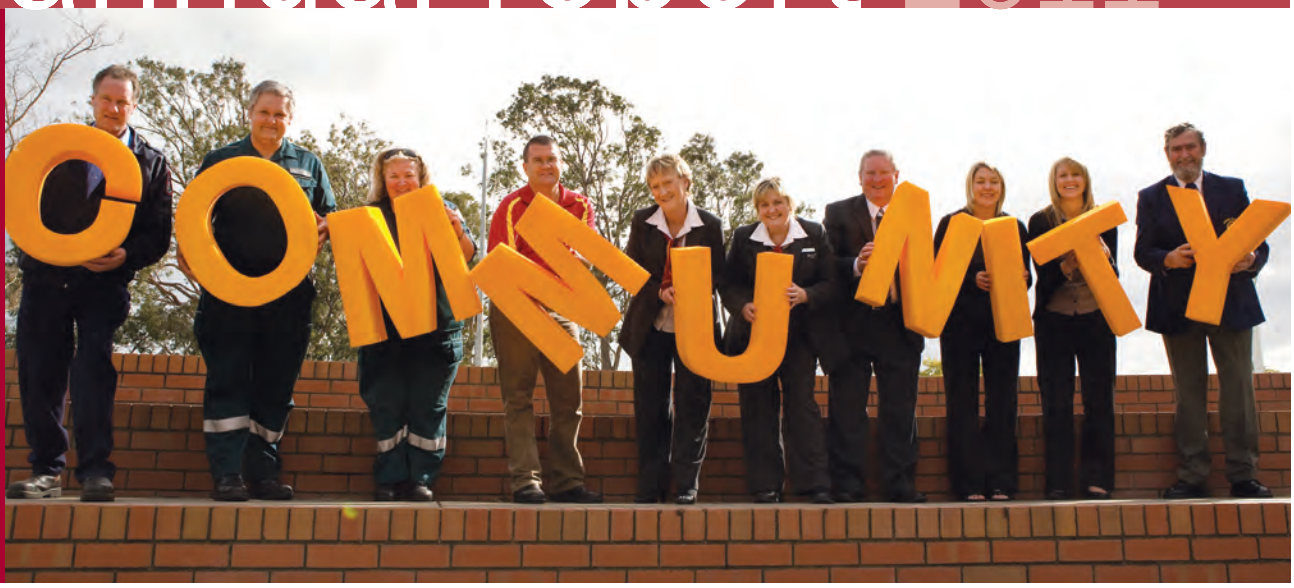
Pinjarra

Community Financial Services Limited

ABN 31 097 389 547

annual report 2011



Pinjarra **Community Bank®** Branch

Waroona Branch of Bendigo Bank

Contents

Chairman's report

For year ending 30 June 2011

The **Community Bank**® story commenced in 1998 and thanks to you, our shareholders our journey began in December 2001. This year marks our 10th Birthday being a part of this unique **Community Bank**® model.

To date the Company has supported our local communities in many varied ways with our financial contribution of $150,000 helping to improve the economic and social prospects of our local communities.

The moving on and upwards of the Pinjarra **Community Bank**® Branch and Waroona branch network in its first decade indicates that we have been able to make a truly meaningful impact on our communities by providing a friendly face to face banking service environment as well as sponsorship support.

On behalf of the Board, I would like to thank our Branch Manager, Mr Paul Foletta and his dedicated teams for their loyalty, hard work and tireless efforts in promoting and enhancing our branches.

Thank you to my team of Directors – your support, professionalism, enthusiasm and commitment has been invaluable during the past 12 months.

We jointly would like to thank our shareholders, customers and our communities for their ongoing support and loyalty in making our branches a successful part of our communities.

Happy 10th Birthday and congratulations to you on being a part of this journey !

Rosemarree Reynolds

Manager’s report

For year ending 30 June 2011

The year in review shows our total holdings are $84.5million. This is made up of deposits of $50.8million and lending of $33.7million. We currently have 4,271 active accounts.

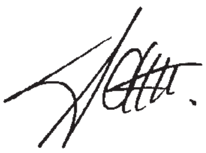
Our three ATM sites continue to provide a great asset to our community with a combined total of 121,086 transactions being completed for the year.

The main focus as a team in the coming year will be continuing to grow our business and deepen our existing customer relationships. We endeavour to develop our team to enable customer service is at a fully acceptable level and continue our engagement within our communities. Our ‘point of difference’ (i.e. genuine face to face banking, opening hours and community engagement) will be the foundation on which my team can utilise and build on our relationships and achieve our goals.

Thank you to our many customers and shareholders who remain our most valuable asset and continue to support the **Community Bank**® concept therefore ensuring the success of our branches.

I am confident that the continued support and commitment from all involved in our Pinjarra **Community Bank**® Branch and the Waroona branch will ensure our business continues to grow and benefit our communities.

In concluding I would like to personally thank my dedicated staff and the board of directors who are all committed to the success of our branches, therefore, ensuring our communities continue to benefit.



Paul Foletta
Branch Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2011

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

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

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

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

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

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

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

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

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

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

Bendigo and Adelaide Bank Ltd report continued

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

Directors' report

For the financial year ended 30 June 2011

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

Directors

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

Rosemarree Reynolds
Position: Non-Executive Director / Chairperson
Occupation: Project Cost Controller
Background Information: 24 years in Banking, Accounting, Cost control and Administration, Community organisations
Directorships held in other entities: None
Interest in shares and options: 200 shares

Trevor Lawrence Delaporte
Position: Non-Executive Director
Occupation: Company Director (Personal)
Background Information: Small Business Owner, Financial Background, Builder and Permanent Part-time Volunteer for several organisations
Directorships held in other entities: None
Interest in shares and options: Nil

Ernest Albert Hiddlestone
Position: Non-Executive Director
Occupation: Retired
Background Information: 37 years as a School Teacher and 15 years a School Deputy Principal
Directorships held in other entities: None
Interest in shares and options: 300 shares

Laurence Ian Galloway
Position: Non-Executive Director
Occupation: Business Proprietor
Background Information: 34yrs Business and Management Experience
Directorships held in other entities: None
Interest in shares and options: 2000

Iggy Castle
Position: Non-Executive Director
Occupation: Grants and Partnerships Manager
Background Information: Small Business Owner Barossa Valley, 20yrs Real Estate and 5yrs working Not for Profit Organisation
Directorships held in other entities: None
Interest in shares and options: Nil

Company Secretary
Amanda Jane Kaufman

Directors' report continued

Director's meetings attended

During the financial year, 17 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
Rosemarree Reynolds	17	17
Ernest Albert Hiddlestone	17	15
Iggy Castle	17	16
Trevor Lawrence Delaporte	17	13
Laurence Ian Galloway	17	14

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 $5,326.

Dividends paid or recommended

The Company did not pay or declare any dividends during the year.

Financial position

The net assets of the Company have increased from $173,960 as at 30 June 2010 to $179,286 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.

Directors' report continued

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:	$5,960

Directors' report continued

REMUNERATION REPORT

This report details the nature and amount of remuneration for each key management person of the Company, and for the Executives receiving the highest remuneration.

Remuneration of Directors

No income was paid or was payable or otherwise made available, to the Directors of the Company during the years ended 30 June 2011 and 30 June 2010.

Remuneration policy

The remuneration policy of the Company has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between Directors, Executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), and superannuation.
- The Board reviews key management personnel packages annually by reference to the Company's performance, Executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each Executive and is based predominantly on the forecast growth of the Company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and bonuses, which must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals may have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed.

Performance-based remuneration

As part of each key management personnel's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each key management personnel is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Company expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Company's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, the Company bases the assessment on audited figures.

Company performance, shareholder wealth and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Executives. The method applied in achieving this aim is a performance based bonus based on KPIs. The Company believes this policy to have been effective in increasing shareholder wealth over the past years.

Key management personnel remuneration policy

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

The employment conditions of the key management personnel are formalised in contracts of employment. All Executives are permanent employees of the Company.

The employment contracts stipulate a resignation periods. The Company may terminate an employment contract without cause by providing appropriate written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Performance income as a proportion of total remuneration

Executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The Board has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the Company.

The Board will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit to ensure use of the most cost effective and efficient methods.

Directors' report continued

Auditor's Independence Declaration

The lead Auditor's independence declaration under s307C of the Corporations Act 2001 for the year ended 30 June 2011 is included within the financial statements.

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

Director R Reynolds Rosemaree Reynolds

Dated this 8th day of September 2011

Auditor's independence declaration

RSM Bird Cameron Partners
Chartered Accountants

RSM Bird Cameron Partners
8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Pinjarra 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

Financial statements

Statement of comprehensive income for the year ended 30 June 2011

	Note	2011 $	2010 $
Revenue	2	873,385	810,341
Employee benefits expense		(464,449)	(413,124)
Depreciation and amortisation expense		(59,690)	(58,642)
Finance costs		(7,260)	(8,042)
Other expenses	3	(328,279)	(348,901)
Profit before income tax		**13,707**	**(18,368)**
Income tax expense	4	(8,381)	2,122
Profit for the year		**5,326**	**(16,246)**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year attributable to members		**5,326**	**(16,246)**
Earnings per share			
Basic earnings per share (cents per share)		1.35	(4.12)
Diluted earnings per share (cents per share)		1.35	(4.12)

The accompanying notes form part of these financial statements.

Statement of financial position
as at 30 June 2011

	Note	2011 $	2010 $
CURRENT ASSETS			
Cash and cash equivalents	6	127,801	49,978
Trade and other receivables	7	63,976	75,989
Other current assets	8	9,397	16,312
TOTAL CURRENT ASSETS		**201,174**	**142,279**
NON-CURRENT ASSETS			
Plant and equipment	9	85,584	128,218
Intangible assets	10	11,834	25,834
Deferred tax asset	23	36,539	44,920
TOTAL NON-CURRENT ASSETS		**133,957**	**198,972**
TOTAL ASSETS		**335,131**	**341,251**
CURRENT LIABILITIES			
Trade and other payables	11	50,946	61,260
Short-term financial liabilities	12	9,000	9,000
Short-term provisions	13	16,950	14,353
Current tax liability	23	-	-
TOTAL CURRENT LIABILITIES		**76,896**	**84,613**
NON-CURRENT LIABILITIES			
Long-term financial liabilities	12	62,486	70,576
Long-term provisions	13	16,463	12,102
TOTAL NON-CURRENT LIABILITIES		**78,949**	**82,678**
TOTAL LIABILITIES		**155,845**	**167,291**
NET ASSETS		**179,286**	**173,960**
EQUITY			
Issued capital	14	385,805	385,805
Retained earnings/(Accumulated losses)		(206,519)	(211,845)
TOTAL EQUITY		**179,286**	**173,960**

The accompanying notes form part of these financial statements.

Statement of cash flows
for the year ended 30 June 2011

	Note	2011 $	2010 $
Cash Flows From Operating Activities			
Receipts from customers		884,404	804,960
Payments to suppliers and employees		(789,103)	(743,293)
Interest received		929	81
Finance costs		(7,260)	(8,042)
Income tax paid		-	(15,712)
Net cash provided by operating activities	**15**	**88,970**	**37,994**
Cash flows from investing activities			
Purchase of plant and equipment		(3,056)	(251)
Net cash used in investing activities		**(3,056)**	**(251)**
Cash flows from financing activities			
Repayment of borrowings		(8,091)	(10,233)
Net cash used in financing activities		**(8,091)**	**(10,233)**
Net increase/(decrease) in cash held		**77,823**	**27,510**
Cash and cash equivalents at beginning of financial year		49,978	22,468
Cash and cash equivalents at end of financial year	**6**	**127,801**	**49,978**

The accompanying notes form part of these financial statements.

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

	Share Capital (Ordinary Shares $	Retained Earnings/ (Accumulated Losses) $	Total $
Balance at 1 July 2009	**385,805**	**(195,599)**	**190,206**
Total comprehensive income for the year	-	(16,246)	(16,246)
Balance at 30 June 2010	**385,805**	**(211,845)**	**173,960**
Balance at 1 July 2010	**385,805**	**(211,845)**	**173,960**
Total comprehensive income for the year	-	5,326	5,326
Balance at 30 June 2011	**385,805**	**(206,519)**	**179,286**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2011

Note 1. Statement of significant accounting policies

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

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

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

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

The financial statements were authorised for issue on 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.

Note 1. Statement of significant accounting policies (continued)

(a) Income tax (continued)

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

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

(b) Plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5% - 40%

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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Depreciation (continued)

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

(c) Leases

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

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

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

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

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

(d) Financial instruments

Recognition and Initial Measurement

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

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

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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Classification and Subsequent Measurement

i. Financial assets at fair value through profit or loss

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

ii. Loans and receivables

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

iii. Held-to-maturity investments

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

iv. Available-for-sale financial assets

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

v. Financial Liabilities

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

Derivative instruments

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

The Company does not hold any derivative instruments.

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.

Note 1. Statement of significant accounting policies (continued)

Financial Guarantees

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

The Company has not issued any financial guarantees.

(e) Impairment of assets

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

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

(f) Intangibles

Franchise fee

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

(g) Employee benefits

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

(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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(j) Revenue and other income

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

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

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

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

(k) Borrowing costs

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

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

(l) Goods and services tax (GST)

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

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

(m) Comparative figures

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

(n) Critical accounting estimates and judgments

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

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 $11,834.

Note 1. Statement of significant accounting policies (continued)

(o) Adoption of New and Revised Accounting Standards

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

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

The Company has decided against early adoption of these standards.

	2011 $	2010 $
Note 2. Revenue		
Franchise margin income	872,391	810,260
Interest revenue	994	81
	873,385	**810,341**

	2011 $	2010 $
Note 3. Expenses		
Advertising and marketing	14,360	8,999
ASIC and BSX costs	6,529	5,000
ATM leasing and running costs	33,640	44,744
Bad debts	584	1,048
Community sponsorship and donations	10,162	4,393
Consultancy	-	5,711
Freight and postage	26,234	35,060
Insurance	16,626	15,697
IT leasing and running costs	50,785	53,401
Occupancy running costs	28,156	35,252
Printing and stationery	22,635	22,078
Rental on operating lease	48,143	43,404
Telephone	12,068	7,622
Other operating expenses	58,357	66,492
	328,279	**348,901**
Remuneration of the auditors of the Company		
Audit services	12,964	11,776
Other services	5,960	5,600
	18,924	**17,376**

	2011 $	2010 $

Note 4. Income tax expense

a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax (Note 23)	8,381	(2,122)
	8,381	**(2,122)**
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%)	4,112	(5,510)
Add:		
Tax effect of:		
• non-deductible depreciation and amortisation	4,200	4,200
• other non-allowable items	69	4,296
Less:		
Tax effect of:		
• other allowable items	-	(5,108)
Income tax attributable to the Company	**8,381**	**(2,122)**

At balance date, the Company had tax losses of $88,383 (2010: $123,370) which are available to offset future years' taxable income.

The future income tax benefit of these tax losses is $26,515 (2010: $37,011). This benefit has not been recognised as an asset in the statement of financial position as there is not a high probability of its realisation. The benefits will only be obtained if:

i. the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

ii. the Company continues to comply with the conditions for deductibility imposed by the law; and

iii. no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

Notes to the financial statements continued

Note 5. Key management personnel compensation

a. Names and positions

Name	Position
Rosemarree Reynolds	Non-Executive Director / Chairman
Ernest Albert Hiddlestone	Non-Executive Director
Iggy Castle	Non-Executive Director
Trevor Lawrence Delaporte	Non-Executive Director
Laurence Ian Galloway	Non-Executive Director

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

b. Options provided as remuneration and shares issued on exercise of such options

No options were provided as remuneration or shares issued on exercise of options

c. Option holdings

No options over ordinary shares in the Company are held by any Director of the Company or other key management personnel, including their personally related parties.

d. 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**
Rosemarree Reynolds	-	200	-	200
Ernest Hiddlestone	300	-	-	300
Iggy Castle	-	-	-	-
Trevor Delaporte	-	-	-	-
Laurence Galloway	2,000	-	-	2,000
	2,300	**200**	**-**	**2,500**

Notes to the financial statements continued

	2011 $	2010 $

Note 6. Cash and cash equivalents

Cash at bank and in hand	**127,801**	**49,978**
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	**127,801**	**49,978**

Note 7. Trade and other receivables

Trade debtors	63,911	75,989
Accrued income	65	-
	63,976	**75,989**

a. Provision For Impairment of Receivables

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

There is no provision for impairment of receivables.

Note 8. Other assets

Current		
Prepayments	9,397	16,312

Notes to the financial statements continued

	2011 $	2010 $

Note 9. Plant and equipment

	2011 $	2010 $
Plant and equipment		
Cost	343,838	340,782
Accumulated depreciation	(258,254)	(212,564)
	85,584	**128,218**
Movement in carrying amount		
Balance at the beginning of the year	128,218	172,609
Additions	3,056	1,191
Disposals	-	(940)
Depreciation expense	(45,690)	(44,642)
Carrying amount at the end of the year	**85,584**	**128,218**

Note 10. Intangible assets

	2011 $	2010 $
Franchise fee		
Cost	70,000	70,000
Accumulated amortisation	(58,166)	(44,166)
	11,834	**25,834**

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

Note 11. Trade and other payables

	2011 $	2010 $
Trade creditors and accruals	26,540	39,120
GST payable	21,745	19,479
Dividend payable	2,661	2,661
	50,946	**61,260**

	2011 $	2010 $

Note 12. Financial liabilities

	2011 $	2010 $
Current		
Mortgage loan	9,000	9,000
Non current		
Mortgage loan	62,486	70,576

Security:

The mortgage loan is secured by a floating charge over the Company's assets.

Note 13. Provisions

	2011 $	2010 $
Current		
Provision for employee entitlements	16,950	14,353
Non current		
Provision for employee entitlements	16,463	12,102
Number of employees at year end	**11**	**9**

Note 14. Equity

	2011 $	2010 $
394,160 (2010: 394,160) fully paid ordinary shares	394,160	394,160
Cost of raising equity	(8,355)	(8,355)
	385,805	**385,805**

	2011 $	2010 $

Note 15. Cash flow information

a. Reconciliation of cash flow from operations with profit after tax

	2011 $	2010 $
Profit after tax	5,326	(16,246)
Depreciation and amortisation	59,690	58,642
Movement in assets and liabilities		
Receivables	12,013	(5,300)
Other assets	6,915	1,935
Payables	(10,313)	10,006
Deferred tax asset	8,381	(2,121)
Provisions	6,958	6,791
Current tax liability	-	(15,713)
Net cash provided by/(used in) operating Activities	**88,970**	**37,994**

b. Credit Standby Arrangement and Loan Facilities

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

Note 16. Related party transactions

Ward & Ilsley Partners Pty Ltd received $7,340 ($9,570 in 2010) for treasury and consultancy fees during the financial year ended 30 June 2011. No other related parties have entered in to a transaction with the Company during the financial years ended 30 June 2011 and 30 June 2010.

Note 17. Leasing commitments

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

Payable	2011 $	2010 $
Not longer than 1 year	41,082	36,967
Longer than 1 year but not longer than 5 years	69,248	5,627
	110,330	**42,594**

	2011 $	2010 $
Note 18. Dividends		
Final unfranked ordinary dividend of 0 cents per share (2009: 8 cents)	-	-
Balance of franking account at beginning of year adjusted for franking credits arising from:	26,390	10,678
- Payment of provision for income tax	-	15,712
Balance of franking account at year end	**26,390**	**26,390**

Note 19. Financial risk management

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

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

a. Financial risk management policies

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

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

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

b. Financial risk exposures and management

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

i. Interest rate risk

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

ii. Foreign currency risk

   The company is not exposed to fluctuations in foreign currencies.

iii. Liquidity risk

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

iv. Credit risk

   The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance 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.

Note 19. Financial risk management (continued)

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	0.01%	104,815	-	-	2,812	107,627
Short term deposits	5.90%	-	20,174	-	-	20,174
Loans and receivables		-	-	-	63,976	63,976
Total Financial Assets		**104,815**	**20,174**	**-**	**66,788**	**191,777**
Financial Liability						
Bank loan secured	10.14%	-	9,000	62,486	-	71,486
Trade and other payables		-	-	-	66,001	66,001
Total Financial Liabilities		**-**	**9,000**	**62,486**	**66,001**	**137,487**

Note 19. Financial risk management (continued)

2010		Variable	Fixed			
	Weighted average effective interest rate	Floating interest rate	Within 1 year	Within 1 to 5 years	Non interest bearing	Total
Financial Assets						
Cash and cash equivalents	0.01%	46,893	-	-	3,086	49,978
Short term deposits						
Investments						
Loans and receivables		-	-	-	75,989	75,989
Total Financial Assets		**46,893**	**-**	**-**	**79,075**	**125,967**
Financial Liability						
Bank loan secured	10.14%	-	9,000	70,576	-	79,576
Trade and other payables		-	-	-	61,260	61,260
Total Financial Liabilities		**-**	**9,000**	**70,576**	**61,260**	**140,836**
Trade and sundry payables are expected to be paid as followed:						
Less than 6 months					**66,001**	**61,260**

d. Net Fair Values

The net fair values of investments have been valued at the quoted market bid price at balance 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 balance 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 30 June 2011, 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:

Note 19. Financial risk management (continued)

2011		-2 %		+ 2%	
	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Financial assets					
Cash and cash equivalents	107,627	(2,152)	(2,152)	2,152	2,152
Financial liability					
Bank loan secured	71,486	1,429	1,429	(1,429)	(1,429)

2010		-2 %		+ 2%	
	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Financial assets					
Cash and cash equivalents	46,893	(938)	(938)	938	938
Financial liability					
Bank loan secured	79,576	1,592	1,592	(1,592)	(1,592)

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

Note 20. Operating Segments

Types of products and services by segment

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

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

Comparative information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

Major customers

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

Note 21. Events after the balance sheet date

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

Note 22. Contingent liabilities and contingent assets

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

	2011 $	2010 $
Note 23. Tax		
a. Liability		
Current		
Income Tax	-	-
b. Assets		
Deferred tax assets provisions		
Provisions	10,024	7,909
Tax losses carried forward	26,515	37,011
	36,539	**44,920**
a. Reconciliations		
i. Gross Movements		
This overall movement in the deferred tax account is as follows:		
Opening balance	44,920	42,799
(Charge)/credit to statement of comprehensive income	(8,381)	2,121
Closing balance	**36,539**	**44,920**

Notes to the financial statements continued

	2011 $	2010 $

Note 23. Tax (continued)

ii. Deferred Tax Assets

This overall movement in the deferred tax account is as follows:		
Provisions		
Opening balance	7,909	5,902
(Charge)/credit to statement of comprehensive income	2,115	2,007
Closing balance	**10,024**	**7,909**
Other		
Opening balance	37,011	36,897
(Charge)/credit to statement of comprehensive income	(10,496)	114
Closing balance	**26,515**	**37,011**
	36,539	**44,920**

Note 24. Company details

The registered office and principal place of business of the Company is:
7C George Street
Pinjarra WA 6208

The other principal place of business of the Company is:
83 South West Hwy
Waroona WA 6215

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 Rosemarree Reynolds

Dated this 8 Th day of September 2011

Independent audit report

RSM Bird Cameron Partners
Chartered Accountants

RSM Bird Cameron Partners
8 St George's Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 **F** +61 8 9261 9101
www.rsmi.com.au

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

Report on the Financial Report

We have audited the accompanying financial report of Pinjarra 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 opinions.

RSM! Bird Cameron Partners
Chartered Accountants

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Pinjarra 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 Pinjarra 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.

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Pinjarra Community Financial Services Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

Rsm Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 8 September 2011

TUTU PHONG
Partner

Pinjarra **Community Bank**® Branch
7c George Street, Pinjarra WA 6208
Phone: (08) 9531 4470 Fax: (08) 9531 4480

Waroona Branch of Bendigo Bank
83 South Western Highway, Waroona WA 6215
Phone: (08) 9733 3498 Fax: (08) 9733 2227

Franchisee: Pinjarra Community Financial Services Limited
7c George Street, Pinjarra WA 6208
Phone: (08) 9531 4470 Fax: (08) 9531 4480
ABN: 31 097 389 547

www.bendigobank.com.au/pinjarra
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879.
(KKWAR11013) (09/11)

Bendigo Bank