73 million, a growth of almost \$10 million for the year. This was a very pleasing growth in overall business and ultimately due to the fantastic support we receive from our customers and staff.

Dividend

The Board has approved the payment of 7 cents per share dividend to shareholders listed as at 30 September 2011 plus 2.5 cents per share has been added as a gesture of support to our many shareholders impacted by the floods. Total dividend is 9.5 cents per share.

Sponsorship

This year we have again sponsored a variety of groups and organisations within our district. Approximately \$38,000 has been distributed and invariably as this amount increases so does the impact on these groups thus reinforcing the benefits of our **Community Bank**[®] branch.

Community support

Our 2011 Grants Program allocated \$125,730 to the following organisations:

- | | |
|---|----------|
| • Charlton Cemetery Trust – development of amenities | \$16,850 |
| • Charlton A & P Society – tables/chairs/PA system | \$4,000 |
| • St Joseph's Primary School – sand pit border & sand | \$3,900 |
| • Blaze Aid – storage container & signage | \$5,000 |
| • Charlton Traffic Education Centre – bringing driver education into the 21st century | \$30,980 |
| • Charlton Forum – Catalyst for commerce | \$45,000 |

Chairman's report continued

Applications which did not meet the criteria under the Grants Program but which were supported by way of direct sponsorship included:

- Charlton Maternal & Child Health Centre Playgroup – shelter \$15,000
- Charlton Hockey Club – protecting our assets. \$5,000

In addition to this the Board has again deposited funds in Community Enterprise Foundation™, the philanthropic arm of Bendigo and Adelaide Bank Ltd. Part of this money will cover our commitment of \$100,000 towards the building of a new community facility at Charlton Park.

Staff

Once again our staff have continued their fantastic service to all our customers. Tracy, Leanne and Vicki are the face of our business and the Board is very appreciative of their support and willingness to help our business grow. All growth targets and budgets for the year were either met or exceeded – an outstanding result.

Brett continues to source business from far and wide utilising his vast array of contacts. His commitment, enthusiasm, work ethic and banking skills have been the driving force behind our continued excellent growth figures. Thankyou Brett for what has been a very impressive year's work.

John Harley continues in his position as Company Secretary. I wish to thank John both personally and from the Board for the highly efficient manner in which he carries out his duties.

Directors

Directors due to retire this year are: Barry McKenzie, Alan Getley and Glenda Litton, all have indicated their intention to renominate and have the full support of the Board.

Nominations for Directors positions have been advertised to shareholders and will be voted on at our AGM. Voting on all resolutions is by way of proxy, or in person at the AGM. Voting papers must be returned to the Company Secretary by the due date.

Agencies

Donald agency, formerly managed by Charlton & District **Community Bank**® Branch has been transformed into Donald & District **Community Bank**® Branch. This change will have a marked effect on our total business figures and subsequently our profit forecasts for this financial year with approximately \$8 million automatically transferred to the Donald branch. We congratulate the residents of Donald and district in achieving their goal of establishing their own **Community Bank**® branch and wish them every success in their venture.

Wycheproof agency is still under our management and we continue to negotiate with Bendigo and Adelaide Bank Ltd in relation to agencies in Birchip and Boort. These are all only very small agencies with limited returns, but open up the opportunity for our Branch Manager Brett Schofield to actively source and write business in these areas.

Community Bank® comment on restoring the balance

In February, members of our Board meet with senior staff and Executives from Bendigo and Adelaide Bank Ltd to hear about the findings of a review it conducted of the **Community Bank**® financial model.

The review examined how the model has performed since its inception in 1998 and reaffirmed the success, strength and potential of the banking initiative. It also assessed how relevant the mechanics of the model are given all the structural change that has occurred over time, including the impact of the Global Financial Crisis.

Chairman's report continued

The internal review, conducted with the oversight of a representative board of Australia's 270 **Community Bank**[®] branches concluded:

- The model, in which communities own and operate franchised Bendigo Bank branches, had assisted communities achieve the broad range of outcomes they sought to achieve by partnering with the bank. These range from simply returning banking services to the community, through to actively building the community's balance sheet by aggregating the banking business within a community.
- The fundamental principles on which **Community Bank**[®] network was established were sound and relevant – including equal responsibility and equal income share for the bank and each of its partners.
- There are impacts on the revenue mechanisms as a result of structural changes in the industry but, in the main, the model has stood up well to the stresses imposed by the GFC.

However, while the GFC had no impact on the responsibilities of each of the partners in the **Community Bank**[®] network, it did result in a lasting change to margins on two core banking products (fixed rate home loans and term deposits greater than 90 days).

This has resulted in the income share being tilted in favour of us, the community partners, and following discussions with the **Community Bank**[®] Strategic Advisory Board, and an independent review of the income sharing arrangements, we are moving to restore the income share back to the 50/50 principle which has always underpinned the model.

This means some commission payments to **Community Bank**[®] Companies, including our own, were reduced from 1 April 2011, in an effort to rebalance the income over the next two years.

The alteration will have no impact on our customers and an insignificant effect on our Company as we have a plan to meet growth targets which will counter any reduction in commissions earned on these two products.

Addressing the imbalance places both our **Community Bank**[®] Company and the bank, in the best possible position to maintain development. By successfully addressing this issue together with our partner, we will all be in a better position to grow our joint businesses.

Fairfax article

In May, the Fairfax group published an article on Bendigo and Adelaide Bank Ltd's **Community Bank**[®] model. We believe the article to be dishonest by omission and lack of balance.

In particular the assertion that "legions of shareholders" are unhappy. The bank has had less than 20 complaints in 11 years and there are more than 67,000 shareholders, so that is a miniscule 0.03 percent.

Capital is raised to establish the business and it is meant to be drawn down. Technically, once the business is trading at a consistent profit it doesn't need capital. This usually takes about four years.

There are more than 61 branches four years of age or younger that are not expected to be making a profit yet. In reality there are only 48 branches in that position.

Bendigo and Adelaide Bank Ltd released a comprehensive study of the entire **Community Bank**[®] network to the ASX on Friday 6 May. The data is available on the ASX website and is an open and honest account of the **Community Bank**[®] network's performance.

It shows a very robust business model that is making significant contributions to the prosperity of the communities in which the **Community Bank**[®] Companies operate and is a great reflection of what can be achieved through our partnerships.

Chairman's report continued

Government guarantee

All **Community Bank**[®] branches operate under Bendigo and Adelaide Bank Ltd's banking licence, and as such all deposits held with a **Community Bank**[®] branch are guaranteed by the Federal Government up to \$1 million, and supported by capital supplied by their franchise partner, Bendigo and Adelaide Bank Ltd.

Prudential and regulatory requirements aside, Bendigo and Adelaide Bank Ltd also boasts an imposing track record when it comes to the security of depositors' funds. One of Australia's oldest financial institutions, we have operated since 1858 and have declared a profit in every year, including during the depressions of the 1890s (when some banks failed) and 1930s. Over Bendigo and Adelaide Bank Ltd's 150 year history we have without fail honoured our depositors.

Changes to government guarantee

Bendigo and Adelaide Bank Ltd endorses the recommended changes to the Financial Claims Scheme as it still covers 97 to 99 percent of all Australian deposit accounts, including those held with Bendigo Bank. Every Australian bank is regulated by APRA, which means every bank is equally governed and their customer's funds equally protected.

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Great Southern Class Action

It has taken M + K almost a year to prepare a Statement of Claim that the court would allow to proceed.

Bendigo and Adelaide Bank Ltd welcomes the opportunity to have the claims heard and is satisfied these claims have no foundation and will vigorously defend the claims.

Fincorp Settlement

On 20 May 2011, the Federal Court approved the settlement of a class action which arose out of the collapse of the failed property developer, Fincorp, in March 2007. Slater & Gordon brought the action against Sandhurst Trustees in August 2009 on behalf of investors in Fincorp.

Sandhurst and its insurers agreed to the settlement in March 2011 on the condition that it was approved by the Court. The claim has been settled for \$29 million, including costs and interest. In approving the settlement the Court made no findings with respect to Sandhurst's liability.

The commercial settlement has been fully covered by Sandhurst Trustees' insurers and will not have any impact on Sandhurst Trustees' customers or their investments in Sandhurst Trustees' funds.

Sandhurst Trustees has forged its reputation on the solemn discharge of its duties to protect its investors' money, we treat the trust our customers place in us very seriously, and we look forward to continuing to provide the level of service and diligence our customers have come to expect.

Australian Motor Finance

The events associated with the failed Australian Motor Finance occurred some time ago. Bendigo and Adelaide Bank Ltd has already made provisions for any losses, and as a result there should be no further impact on the bank.

Chairman's report continued

Looking forward

Following the loss of the Donald agency we have a challenge to restore our total business to previous levels, which is very achievable. Opportunities for our business to grow are many and varied and at community level we are all able to identify and refer business to our local branch. Ultimately as our business grows, so do the returns available for the benefit of citizens of Charlton and district.

I wish to formally acknowledge the generosity of our business partner Bendigo and Adelaide Bank Ltd and the work done by our Regional Manager John Sirolli since the January floods in Charlton. 'Restoring the Balance' was an adjustment program instigated by Bendigo and Adelaide Bank Ltd to realign rates being paid to **Community Bank**[®] Companies for trailing commission on fixed loans and long term deposits – basically we were receiving 67% of returns instead of 50% equal share. As a result of the floods Bendigo and Adelaide Bank Ltd has waived this change until April next year – saving our Company approx. \$25,000–30,000. As previously mentioned, Bendigo and Adelaide Bank Ltd also contributed \$25,000 to offset our losses caused by flooding at the branch. Thankyou seems a little inadequate.

To all Board members I say a sincere thank you for your time and careful deliberations of all put before you. Every Board member is very focussed and determined to achieve the best outcomes possible for the greater community benefit.

Finally, we thank all our clients for your support and hope you continue to bank with and promote our **Community Bank**[®] branch.



Peter Rogan
Chairman

Manager's report

For year ending 30 June 2011

Another very 'interesting' year to reflect on for our business, but a very rewarding year for all involved, despite some traumatic times in our community.

We haven't been affected by another global financials crisis, however our community and business has had the most extreme and diverse conditions. This culminated in the 'break' of the drought, with devastating floods in September, December and January, with the wide spread floods to the scale and destruction never seen before in our community, Victoria or North in Queensland.

Our Board, staff and the entire community has been devastated by these floods. We hope that everybody is rebuilding and recovering as quickly as possible. Our thoughts have been with all of these people, businesses and farmers.

During all of this our business has been able to provide support to our community and provide significant contributions to flood related projects and other community projects to provide the catalyst in making our community continue to prosper.

This year has seen our most significant year in business growth, with our business growing by an incredible \$9.9 million. Our total business as at 30 June 2011 was an amazing \$73.144 million, and as at the end of August our total business has already grown to over \$78 million. Some great work by all staff in recent months starting to see results for their committed and hard work.

The above business growth invariably reflects in our profit which has also resulted in our highest profit since commencing our local **Community Bank**[®] branch. This profit of more than \$200,000 has allowed us to input considerable capital and funds to Charlton and surrounding communities, highlighted in our Annual Grants Program providing \$125,000 to successful Community groups under this program. This does not include our sponsorship and other contributions given out throughout the year.

Our **Community Bank**[®] branch will clock up \$500,000 in contributions in the coming months, provided to local communities in our region, an amazing achievement for our business. On top of this we have provided thousands of dollars in promotional and marketing items to community events.

All of the above would not be possible without having the right people involved. We have very capable and experienced staff in Tracy Dalrymple, our Customer Relationship Manager, Leanne Gretgrix, part time Senior Customer Service Officer and Vikki Stevens, part time Customer Service Officer.

I'd like to very much thank the girls for their efforts, in particular Tracy, who has been the heart and soul of the **Community Bank**[®] branch staff, being here since the doors opened. Leanne and Vikki provide the support, back up and extraordinary service to our business and our clients that is second to none and enables us to operate so efficiently. Your work girls, is greatly appreciated by myself and the Board.

Our business has been able to also attract growth from our extended communities through some great contacts and networks in these communities. An enormous amount of hours and hard work has been spent in Donald with NAB closing it's doors a number of years ago and my past dealings with the Donald community in years gone by.

NAB closing the doors has provided a great opportunity for Donald who are now going to commence their own stand alone **Community Bank**[®] branch. Their new **Community Bank**[®] branch is hopefully opening around mid October and we wish them well and every success. They will benefit from our business success and growth,

Manager's report continued

with all our Donald customers being transferred, providing them with a very positive and strong kick start to their venture.

The coming season is looking very promising in the district, with perfect rainfalls to date and crops looking extremely good. Our community is hoping for a bumper year to provide some much required revenue in the community, which will be spent 'locally' with our resilient businesses.

Again, we thank our shareholders who provided the capital to make our **Community Bank**[®] branch happen and thank the shareholders who strongly support our branch with their financial requirements and their banking. I provide a message also to our shareholders who may not support our business, and appeal to them to bring their banking to 'their' local **Community Bank**[®] branch and please tell their children, friends and workmates to think of us when building or buying their dream home, or buying new assets or machinery and vehicles for their business or farm, or requiring any financial need, to contact us for any of their financial needs. We can certainly assist in whatever way and hope that we at least get the opportunity to discuss their needs, rather than not even being given the opportunity.

We continue to receive tremendous support from our customers locally – who deal with us through a number of channels and are now also apart of Bendigo Bank's 276 plus **Community Bank**[®] branches.

Our Branch is connected very strongly to the Community Enterprise Foundation™, now having more than \$175,000 invested and available for sustainable community projects. One of our focused and important commitments with some of these funds will be towards the proposed Charlton Multi-purpose facility.

The past 12 months have included a number of notable achievements for the Bendigo and Adelaide Bank Ltd, including a ratings upgrade to A- from Fitch Ratings; and a rating outlook upgrade to BBB+ positive from Standard & Poor's. This will hopefully give our customers a sense of increased security and confidence when Banking with our **Community Bank**[®] branch.

We have also been recognised as Australia's 'most trusted bank'; for having one of Asia's best 'corporate social responsibility programs'; and as winner of the people's choice awards for our credit cards, personal loans and term deposits.

Below provide more reason to support your local **Community Bank**[®] branch;

- There are many reasons a community decides to establish a **Community Bank**[®] branch and shareholder returns are not the only benefit this banking model can achieve. Other reasons communities establish **Community Bank**[®] Companies include;
 - Return or secure access to local banking and financial services.
 - Aggregate a community's banking business to create an income stream that builds the community balance sheet (almost \$60 million in profits have been returned to support local community groups and projects since the model's inception in 1998).
 - Establish a local business that creates employment (more than 1,200 **Community Bank**[®] branch staff Australia wide) all of which generates a positive impact on other local businesses through the multiplier effect.
- Bendigo and Adelaide Bank Ltd and the 276 communities it partners with have the utmost confidence in the financial and social sustainability of the **Community Bank**[®] model.
- Demand for the **Community Bank**[®] model is robust. Most financial years, we open more than 15 new branches.

Manager's report continued

- We have also started to see our early branches return more than \$1 million dollars in profits to support their local communities.
- The **Community Bank**[®] concept is a unique and successful banking model, it's one of our major points of difference and it enables us to connect with 550,000 customers.

Some great reasons above, to continue to support our local Charlton & District **Community Bank**[®] Branch. Our branch does have fantastic support from our shareholders and all our customers and our communities. We can continue to grow together and continue to make our communities prosper and remain sustainable, by working together to strengthen our communities.

We aim to be a huge part of rebuilding Charlton and surrounding communities after the devastating floods. My staff and Board are focused on this commitment and we are confident that all our shareholders and customers will continue to support their local **Community Bank**[®] branch, to help do this.

It is always exciting times for our business now, as we come to the end of our 8th year in operation and we look forward to a good season for all our farmers and businesses in the Charlton and district region.



Brett Schofield
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 submit the financial report of the Company for the financial year ended 30 June 2011.

Directors

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

Peter Rogan

Chairman
Occupation: Farmer

Alan Getley

Director
Occupation: Real Estate Agent

Robin McRae

Director
Occupation: Employment Consultant

Russell Andrew English

Director
Occupation: Retired

Barry John McKenzie

Director
Occupation: Teacher

Matthew Simon Peck

Director
Occupation: Teacher

Pamela Joy Wright (resigned 27 October 2010)

Director
Occupation: Farmer

Peter Wood Whykes (resigned 27 October 2010)

Director
Occupation: Farmer

Glenda Litton

Director
Occupation: Retired

Jon Whykes (appointed 27 October 2010)

Director
Occupation: Farmer

Kerry Addlem (appointed 27 October 2010)

Director
Occupation: Registered Nurse

Directors were in office for this entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the Company.

Principal activities

The principal activities of the Company during the course of the financial year were in providing **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Ltd.

Review of operations

The net profit of the Company for the financial year after provision for income tax was \$12,850 (2010: \$15,853).

Directors' report continued

Dividends	Year ended 30 June 2011	
	Cents per share	\$'000
Dividends paid	7	38,501

Significant changes in the state of affairs

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

Significant events after the balance date

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

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

Likely developments

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

Remuneration report

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company also has Officers Insurance for the benefit of Officers of the Company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

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

Directors' report continued

Directors' Meetings

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

Director	Board meetings #	Audit committee meetings #
Peter Wood Whykes (resigned 27 October 2010)	3 (3)	N/A
Alan Getley	11 (11)	N/A
Russell Andrew English	10 (11)	N/A
Barry John McKenzie	10 (11)	N/A
Matthew Simon Peck	11 (11)	N/A
Peter Rogan	11 (11)	N/A
Pamela Joy Wright (resigned 27 October 2010)	2 (3)	N/A
Robin McRae	9 (11)	4 (4)
Glenda Litton	10 (11)	4 (4)
Kerry Addlem (appointed 27 October 2010)	7 (8)	N/A
Jon Whykes (appointed 27 October 2010)	7 (8)	N/A

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

N/A - not a member of that Committee.

Company Secretary

John Harley was appointed as Company Secretary in April 2008. John is a retired principal of Charlton College and he has had extensive experience at committee level in a number of community organisations, including acting as Secretary.

Corporate governance

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

- (a) The establishment of an audit committee. Members of the audit committee are Glenda Litton and Robin McRae;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Directors' report continued

Auditor Independence Declaration

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



16 September 2011

The Directors
North Central Financial Services Limited
PO Box 75
CHARLTON VIC 3525

Dear Directors

Auditor's Independence Declaration

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



Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Signed in accordance with a resolution of the Board of Directors at Charlton on 16 September 2011.



Peter Rogan, Chairman

Financial statements

Statement of comprehensive income for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenues from ordinary activities	2	767,084	589,976
Employee benefits expense	3	(243,416)	(224,875)
Charitable donations & sponsorship		(279,385)	(125,141)
Depreciation and amortisation expense	3	(22,833)	(23,965)
Other expenses		(201,941)	(197,230)
Profit before income tax expense		19,509	18,765
Income tax expense	4	6,659	2,912
Profit after income tax expense		12,850	15,853
Other comprehensive income		-	-
Total comprehensive income		12,850	15,853
Earnings per share (cents per share)			
- basic for profit for the year	21	2.34	2.88
- diluted for profit for the year	21	2.34	2.88

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of financial position as at 30 June 2011

	Note	2011 \$	2010 \$
Current assets			
Cash and cash equivalents	6	299,200	298,183
Receivables	7	84,407	71,305
Total current assets		383,607	369,488
Non-current assets			
Property, plant and equipment	8	53,870	59,481
Deferred tax asset	4	-	4,630
Intangible assets	9	31,607	45,329
Total non-current assets		85,477	109,440
Total assets		469,084	478,928
Current liabilities			
Current tax payable	4	3,529	-
Payables	10	41,388	36,430
Provisions	11	21,048	13,728
Total current liabilities		65,965	50,158
Total liabilities		65,965	50,158
Net assets		403,119	428,770
Equity			
Share capital	12	526,840	526,840
Accumulated losses	13	(123,721)	(98,070)
Total equity		403,119	428,770

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Cash receipts in the course of operations		813,125	579,452
Cash payments in the course of operations		(787,019)	(557,725)
Interest received		15,412	10,500
Income tax refunded / (paid)		1,500	(1,500)
Net cash flows provided from operating activities	14b	43,018	30,727
Cash flows from investing activities			
Payments for property, plant and equipment		(3,500)	(35,667)
Proceeds from sale of property, plant and equipment		-	16,715
Net cash flows used in investing activities		(3,500)	(18,952)
Cash flows from financing activities			
Dividends paid		(38,501)	(22,000)
Net cash flows used in investing activities		(38,501)	(22,000)
Net decrease in cash held		1,017	(10,225)
Cash and cash equivalents at start of year		298,183	308,408
Cash and cash equivalents at end of year	14a	299,200	298,183

The accompanying notes form part of these financial statements.

Financial statements continued

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

	Note	2011 \$	2010 \$
Share capital			
Balance at start of year		526,840	526,840
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		526,840	526,840
Retained earnings / (accumulated losses)			
Balance at start of year		(98,070)	(91,923)
Profit after income tax expense		12,850	15,853
Dividends paid	20	(38,501)	(22,000)
Balance at end of year		(123,721)	(98,070)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2011

Note 1. Basis of preparation of the financial report

(a) Basis of preparation

North Central Financial Services Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2011 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing **Community Bank**[®] services.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 16 September 2011.

(b) Statement of compliance

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

(c) Significant accounting policies

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

Income tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences.

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

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

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

Notes to the financial statements continued

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

Property, plant and equipment

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

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Motor vehicles	15%
Plant & equipment	2.5 - 40%

Impairment

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

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

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

Recoverable amount of assets

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

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

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

Employee benefits

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

Notes to the financial statements continued

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

Employee benefits (continued)

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

Intangibles

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

Cash

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

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

Revenue

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

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Loans and borrowings

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Comparative figures

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

Notes to the financial statements continued

	2011 \$	2010 \$
Note 2. Revenue from continuing operations		
Operating activities		
- services commissions	745,553	573,801
- other revenue	-	-
	745,553	573,801
Non-operating activities:		
- interest received	21,531	16,175
	21,531	16,175
	767,084	589,976

Note 3. Expenses

Employee benefits expense		
- wages and salaries	214,516	195,662
- superannuation costs	19,603	18,620
- workers' compensation costs	811	763
- other costs	8,486	9,830
	243,416	224,875
Depreciation of non-current assets:		
- plant and equipment	9,111	10,242
Amortisation of non-current assets:		
- intangibles	13,722	13,723
	22,833	23,965
Bad debts	166	187

Note 4. Income tax expense

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

Prima facie tax on profit before income tax at 30%	5,853	5,630
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Notes to the financial statements continued

	2011 \$	2010 \$
Note 4. Income tax expense (continued)		
Add tax effect of:		
- Non-deductible expenses	2,196	71
- Over provision of tax in prior years	(1,390)	(2,789)
Current income tax expense	6,659	2,912
Income tax expense	6,659	2,912
Deferred tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	-	4,630
Income tax payable	3,529	-

Note 5. Auditors' remuneration

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

- Audit of the financial report of the Company	3,900	3,900
- Share registry services	2,852	2,632
	6,752	6,532

Note 6. Cash and cash equivalents

Cash at bank and on hand	299,200	298,183
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Note 7. Receivables

Trade debtors	80,241	66,948
Prepayments	4,166	4,357
	84,407	71,305

Note 8. Property, plant and equipment

Plant and equipment

At cost	52,715	49,215
Less accumulated depreciation	(27,910)	(23,928)
Total written down amount	24,805	25,287

Notes to the financial statements continued

	2011 \$	2010 \$
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Note 8. Property, plant and equipment (continued)

Motor vehicle

At cost	34,194	34,194
Less accumulated depreciation	(5,129)	-
Total written down amount	29,065	34,194
Total written down amount	53,870	59,481

Movements in carrying amounts

Plant and equipment

Carrying amount at beginning of the year	25,287	29,438
Additions	3,500	1,473
Disposals	-	-
Depreciation expense	(3,982)	(5,624)
Carrying amount at end of the year	24,805	25,287

Motor vehicle

Carrying amount at beginning of the year	34,194	24,159
Additions	-	34,194
Disposals	-	(19,541)
Depreciation expense	(5,129)	(4,618)
Carrying amount at end of the year	29,065	34,194

Note 9. Intangible assets

Franchise fee

At cost	68,862	68,862
Less accumulated amortisation	(37,255)	(23,533)
	31,607	45,329

Note 10. Payables

Trade creditors	20,264	22,929
Other creditors and accruals	21,124	13,501
	41,388	36,430

Notes to the financial statements continued

	2011 \$	2010 \$
Note 11. Provisions		
Employee benefits	21,048	13,728
Movement in employee benefits		
Opening balance	13,728	13,490
Additional provisions recognised	14,255	8,729
Amounts utilised during the year	(6,936)	(8,491)
Closing balance	21,048	13,728

Note 12. Share capital

550,010 Ordinary Shares fully paid of \$1 each	550,010	550,010
Capital raising costs	(23,170)	(23,170)
	526,840	526,840

Note 13. Accumulated losses

Balance at the beginning of the year	(98,070)	(91,923)
Dividends paid	(38,501)	(22,000)
Profit after income tax	12,850	15,853
Balance at the end of the year	(123,721)	(98,070)

Note 14. Statement of cash flows

(a) Cash and cash equivalents

Cash assets	299,200	298,183
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(b) Reconciliation of profit after tax to net cash provided from / (used in) operating activities

Profit after income tax	12,850	15,853
Non cash items		
- Depreciation	9,111	10,242
- Amortisation	13,722	13,723
- Loss on sale of asset	-	2,826

Notes to the financial statements continued

	2011	2010
	\$	\$
Note 14. Statement of cash flows (continued)		
Changes in assets and liabilities		
- (Increase) decrease in receivables	(13,102)	(19,482)
- Increase (decrease) in payables	4,958	5,915
- Increase (decrease) in provisions	7,320	238
- Increase (decrease) in income tax payable	3,529	-
- (Increase) decrease in deferred income tax asset	4,630	1,412
Net cash flows provided from / (used in) operating activities	43,018	30,727

Note 15. Director and related party disclosures

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

Peter Wood Whykes (resigned 27 October 2010)

Alan Getley

Russell Andrew English

Barry John McKenzie

Matthew Simon Peck

Peter Rogan

Pamela Joy Wright (resigned 27 October 2010)

Robin McRae

Glenda Litton

Kerry Addlem (appointed 27 October 2010)

Jon Whykes (appointed 27 October 2010)

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

Directors' shareholdings	2011	2010
Peter Wood Whykes (resigned 27 October 2010)	3,501	3,501
Alan Getley	500	500
Russell Andrew English	3,501	3,501
Barry John McKenzie	3,501	3,501
Matthew Simon Peck	3,201	3,201
Peter Rogan	3,301	3,301
Pamela Joy Wright (resigned 27 October 2010)	3,301	3,301
Robin McRae	-	-

Notes to the financial statements continued

Note 15. Director and related party disclosures (continued)

Directors' shareholdings (continued)	2011	2010
Kerry Addlem (appointed 27 October 2010)	-	-
Jon Whykes (appointed 27 October 2010)	3,500	3,500

Each share held is valued at \$1 and is fully paid. There was no movement in shareholdings during the year.

Note 16. Subsequent events

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

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

Note 17. Contingent liabilities and assets

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

Note 18. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Charlton, Victoria.

Note 19. Corporate information

North Central Financial Services Limited is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is: 39 - 41 High St, Charlton.

	2011	2010
	\$	\$

Note 20. Dividends

(a) Dividends proposed and not recognised as a liability

Unfranked dividends - 9.5 cents per share (2010: 7 cents per share)	52,251	38,501
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(b) Dividends paid during the year

Unfranked dividends - 7 cents per share (2010: 4 cents per share)	38,501	22,000
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Notes to the financial statements continued

	2011 \$	2010 \$
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Note 21. Earnings per share

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit after income tax expense	12,850	15,853
Weighted average number of ordinary shares for basic and diluted earnings per share	550,010	550,010

Note 22. Financial risk management

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

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

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit risk

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

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

	Carrying amount	
	2011 \$	2010 \$
Cash assets	299,200	298,183
Receivables	84,407	71,305
	383,607	369,488

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

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(a) Credit risk (continued)

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

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

(b) Liquidity risk

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

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

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

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
30 June 2011					
Payables	41,388	(41,388)	(41,388)	-	-
	41,388	(41,388)	(41,388)	-	-
30 June 2010					
Payables	36,430	(36,430)	(36,430)	-	-
	36,430	(36,430)	(36,430)	-	-

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular Board meetings.

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis

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

	Carrying amount	
	2011	2010
	\$	\$
Fixed rate instruments		
Financial assets	305,792	287,966
Financial liabilities	-	-
	305,792	287,966
Variable rate instruments		
Financial assets	2,014	10,217
Financial liabilities	(8,606)	-
	(6,592)	10,217

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

(d) Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The Company does not have any unrecognised financial instruments at year end.

(e) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(e) Capital management (continued)

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

- (i) the Distribution Limit is the greater of:
 - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2011 can be seen in the Statement of Comprehensive Income.

There were no changes in the Company's approach to capital management during the year.

Directors' declaration

In accordance with a resolution of the Directors of North Central Financial Services Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia, International Financial Reporting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Peter Rogan, Chairman

Signed at Charlton on 16 September 2011

Independent audit report



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF NORTH CENTRAL FINANCIAL SERVICES LIMITED

SCOPE

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

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

Audit approach

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

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

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

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

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

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

Partners: Kenneth J Richmond • Warren J Sinnott • Philip P Delahunty • Brett A Andrews
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Ph: 03 5443 1177 Fax: 03 5444 4344 Email: rsd@rsdadvisors.com.au
ABN 60 616 244 309

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Independent audit report continued

INDEPENDENCE

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

AUDIT OPINION

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

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

Richmond Sinnott + Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 16 September 2011



Charlton & District **Community Bank**[®] Branch
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(BMPAR11075) (08/11)

