

Robe Community  
Financial Services Limited

ABN 24 101 974 887

# annual report 2011

Robe **Community Bank**<sup>®</sup> Branch

# Contents

---

<b>Chairperson's report</b>	<b>2-3</b>
<b>Manager's report</b>	<b>4</b>
<b>Directors' report</b>	<b>5-6</b>
<b>Auditor's independence declaration</b>	<b>7</b>
<b>Financial statements</b>	<b>8-11</b>
<b>Notes to the financial statements</b>	<b>12-22</b>
<b>Directors' declaration</b>	<b>23</b>
<b>Independent audit report</b>	<b>24-25</b>

# Chairperson's report

---

For year ending 30 June 2011

It gives me the greatest pleasure to tell you that during the last financial year our income grew by 22% to \$43 million and we recorded a trading profit for the June 2011 financial year of \$78,434, which is a significant increase on the previous year's profit of \$20,249.

Our increased cash flow allowed us to reduce our loans by \$130,000. This has resulted in an improvement to our balance sheet to the point where we should soon have positive equity. This will be an important milestone for us because legislation introduced in 2010 restricts us from paying a dividend to shareholders until our assets exceed our liabilities. We hope to achieve that position during the coming financial year and will of course take advice from our accountants before declaring any dividend.

Every month we continue to open new accounts for customers at Robe **Community Bank**<sup>®</sup> Branch. Our agency in Naracoorte at Wennerbom & Hoole continues to grow, and our customer base is expanding in to other regions because we offer this wider service, with ATM's at both locations.

As we have received increasing support from our community we have been able to increase our contributions to community organisations. We have to date given \$60,000 to the community with another \$19,000 to be announced at our AGM. Another 16 community groups will share in the \$19,000 which is only possible because of the support of customers who choose to do their banking with Robe **Community Bank**<sup>®</sup> Branch.

271 **Community Bank**<sup>®</sup> branches throughout Australia have now contributed \$60 million to their communities. As shareholders we ask you to be ambassadors for Robe **Community Bank**<sup>®</sup> Branch. Tell the **Community Bank**<sup>®</sup> story to your family and friends and show them the benefits of banking with us for themselves and the community.

As you know our Franchise agreement with Bendigo and Adelaide Bank Ltd provides for a 50/50 split of income. However two items of income stream were originally set by Bendigo and Adelaide Bank Ltd as fixed amounts which represented 50% at the time but the advent of the GFC gradually eroded Bendigo and Adelaide Bank Ltd's share of income with all **Community Bank**<sup>®</sup> branches to the extent that some branches were being paid more than the transaction had earned for those two income items.

In April 2011, Bendigo and Adelaide Bank Ltd introduced a program called 'Restoring the Balance' where the share arrangement has been changed to a percentage basis for these two items. Because we are a **Community Bank**<sup>®</sup> branch that has had a difficult financial history we have received a full rebate since April, but we will be part of the program from April 2012. The Board estimates that this change to these two items may reflect a loss of income of up to \$20,000 in our first year but as our business grows we will be able to absorb this change. Our overall share of income with Bendigo and Adelaide Bank Ltd will see a fairer split for both parties.

As always, we continue to have a great working relationship with Bendigo and Adelaide Bank Ltd and are extremely grateful for the support and belief in us that they have shown over the difficult years in the past and we know that they will finally come to be rewarded for their patience. Mike Clutterham, State Community and Enterprise Manager SA and NT, continues to support community activities, Anna Peshanoff, our previous Regional Manager has moved in to financial planning with the bank and our new Regional Manager is Simone Ellul. David Macauley has been a Board Member for five years and travels from Bendigo most months to attend Board Meetings.

## Chairperson's report continued

---

Branch Manager, Andrew Nevins, has grown our business substantially since he joined us, and he is supported by our dedicated and hardworking staff. Libby Jauncey, Customer Service Supervisor, has been with us for five years and makes an invaluable contribution and Helen Slessar for nearly 18 months. Catherine Crafter left us in September after three years and will be missed but we are very happy to welcome Angela Tymmons as a new Customer Service Officer.

Our eight Board Members, all voluntary Directors, continue to work very hard for our community – Peter Darr (Secretary), Michael Mattei (Treasurer), Ian Regnier, David Macauley, Mark Baker, Alan Schinckel, Michael Slessar and myself. We do need more Directors to bring fresh ideas to the Board. It is a very rewarding community activity so if you would like to participate please let us know.

I take this opportunity to thank all our shareholders who have been so patient and sincerely hope that we will be able to reward your patience later in this financial year.

Our growing number of customers have shown their support for our community by banking with Robe **Community Bank**<sup>®</sup> Branch and made it possible for us to see a great future for our community. As our business grows so does our contribution to our community. Remember, it starts with U.

We look forward to another successful year for Robe **Community Bank**<sup>®</sup> Branch and therefore our much greater participation in our community.

Kind regards,



**Marilyn Paxton**  
**Chairperson**

# Manager's report

---

For year ending 30 June 2011

I am pleased to report that during the last financial year our business portfolio has grown steadily from \$37 million to \$43 million. This has been achieved as a result of increased shareholder and community support. The growth in business has resulted in our second consecutive annual profit which is a great achievement. The ability of the branch to invest income back into the community via various community groups highlights the fact that the more support through the doors that we gain, the bigger return for the community.

Our Naracoorte Agency located at Wennerbom & Hoole's Mitre 10 store continues to attract new customers from the surrounding area. It has also provided another service point for our existing customer base in Robe and along with the ATM on site this helps make our brand more accessible which should enable us to further increase our customer base.

I would like to thank Libby Jauncey, Catherine Crafter and Helen Slessar for their service and their commitment to the **Community Bank**<sup>®</sup> concept. They continue to go above and beyond their job requirements to assist all of our customers.

Thank you to the Board of Directors, you have shown great confidence and support in me and the other staff members in the day to day operation of the branch and also your commitment to the Robe **Community Bank**<sup>®</sup> Branch.

Finally to all our shareholders and customers, without you we could have easily lost another service in Robe but instead with your support we are able to offer the district an additional service which provides so many benefits on so many different levels. You really do underestimate your contribution to the community. From all our staff – we say thank you!

The Robe **Community Bank**<sup>®</sup> Branch is now in a situation where the real benefits of banking in the community can be seen, not just through the day to day banking service but into the future by developing a community that continues to grow with everyone supporting each other.

Kind Regards,



**Andrew Nevins**  
**Branch Manager**

# Directors' report

---

For the financial year ended 30 June 2011

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

Meryllyn Paxton  
Peter Darr  
Ian Robert Regnier  
Mark Andrew Baker  
David Philip Macauley  
Michael Mattei  
Alan Schinckel  
Michael William Slessar

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The net profit of the Company for the financial year before providing for income tax amounted to \$78,434.

A review of the operations of the Company during the financial year and the results of those operations are as follows:

During the year the Company continued to increase its revenue with a 22% increase whilst controlling expenditure with a minimal 4% rise which is just above CPI.

No significant changes in the Company's state of affairs occurred during the financial year.

The principal activities of the Company during the financial year were:

to provide a banking and financial service to Robe and the surrounding districts

No significant change in the nature of these activities occurred during the financial year.

No matters or circumstances have arisen since the end of the financial year which 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.

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.

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

Notwithstanding the deficiency of net assets, the financial report has been prepared on a going concern basis as the Directors have received a guarantee of financial support and the Directors believe that such financial support will continue to be made available.

No dividends were paid during the year and no recommendation is made as to dividends.

## Directors' report continued

---

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

No indemnities have been given, during or since the end of the financial year, for any person who is or has been an officer or Auditor of the Company. The Directors are covered by a policy to a limit of \$100,000,000 covering comprehensive crime and professional indemnity which is paid by the 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 part of those proceedings.

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

### **Auditor's independence declaration**

A copy of the Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this financial report.

Signed in accordance with a resolution of the Board of Directors:



**Marilyn Paxton**  
**Director**

27 September 2011

# Auditor's independence declaration



NARACOORTE BOX 403 NARACOORTE SA 5271  
TELEPHONE 08 8762 1544 FACSIMILE 08 8762 1511  
EMAIL naracoorte@murraynankivell.com.au

BORDERTOWN BOX 270 BORDERTOWN SA 5268  
TELEPHONE 08 8752 1300 FACSIMILE 08 8752 2993  
EMAIL bordertown@murraynankivell.com.au

MILLICENT BOX 534 MILLICENT SA 5280  
TELEPHONE 08 8733 3122 FACSIMILE 08 8733 2472  
EMAIL millicent@murraynankivell.com.au

www.murraynankivell.com.au

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

### TO THE DIRECTORS OF ROBE COMMUNITY FINANCIAL SERVICES LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

**Mark Stephen Edwards**  
Chartered Accountant  
172 Smith Street  
Naracoorte, SA, 5271



Registered Auditor: Mark Edwards

Naracoorte

27 September 2011



# Financial statements

---

## Income statement for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue	2	386,761	314,983
Employee benefits expense		(120,267)	(111,516)
Depreciation and amortisation expenses		(16,531)	(6,667)
Finance costs		(24,713)	(31,846)
Other expenses		(146,815)	(144,705)
<b>Profit before income tax expense</b>		<b>78,434</b>	<b>20,249</b>
Income tax expense	3	201,434	301
<b>Profit attributable to member of the Company</b>		<b>279,868</b>	<b>20,550</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Balance sheet as at 30 June 2011

	Note	2011 \$	2010 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	367	37,485
Trade and other receivables	7	29,381	27,257
<b>Total current assets</b>		<b>29,748</b>	<b>64,742</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	48,085	45,477
Intangibles	9	22,954	34,432
Deferred tax assets	10	204,538	3,104
Other	11	1,148	2,295
<b>Total non-current assets</b>		<b>276,725</b>	<b>85,309</b>
<b>Total assets</b>		<b>306,473</b>	<b>150,051</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	9,279	10,124
Financial liabilities	13	33,926	17,650
Short-term provisions	14	10,145	10,320
<b>Total current liabilities</b>		<b>53,350</b>	<b>38,095</b>
<b>Non-current liabilities</b>			
Financial liabilities	13	286,549	425,250
<b>Total non-current liabilities</b>		<b>286,549</b>	<b>425,250</b>
<b>Total liabilities</b>		<b>339,899</b>	<b>463,345</b>
<b>Net assets (liabilities)</b>		<b>(33,426)</b>	<b>(313,294)</b>
<b>Equity</b>			
Issued capital	15	427,989	427,989
Retained profits (accumulated losses)		(461,415)	(741,282)
<b>Total equity (deficit)</b>		<b>(33,426)</b>	<b>(313,294)</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

---

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

	Share capital \$	Retained earnings \$	Total \$
Balance at 1 July 2009	427,989	(761,832)	(333,843)
Profit attributable to equity shareholders		20,550	20,550
<b>Balance at 30 June 2010</b>	<b>427,989</b>	<b>(741,282)</b>	<b>(313,294)</b>
Profit attributable to equity shareholders		279,868	279,868
<b>Balance at 30 June 2011</b>	<b>427,989</b>	<b>(461,415)</b>	<b>(33,426)</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Cash flow statement for the year ended 30 June 2011

#### Cash flows from operating activities

Receipts from customers	423,063	374,422
Payments to suppliers & employees	(331,566)	(350,590)
Interest received	176	22
<b>Net cash provided by operating activities</b>	<b>18</b>	<b>91,673</b>

#### Cash flows from investing activities

Purchase of plant	(7,661)	(543)
<b>Net cash provided by (used in) investing activities</b>	<b>(7,661)</b>	<b>(543)</b>

#### Cash flows from financing activities

Proceeds from borrowings	-	400,000
Repayments of borrowings	(130,000)	-
<b>Net cash provided by (used in) financing activities</b>	<b>(130,000)</b>	<b>400,000</b>

<b>Net increase (decrease) in cash held</b>	<b>(45,988)</b>	<b>23,311</b>
Cash at beginning of financial year	37,485	(38,586)
<b>Cash at end of financial year</b>	<b>18</b>	<b>(8,503)</b>

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

This financial report covers Robe Community Financial Services Ltd as an individual entity. Robe Community Financial Services Ltd is a Company limited by shares, incorporated and domiciled in Australia.

### **Basis of preparation**

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.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. 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. They 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.

### **(a) Income tax**

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 balance 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 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 assets is realised or the liability 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.

# Notes to the financial statements continued

---

## 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 the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### **(b) Property, plant and equipment**

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

#### Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount related to the revalued amount of the asset.

#### Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate assets, 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 income statement during the financial period in which they are incurred.

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

# Notes to the financial statements continued

---

## Note 1. Statement of significant accounting policies (continued)

### **(b) Property, plant and equipment (continued)**

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

### **(c) Financial instruments**

#### Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity 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 at fair value through profit or loss. Transactions 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.

#### Classification and subsequent measurement

##### (i) Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit or loss where 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 with 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.

# Notes to the financial statements continued

---

## Note 1. Statement of significant accounting policies (continued)

### **(c) Financial instruments (continued)**

#### Classification and subsequent measurement (continued)

##### (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 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

#### 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 unlisted 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 income statement.

### **(d) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits liabilities have been recognised to the extent that it will be probable of future economic outflows resulting from past services which have been rendered by the employees.

### **(e) 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.

### **(f) 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 financial liabilities in current liabilities on the balance sheet.



# Notes to the financial statements continued

---

## Note 1. Statement of significant accounting policies (continued)

### **(g) Leases (continued)**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to 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 period.

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.

The Company is committed to a lease agreement for its premises to October 2013 with a further 5 year option.

### **(h) Revenue and other income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Revenue recognition relating to the provision of a service is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

### **(i) 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 Tax 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 balance sheet are shown inclusive of GST.

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

### **Going concern**

Notwithstanding the Company's deficiency of net assets, the financial report has been prepared on the going concern basis. This basis has been adopted as the Company has received a guarantee of continuing financial support from Bendigo and Adelaide Bank Ltd to allow the Company to meet its liabilities and it is the Directors' belief that such financial support will continue to be made available.

## Notes to the financial statements continued

### Note 1. Statement of significant accounting policies (continued)

#### Going concern (continued)

The bank overdraft and loan are secured by Bendigo and Adelaide Bank Ltd who provide Working Capital by the way of an Overdraft facility to support the Company's operations. Bendigo and Adelaide Bank Ltd believe the need for any substantial financial support is unlikely, but nonetheless, provision of additional funding will be dependant upon the Robe Community Financial Services Limited fulfilling their ongoing responsibilities under the Franchise Agreement and continuing to work closely with Bendigo and Adelaide Bank Ltd Management to further develop the business.

	Note	2011 \$	2010 \$
<b>Note 2. Revenue</b>			
Rendering of services		386,584	314,961
Interest received	2(a)	176	22
<b>Total revenue</b>		<b>386,761</b>	<b>314,983</b>
(a) Interest Received from:			
<b>Other corporations</b>		<b>176</b>	<b>22</b>

### Note 3. Income tax expense

#### (a) The components of tax expense comprise:

Current tax		0	(301)
Deferred tax	10	(201,434)	-
		<b>(201,434)</b>	<b>(301)</b>

#### (b) The prima facie tax payable on profit before income tax is reconciled to the income tax as follows:

<b>Current tax calculation:</b>			
Profit as per income statement		78,434	20,550
Tax applicable to profit		23,530	6,165
<b>Less tax effect of:</b>			
Tax effect of utilisation of carried forward losses		23,530	6,165
<b>Income tax expense attributable to entity</b>		<b>-</b>	<b>-</b>

## Notes to the financial statements continued

### Note 4. Key management personnel compensation

Directors on the Board of the Company are all positions of a voluntary nature where no remuneration is paid. The Company provides Director/Officer Indemnity for its Directors on their behalf

	Note	2011 \$	2010 \$
--	------	------------	------------

### Note 5. Auditors' remuneration

Auditing or reviewing the financial report		4,450	4,200
Taxation services		4,525	3,850

### Note 6. Cash and cash equivalents

Cash in hand	-	100
Cash at bank - business account	-	36,893
Cash at bank - trust account	-	209
Cash at bank - staff christmas club	367	283
	<b>367</b>	<b>37,485</b>

### Note 7. Trade and other receivables

#### Current

Trade debtors	27,870	25,747
GST on payables - current	1,511	1,510
	<b>29,381</b>	<b>27,257</b>

### Note 8. Property, plant and equipment

Property improvements	46,855	39,193
Less accumulated depreciation	(13,804)	(12,184)
<b>Total land and buildings</b>	<b>33,051</b>	<b>27,009</b>
Furniture and fittings	50,947	50,947
Less accumulated depreciation	(35,912)	(32,479)
<b>Total plant and equipment</b>	<b>15,035</b>	<b>18,468</b>
<b>Total property, plant and equipment</b>	<b>48,085</b>	<b>45,477</b>

## Notes to the financial statements continued

	Note	2011 \$	2010 \$
<b>Note 9. Intangible assets</b>			
Franchise fees		57,386	57,386
Accumulated amortisation and impairment losses		(34,432)	(22,954)
		<b>22,954</b>	<b>34,432</b>
<b>Reconciliation of franchise fees</b>			
Balance at beginning of year		34,432	45,909
Additions		-	-
Disposals		-	-
Amortisation charge		(11,477)	(11,477)
Impairment losses		-	-
<b>Closing carrying value at 30 June 2011</b>		<b>22,954</b>	<b>34,432</b>

## Note 10. Tax

### Deferred tax assets

#### Provisions - employee benefits

Opening balance	3,096	2,796
Credited to the income statement	30	300
<b>Closing balance</b>	<b>3,126</b>	<b>3,096</b>

#### Carried forward losses

Credited to the income statement	201,403	-
<b>Closing balance</b>	<b>201,403</b>	<b>-</b>

#### Other

Opening balance	8	7
Credited to the income statement	(8)	1
<b>Closing balance</b>	<b>-</b>	<b>8</b>

<b>Balance at year end</b>	<b>204,529</b>	<b>3,104</b>
----------------------------	----------------	--------------

Deferred Tax Asset has been recognised for carried forward losses. The Directors believe there will be future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences, which will utilise all carried forward losses. This is evidenced by the increasing profits for the years 2010 and 2011.

## Notes to the financial statements continued

	Note	2011 \$	2010 \$
<b>Note 11. Other assets</b>			
<b>Non-current</b>			
<b>GST on payables - non current</b>		<b>1,148</b>	<b>2,295</b>
<b>Note 12. Other payables</b>			
<b>Current</b>			
Goods and Services Tax		6,180	5,843
Payroll liabilities		3,098	4,281
		<b>9,279</b>	<b>10,124</b>
<b>Note 13. Financial liabilities</b>			
<b>Current</b>			
Bank overdraft - business account		8,870	-
Franchise renewal fees - current		12,625	12,625
Trade creditors		12,431	5,025
		<b>33,926</b>	<b>17,650</b>
<b>Non-current</b>			
Bendigo and Adelaide Bank Ltd interest only		270,000	400,000
Franchise renewal fees		12,625	25,250
		<b>282,625</b>	<b>425,250</b>
<b>Note 14. Provisions</b>			
Provision for long service leave non current		3,924	-
Provision for annual leave current		10,145	10,320
		<b>14,069</b>	<b>10,320</b>
<b>Note 15. Issued capital</b>			
Ordinary shares @ \$1 each		445,610	445,610
Prospectus fees & costs		(17,621)	(17,621)
		<b>427,989</b>	<b>427,989</b>

# Notes to the financial statements continued

---

## Note 16. Financial risk management

### (a) Net fair values

The net fair values of listed 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 net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed 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 balance sheet and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed as at balance date.

## Note 17. Company details

The registered office of the Company is:

Robe Community Financial Services Ltd  
9 Victoria Street,  
Robe SA 5276

The principal place of business is:

Robe Community Financial Services Ltd  
9 Victoria Street,  
Robe SA 5276

Note	2011	2010
	\$	\$

## Note 18. Cash flow information

### (a) Reconciliation of cash

---

Cash at the end of financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

Cash at bank	367	592
Bank overdraft	(8,870)	36,893
	<b>(8,503)</b>	<b>37,485</b>

---

## Notes to the financial statements continued

	Note	2011 \$	2010 \$
Note 18. Cash flow information (continued)			
<b>(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax</b>			
Profit from ordinary activities after income tax		279,868	20,550
Non-cash flows in profit from ordinary activities:			
Depreciation		5,053	6,667
Changes in assets & liabilities:			
(Increase)/decrease in trade and term debtors		(2,124)	(7,622)
(Increase)/decrease in payables		6,561	3,561
(Increase)/decrease in deferred taxes payable		(201,434)	(301)
Increase/(decrease) in provisions		3,749	999
<b>Net cash provided by operating activities</b>		<b>91,673</b>	<b>23,854</b>

# Directors' declaration

---

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 4 to 17 are in accordance with the Corporations Act 2001:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; 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. 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.



**Marilyn Paxton**  
**Director**

19 September 2011



# Independent audit report



NARACOORTE BOX 403 NARACOORTE SA 5274  
TELEPHONE 08 8762 1544 FACSIMILE 08 8762 1511  
EMAIL [naracoorte@murraynankivell.com.au](mailto:naracoorte@murraynankivell.com.au)

BORDERTOWN BOX 270 BORDERTOWN SA 5268  
TELEPHONE 08 8752 1300 FACSIMILE 08 8752 2993  
EMAIL [bordertown@murraynankivell.com.au](mailto:bordertown@murraynankivell.com.au)

MILLICENT BOX 434 MILLICENT SA 5280  
TELEPHONE 08 8733 3122 FACSIMILE 08 8733 2472  
EMAIL [millicent@murraynankivell.com.au](mailto:millicent@murraynankivell.com.au)

[www.murraynankivell.com.au](http://www.murraynankivell.com.au)

## INDEPENDENT AUDIT REPORT TO THE MEMBER OF ROBE COMMUNITY FINANCIAL SERVICES LTD

### Report on the Financial Report

We have audited the accompanying financial report of Robe Community Financial Services Ltd (the company) which comprises the balance sheet as at 30 June 2011 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the director's declaration.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: 'Presentation of Financial Statements', that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

#### *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 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *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, provided to the directors of Robe Community Financial Services Ltd on 21 September 2011, would be in the same terms if provided to the directors as at the date of this auditor's report.

# Independent audit report continued



NARACOORTE BOX 403 NARACOORTE SA 5271  
TELEPHONE 08 8762 1544 FACSIMILE 08 8762 7511  
EMAIL naracoorte@murraynankivell.com.au

BORDERTOWN BOX 270 BORDERTOWN SA 5268  
TELEPHONE 08 8752 1300 FACSIMILE 08 8752 2793  
EMAIL bordertown@murraynankivell.com.au

MILLICENT BOX 534 MILLICENT SA 5280  
TELEPHONE 08 8733 3123 FACSIMILE 08 8733 2472  
EMAIL millicent@murraynankivell.com.au

[www.murraynankivell.com.au](http://www.murraynankivell.com.au)

## INDEPENDENT AUDIT REPORT TO THE MEMBER OF ROBE COMMUNITY FINANCIAL SERVICES LTD

### *Auditor's Opinion*

In our opinion:

- a. The financial report of Robe Community Financial Services Ltd 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 (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Mark Stephen Edwards**  
Chartered Accountant  
172 Smith Street  
Naracoorte, SA, 5271



Registered Auditor: Mark Edwards

Naracoorte

27 September 2011







Robe **Community Bank**<sup>®</sup> Branch  
9 Victoria Street, Robe SA 5276  
Phone: (08) 8768 1855

Franchisee: Robe Community Financial Services Limited  
9 Victoria Street, Robe SA 5276  
Phone: (08) 8768 1855  
ABN: 24 101 974 887

[www.bendigobank.com.au/robe](http://www.bendigobank.com.au/robe)  
Bendigo and Adelaide Bank Limited,  
The Bendigo Centre, Bendigo VIC 3550  
ABN 11 068 049 178. AFSL 237879.  
(BMPAR11038) (07/11)

