

Trafalgar & District  
Financial Services Limited

ABN 86 102 573 222

# annual report 2011



Trafalgar & District **Community Bank**<sup>®</sup> Branch

# Contents

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<b>Vision, Mission and Values</b>	<b>2</b>
<b>Chairman's report</b>	<b>3-7</b>
<b>Manager's report</b>	<b>8</b>
<b>Bendigo and Adelaide Bank Ltd report</b>	<b>9-10</b>
<b>Committee report</b>	<b>11-13</b>
<b>Directors' report</b>	<b>14-18</b>
<b>Financial statements</b>	<b>19-22</b>
<b>Notes to the financial statements</b>	<b>23-33</b>
<b>Directors' declaration</b>	<b>34</b>
<b>Independent audit report</b>	<b>35</b>

# Vision, Mission and Values

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## Our vision

We are the leading community services enterprise.

## Our mission

To operate a profitable community services enterprise that invests in the growth of our community.

## Our values and behaviours

<p><b>Integrity -</b></p> <p>We pride ourselves on being honest, reliable and professional in our dealings with each other and with our stakeholders</p>	<p>We will:</p> <ul style="list-style-type: none"><li>• be accountable for our actions and hold others accountable for theirs;</li><li>• work effectively together as a team with a common vision and a common purpose; and</li><li>• abide by the law and our governance processes to ensure equity, fairness and transparency in all of our dealings.</li></ul>
<p><b>Engagement -</b></p> <p>We are committed to effectively engage with our customers and our community to ensure we understand their needs and can diligently work to meet those needs.</p>	<p>We will:</p> <ul style="list-style-type: none"><li>• respect and value the importance of our community;</li><li>• work to contribute to the economic wellbeing of our community;</li><li>• listen to and consult with our community; and</li><li>• listen to and understand our customers' needs prior to offering a solution.</li></ul>
<p><b>Leadership -</b></p> <p>We pride ourselves on continuously learning how we can improve our business for the benefit of our community.</p>	<p>We will:</p> <ul style="list-style-type: none"><li>• commit to developing our knowledge and skills;</li><li>• commit to seeking better ways of doing things; and</li><li>• show initiative in what we do to better meet our customers' and community's needs.</li></ul>

# Chairman's report

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For year ending 30 June 2011

Welcome to our eighth Annual General Meeting of Trafalgar & District Financial Services Ltd. This report sets out the achievements of the Company over the past 12 months, in particular those of our **Community Bank**<sup>®</sup> branch. We continue to be profitable, resulting in significant funds being available to local community groups.

An important event during the reporting period was the retirement of our inaugural Branch Manager, Bryan Leaf, who was replaced by Phil Drummond.

## Profit

The Company made a profit of \$308,898 before tax and market development (grants) (compared to \$252,343 in 2010-/11). The net profit for this reporting period was \$107,097 (\$54,336 in 2009/10).

The attached graph (Figure 1) shows the profit/loss of the **Community Bank**<sup>®</sup> branch since its establishment.

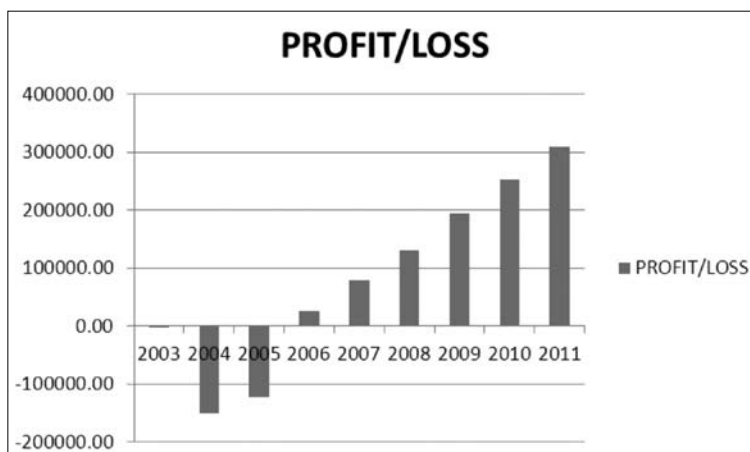


Figure 1 - Profit/Loss since Company's establishment

Bendigo and Adelaide Bank Ltd varied the amount of commission payable on the trailer product commission and the upfront product commission, with effect from 1 April 2011.

The Board has assessed the impact of these changes. There was an estimated reduction in commission earnings for the period 1 April 2011 to 30 June 2011 of \$2,000. Annualised, this represents an estimated reduction of \$8,000 for 2011/12. However due to the ever moving earnings in the area of commissions it is difficult for us to determine the actual reduction and hence report that there has been minimal to no impact to T&DFS.

The Board has budgeted for a profit of \$147,188 (before tax and grants) in the 2011/12 financial year. Any provision for grants is not included in the budget as that is determined by the Company's profit. Therefore, the Board will determine this amount at its June 2012 meeting.

## Dividend

The Board is very pleased to announce that it has declared a dividend of seven cents per share fully franked. The dividend is payable to shareholders owning shares as at close of business on 1 September 2011.

# Chairman's report continued

## Company governance

The Board's concentration on Company governance continued during the year. Director education continues to be a main focus of the Board, and a programme for the continuous education of Directors will be developed during the course of the 2011/12 financial year. Our main two governance committees, Audit & Risk and Governance & HR have reviewed their respective charters, and made a number of amendments.

The Company's 2011/14 strategic plan is now completed, and is available on the website for shareholders' information. Annual action plans have been developed to implement the plan.

## Finances

The Company's balance sheet grew by \$8.2 million from \$75.35 million on 1 July 2010 to \$83.55 million as at 30 June 2011.

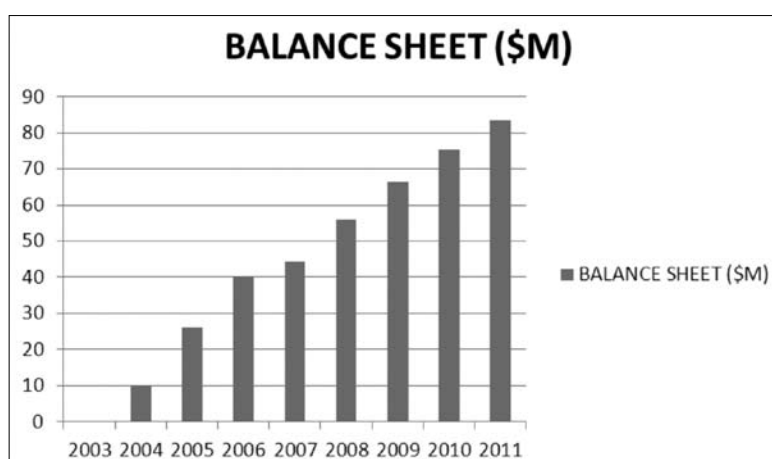


Figure 2 – Balance Sheet growth

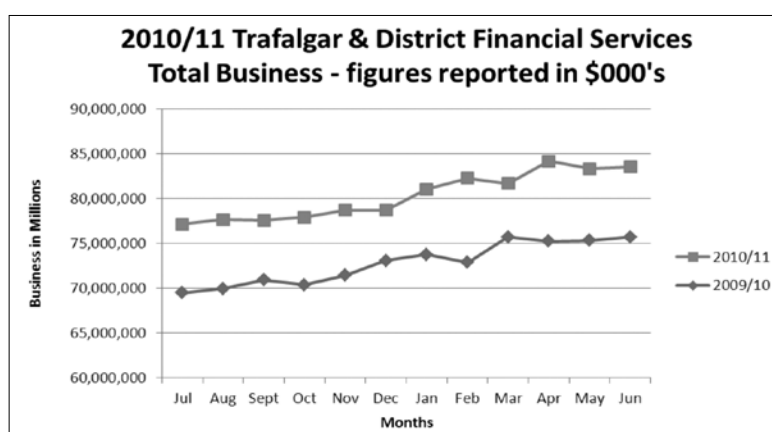


Figure 3 – Balance Sheet activity by month: 2009/10 and 2010/11

## Marketing

The Company contributed \$174,954 in grants and sponsorship to forty different community organisations (three organisations received both sponsorship and grants) in this reporting period. Community organisations have received \$416,089 (\$188,007 in sponsorship and \$228,082 in grants) since the Company first started contributing to the community in 2005/06.

## Chairman's report continued

### Sponsorship

The Company sponsored twenty eight community organisations during the reporting period, with the groups receiving \$56,872. The Company held a sponsorship information night for community organisations during the year to assist them in preparing their application forms and to highlight to them that sponsorship is not a donation; that the organisations and their members are expected to support the **Community Bank**<sup>®</sup> branch in their banking.

The sponsorship process is continually reviewed by the Board. During the year, a feedback process commenced. This will be refined to ensure that the Company receives an appropriate return on its sponsorship.

The following table provides the sponsorship given to community organisations during the past financial year.

<b>Organisation funded</b>	<b>2010/11</b>	<b>%</b>
Gippsland Greenkeepers & Bowlers	150	0.3%
Headway	3,000	5.3%
Hill End Community Inc	2,000	3.5%
Hill End Grove Junior Football Club	1,500	2.6%
Mt Baw Baw Scouts Association	4,000	7.0%
Narracan Primary School	300	0.5%
Rawson Primary School	425	0.7%
Thorpdale Community Hall	750	1.3%
Thorpdale Multi-Purpose Stadium	1,900	3.3%
Trafalgar - Battle of Trafalgar Festival	5,000	8.8%
Trafalgar & District Basketball Assoc	725	1.3%
Trafalgar Bowling Club	3,000	5.3%
Trafalgar Chamber of Commerce	2,000	3.5%
Trafalgar Golf Club	500	0.9%
Trafalgar Junior Basketball Club	504	0.9%
Trafalgar Lioness Club	200	0.4%
Trafalgar Men's Shed	2,500	4.4%
Trafalgar Park Bowling Club	3,000	5.3%
Trafalgar Primary School	300	0.5%
Trafalgar Rotary Club	4,000	7.0%
Trafalgar Tennis Club	900	1.6%
Trafalgar Victory Soccer Club	950	1.7%
Trafalgar Youth Resource Centre	1,000	1.8%
Trafalgar-St Joseph's Parents & Friends	6,010	10.6%
West Gippsland Healthcare Group	3,300	5.8%
Willow Grove Kindergarten	4,958	8.7%
Yarragon Bowling Club	2,500	4.4%
Yarragon Football & Netball Club	1,500	2.6%
<b>Total</b>	<b>56,872</b>	<b>100%</b>

Table 1 – 2010/11  
sponsorship recipients

### Grants

This reporting period saw the Company's first grants programme, with \$118,082 granted to fifteen community organisations. Our major grants initiative, the multi-year Youth Foundations project (YF), was to finish on 30 June 2011, however the Victorian State Government (joint funder of the project with the Company) has

# Chairman's report continued

extended contributions until 31 December 2011. The Company has decided to continue with YF post 1 January 2012, and will take a stronger leadership role in the future.

Below is the list of grants distributed during the reporting period.

<b>Organisation funded</b>	<b>2010/11</b>	<b>%</b>
<b>Amount allocated for grants</b>	<b>152,000</b>	
<b>Recipients</b>		
1st Trafalgar Scouts	5,387	4.6%
Headway Gippsland	16,500	14.0%
Queensland Flood Appeal	2,000	1.7%
St Joseph's Primary School, Trafalgar	6,000	5.1%
Trafalgar Anglican Parish	11,770	10.0%
Trafalgar CFA	10,646	9.0%
Trafalgar Community Development Association	1,792	1.5%
Trafalgar Kindergarten	4,900	4.1%
Trafalgar Lions Club	900	0.8%
Trafalgar Probus Club	1,368	1.2%
Trafalgar Recreation Precinct	27,500	23.3%
Trafalgar Youth Resource Centre	9,740	8.2%
Variety - the Children's Charity of Victoria	10,000	8.5%
Willow Grove Lions Club	1,379	1.2%
Yarragon Tennis Club	8,200	6.9%
<b>Total</b>	<b>118,082</b>	<b>100.0%</b>

Table 2 –  
2010/11 grants  
recipients

As outlined in last year's report, the Company deposits grants money with Community Enterprise Foundation™ ("CEF"), a trustee Company established by Bendigo & Adelaide Bank to manage grants on behalf of **Community Bank®** Companies such as ours. The Company has three accounts with CEF, one for all grants except for YF ('general account') and two for YF. The Board deposited \$150,000 (excluding GST) in CEF in June 2011. The Board has also allocated a further \$15,000 towards YF from its operating budget.

There is a total of \$350,636.58 deposited in the three CEF accounts, with \$162,334.77 in the general account and \$188,301.81 in the YF accounts. It is important to know that, legally, these amounts belong to CEF.

The Board has decided that rather than having a grants programme in 2011/12, it will identify a small number of major projects that are strategically important to our catchment area. Consequently, a grants programme similar to last year will not occur in the 2011/12 financial year.

## **Committee activities**

The Company continues to be well serviced through its committee process. Each committee's main activities during the year are detailed in the Committee report.

## **Community Bank® Branch Manager**

The **Community Bank®** branch's inaugural Branch Manager, Bryan Leaf, retired in April, after leading the branch since its inception. As the inaugural Branch Manager, Bryan commenced with the branch having no accounts, no loans and no deposits. Under Bryan's leadership considerable growth has occurred.

## Chairman's report continued

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Bryan's main strength has been his ability to talk to local people and to make them feel at ease. His commitment to the Company was without question, which was appreciated by the Board. The Board wishes Bryan and his wife, Lorraine, a long, happy and healthy retirement.

Bryan was replaced with Phil Drummond, who has previously held senior positions in local government. His experience in managing the financial, human resources and other internal business operations of the council, together with his extensive experience in improving service delivery and engaging with communities, will be a significant asset to the Company.

### **Community Bank® branch staff**

Katherine Gourley joined the Company during the reporting period and has settled in well. Tiffany Jones was promoted to the Customer Relationship Officer during the year. Tiffany joins Lorraine Morland as our two Customer Relationship Officers.

The Board thanks all staff, Lorraine, Tiffany, Sharon Bowyer, Kim Wicklander and Katherine for their effort during the year.

### **Administration support to the Board**

The Board extended the contract of its Administrative Officer, Mel White, for a further three years. Mel provides great support to the Board, resulting in her duties continually growing. She has become an integral part of the Company.

### **Directors**

The Directors of the Company deserve special mention. They put in many hours without remuneration. The role of Director is becoming more onerous. The legal decisions of the superior courts continue to place more responsibility on Directors to ensure that they are pro-active in the governance of their companies. The fact we are not paid as Directors doesn't diminish our legal obligations to good governance.

Chris Badger and Glenn Fozard resigned during the year due to work commitments. The Board thanks them for their effort during their tenure as Directors. With the two resignations during the year together with the retirement of three Directors in accordance with the Company's constitution, there are five Director vacancies. Michelle Robertson, Gary Smith and Sally Brown retire in accordance with the constitution. Gary is seeking re-election. Michelle and Sally have decided to not seek re-election; Michelle for family reasons, and Sally due to further study and work commitments. The Board is very appreciative of Michelle and Sally's effort during their involvement with the Company. Wayne McArdle, who was co-opted by the Board during the year, is eligible to seek election as a Director.

I personally thank all Directors who helped me during the year, and I look forward to their continued support in the future.



**Mick Bourke**  
**Chairman**



# Manager's report

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For year ending 30 June 2011

This report outlines the progress of our **Community Bank**<sup>®</sup> branch over the last 12 months and deals with business growth, account growth, customer growth and staff development.

Prior to reporting on the above, I would like to take this opportunity to recognise the work of Bryan Leaf, my predecessor and the inaugural Branch Manager of this branch who recently retired. Bryan's diligent work and commitment to his role has left the branch in a very good position which made my role much easier than it might have been. I would like to take this opportunity to thank him for his hard work and for the legacy he has left this community.

## **Business growth**

The branch's loan portfolio has grown this year to \$37.442 million and its deposit portfolio has grown to \$44.148 million giving the branch total footings at year end of \$81.59 million. When other business the branch has written is also included it shows the value of all business as at 30 June being \$83.55 million. This represents growth of over 8.5% from last year.

## **Account and customer growth**


The branch has continued to attract new customers and existing customers have continued to increase the number of products they have with us. The number of accounts opened with us this year has increased in net terms by nearly 160 more than it increased last year. The number of accounts now held at the branch is 3,910.

The number of new customers attracted to the **Community Bank**<sup>®</sup> branch during the year has been approximately 150 bringing our total customer base to 2,352.

## **Staff development**

The staff are critical to the branch's success and ongoing growth. Lorraine, Tiffany, Sharon, Kim and Kat form a dedicated team which is committed to meeting the needs of their customers and committed to the **Community Bank**<sup>®</sup> concept.

In order to ensure that they have continued to develop their skills and knowledge they have all demonstrated a strong commitment to training and development during the year and have added to their skills base significantly in order to better serve the needs of our customers.



**Phil Drummond**  
**Branch Manager**

# Bendigo and Adelaide Bank Ltd report

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For year ending 30 June 2011

As **Community Bank**<sup>®</sup> 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 Ltd 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<sup>™</sup>, Community Sector Banking, Community Telco, Generation Green<sup>™</sup> and Community Enterprises) that will provide Boards with further development options.

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

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

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

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

The strength of our business model – based on our commitment to our customers and the communities that we operate in – is being recognised by all three ratings agencies.

## Bendigo and Adelaide Bank Ltd report continued

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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**<sup>®</sup> 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**<sup>®</sup> 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**

# Committee report

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For year ending 30 June 2011

The Company's five governance committees and four operational committees continued their operations during the reporting period. The activities of each committee are outlined below (members of each committee are as at 30 June 2011).

## **Corporate Governance committees**

### Audit & Risk Committee

Vacant (lead), Sally Brown, Dylan Berends, Peter Marx, Michelle Robertson.

The committee updated the committee charter to ensure it complied with the Company charter and complimented the Governance & HR Committee charter. A gap analysis was also undertaken of all policies related to audit and risk and actions identified to address this. Two items were actioned from the audit checklist, being the six month internal accounting audit and Auditor rotation.

### Crisis Response Committee

Mick Bourke (lead), Phil Drummond, Peter Marx, Michelle Robertson.

This committee did not meet due to there being no crises.

### Executive Committee

Mick Bourke (lead), Gary Smith, Peter Marx, Michelle Robertson.

No activities were delegated to this committee during the year.

### Governance & HR Committee

Gary Smith (lead), Chris Badger, Mick Bourke, Di Harrison.

The committee undertook the following key activities -

- Reviewed and updated the Governance & HR charter to ensure it complied with the Company charter and complimented the Audit & Risk Committee charter
- Developed and implemented a process and timetable for ongoing review of all Company policies and procedures
- Developed new policies for Director succession planning and termination of office of a Director
- Developed position descriptions for the role of Chairman, Company Secretary, Treasurer and Director for use in developing training programs, performance evaluation and recruitment.

# Committee report continued

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## Low Volume Market

Peter Marx (lead), Mick Bourke, Di Harrison, Mel White.

The LVM committee is responsible for supervising the process of buying and selling the Company's shares. The Company was admitted by Australian Securities & Investment Commission (ASIC) to the register of entities under the Corporations (Low Volume Markets) Exemption Notice 2003 on the 15 November 2010. Each committee member has successfully completed the LVM assessment which was required as part of the application to ASIC.

The process of selling and buying shares can be completed either online using the required forms on our website or printing the required form and mailing the completed form .

During 2010/11 we completed four share transfers using the LVM process and at the end of June 2011 there were two parties on our Register of Interested parties schedule who are seeking to sell their shares.

## **Operational Committees**

### Best Practice Committee

Chris Badger (lead), Dylan Berends, Phil Drummond.

This committee concentrated on the continuation of the strategic planning process and commenced work on identifying business excellence frameworks.

### Community Committee

Sally Brown (lead), Mick Bourke, Phil Drummond, Tiffany Jones, Lorraine Morland.

The main focus of 2010/11 for the Community Committee was to build a stronger connection with the local community. This was achieved through three facets; firstly the maintenance of quarterly sponsorship allocations, secondly through the introduction of a grants program and finally by inviting the community to contribute ideas toward the future direction of sponsorship/grants section of the Trafalgar & District **Community Bank**<sup>®</sup> Branch.

### Staff Committee

Gary Smith (lead), Phil Drummond.

There were two major activities undertaken by the Staff Committee during 2010/11, these being formalising annual performance and training plans of all staff into the new Bendigo Bank Connecting You electronic performance management system, and also undertaking a successful recruitment of our new Branch Manager to replace Bryan Leaf who retired in April 2011.

The development of the annual performance and training plans for all staff required alignment of their plans to the Strategic Business Plan key objectives. All staff members were provided with a briefing of the 2010/11 Strategic Plan, and were also encouraged to participate in the development of the 2011/12 strategic plan.

### Stakeholder Committee

Di Harrison (lead), Mick Bourke, Wayne McArdle.

The overarching goal of the committee was to build relationships with stakeholders and the committee finalised two surveys: stakeholder and shareholder.

## Committee report continued

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The stakeholder survey (aimed at the general community) was made available in two formats: printed and online. The survey sought to obtain data about existing services, customer satisfaction and areas for improvement and targeted specific groups within the community, such as local farmers, businesses, Gen Y and new residents.

The shareholder survey involved focus group discussions which were conducted by a qualified researcher and targeted shareholders of the Company.

The aim of the survey was to improve the communication between shareholders and the Company in order to evaluate its core business and all forms of communication to and from its shareholders.

As a result of finalising the surveys, the Company has access to high-quality reports which will assist with its future strategic planning.

### Profitability Committee

Dylan Berends (lead), Chris Badger, Phil Drummond.

In the last financial year the profitability committee began a forward looking approach to the Company's profitability. It collated financial data and ran a series of scenarios based on the growth and trends in the community. When completed, this will allow the Company to be more pro-active and will clarify any financial implications should we need to adapt.

# Directors' report

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For the financial year ended 30 June 2011

The Directors present their report on the Company for the financial year ending 30 June 2011.

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

**Mr Michael Bourke**

Michael is 58 years of age. Appointed Director on 29 November 2007 and was appointed Chairman on 6 November 2008. He works as a consultant and has a Diploma of Public Administration. Michael is involved in the Crisis Response, Executive, Governance & Human Resources, Stakeholder, Community and Low Volume Market committees as well, in his capacity as Chairman, as being ex-officio member of all committees.

Mick is 58 years of age. Appointed Director on 29 November 2007 and was appointed Chairman on 6 November 2008. He works as a consultant and has a Diploma of Public Administration. Mick is involved in the Crisis Response, Executive, Governance & Human Resources, Best Practice, Community and Low Volume Market committees as well, in his capacity as Chairman, as being ex-officio member of all committees.

**Mr Christopher Badger**

Christopher is 53 years of age. Appointed Director on 5 November 2009 and appointed deputy Chairman on 2 December 2010. He is employed as an executive general manager and has qualifications of a Bachelor in Electrical/Mechanical Engineering and an Advanced Development Program (London Business School). He participated in the Best Practice, Governance and Human Resources and Profitability committees until his resignation as a Director on 30 June 2011.

**Mr Peter Marx**

Peter is 63 years of age. Appointed Director on 21 October 2002 and Company Secretary on 2 February 2007. He works as a land surveyor and has qualifications of Licensed Land Surveyor, Diploma of Surveying, Diploma of Cartography and a member of the Institution of Surveyors Victoria and Association of Consulting Surveyors Victoria. He is involved in the Audit & Risk, Crisis Response, Executive committee, Profitability and Low Volume Market committees.

**Ms Michelle Robertson**

Michelle is 36 years of age. Appointed Director on 2 July 2009 and to the position of Treasurer on 3 December 2009. She is employed as an Administration Manager with an Advanced Diploma of Business Accounting. She is part of the Audit & Risk, Crisis Response and Executive committees.

**Mr Dylan Berends**

Dylan is 25 years of age. He was appointed Director on 4 November 2010. Dylan is employed as an Accountant and is a Candidate member of the Institute of Chartered Accountants Australia. He is part of the Audit & Risk, Best Practice and Profitability committees.

**Ms Sally Brown**

Sally is 21 years of age. She was appointed Director on 5 November 2009. She is a university student. She is involved in the Audit & Risk and Community committees.

## Directors' report continued

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### **Mr Gary Smith**

Gary is 57 years of age and was appointed Director on 3 June 2010. He works as a Manager of Asset Planning and has the qualifications of Diploma of Engineering (Civil) and Diploma of Teaching (Technical). He is part of the Governance and Human Resource and Staff committees.

### **Ms Dianne Harrison**

Dianne is 52 years of age. She was appointed Director on 4 November 2010. Dianne is employed as a TAFE teacher and has qualifications of Bachelor of Arts, Bachelor of Education, Master of Education, and Gippsland Community Leadership Program (2010) Graduate. She is involved with the Governance & Human Resources, Stakeholder and Low Volume Market committees.

### **Mr Wayne McArdle**

Wayne is 41 years of age and was appointed Director on 5 May 2011. His occupation is a Barrister & Solicitor and has qualifications of Bachelor of Laws, Bachelor of Economics, Diploma of Law and Government and Diploma of Legal Practice. He is a member of the Law Institute of Victoria. He is part of the Stakeholder committee.

### **Mr Glenn Fozard**

Glenn is 37 years of age. Glenn was appointed Director on 5 November 2009. He works as an Investment advisor and has a Bachelor of Business (International Trade) and a Bachelor of Arts (Psychology). He participated in the Audit and Risk, Best Practice and Profitability committees until his resignation as a Director on 8 June 2011.

### **Mr Peter Cooke**

Peter is 65 years of age and appointed Director on 29 November 2007 and deputy Chairman on 6 November 2008. He is a retired secondary school teacher and has Bachelor of Arts; Bachelor of Education, TSTC and Graduate Diploma computing qualifications. Peter did not seek re-election at the 2010 annual general meeting.

### **Ms Prudence Hall**

Prudence is 39 years of age and was appointed Director on 3 December 2009. She is a Chartered Accountant with a Bachelor of Business (Accounting) degree. She participated in the Audit and Risk and Profitability committees until her resignation on 5 August 2010.

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

2. The principal activity of the Company during the financial year was the management of a **Community Bank**<sup>®</sup> branch.
3. The net profit of the Company for the financial year was \$107,097 (2009/2010 \$54,336).
4. During the financial year the Company continued its trading activities. The results of those operations were in line with projections.
5. There was no significant change in the state of affairs of the Company during the financial year.
6. No matters or circumstances have arisen since the end of the financial year which significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.



## Directors' report continued

7. The Directors are not aware of any likely developments in the operation of the Company or of any change in the expected results of those operations in future financial years.
8. No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or Auditor of the Company.
9. 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 of all or any part of those proceedings.
10. The Company was not a party to any such proceedings during the year.
11. The Company's operation are not regulated by any significant environmental regulation under a law of the Commonwealth, or of a State or Territory.
12. No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company with a Director, a firm of which a Director is a member, or an entity in which a Director has a substantial financial interest other than the benefits disclosed in Note 7. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the accounts, or the fixed salary of a full time employee of the Company.
13. During the Financial year, 12 meetings of Directors were held. Attendances by each Director were as follows:

	Director since	Directors' meetings	
		Number Eligible To Attend	Number Attended
Michael Bourke	2007	12	11
Peter Marx	2002	12	12
Peter Cooke*	2007	5	4
Michelle Robertson	2009	12	11
Christopher Badger	2009	12	11
Sally Brown	2009	12	8
Glenn Fozard#	2009	12	7
Prudence Hall^	2009	2	0
Gary Smith	2010	12	10
Dianne Harrison~	2010	7	7
Dylan Berends~	2010	7	5
Wayne McArdle**	2011	2	2

\* Did not seek re-election at 2010 AGM

# Resigned 8 June 2011

^ Resigned 5 August 2010

~ Appointed 4 November 2010

\*\* Appointed 5 May 2011

# Directors' report continued

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All Directors are widely experienced in the general business environment in which the Company operates.

## **Auditor independence declaration**

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

Taylor Partners

**TAYLOR PARTNERS PTY. LTD.**  
**CHARTERED ACCOUNTANTS** A.C.N 006 597 235

R. MALE F.C.A.  
G. JAMES C.A.

OUR REFERENCE

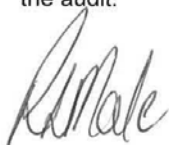
## **Auditors Independence Declaration Under Section 307C of the Corporations Act 2001**

### **To the Directors of Trafalgar & District Financial Services Limited**

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I declare that, to the best of my knowledge and belief, in relation to the audit of Trafalgar & District Financial Services Limited for the year ended 30 June, 2011 there have been;

- a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



R L Male FCA

Taylor Partners Pty Ltd  
220 Chesterville Road, Moorabin, Vic

Dated this 1<sup>st</sup> day of September, 2011

220 Chesterville Road, (PO Box 1429) Moorabbin, Vic. 3189  
Website: [www.taylorpartners.com.au](http://www.taylorpartners.com.au) Email: [admin@taylorpartners.com.au](mailto:admin@taylorpartners.com.au)  
Telephone: (03) 9553 3223 Facsimile: (03) 9553 2548  
Liability Limited by a Scheme approved under Professional Standards Legislation.

## Directors' report continued

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Signed in accordance with a resolution of the Board of Directors

A handwritten signature in black ink, appearing to be 'M Bourke', with a circular flourish on the left side.

**Michael Bourke**  
**Chairman**

Date: 1 September 2011

# Financial statements

## Statement of comprehensive income for the year ended 30 June 2011

	Note	2011 \$	2010 \$
<b>Revenue</b>			
Income from operations		872,264	761,071
Interest received		27,576	21,202
		<b>899,840</b>	<b>782,272</b>
<b>Expenses</b>			
Employee benefit expenses		314,334	280,252
Depreciation		9,713	9,927
Amortisation of franchise fee		13,773	13,773
General administration		143,615	137,255
Leasing costs		8,345	9,198
Audit services		1,386	1,285
Advertising and promotion		9,329	4,794
Marketing and sponsorships		60,603	44,106
Occupancy costs		27,844	29,340
		<b>588,942</b>	<b>529,930</b>
<b>Profit (loss) from ordinary activities before income tax &amp; market development</b>			
		<b>310,898</b>	<b>252,343</b>
Market development		152,000	168,818
Income tax relating to ordinary activities	3	51,801	29,189
<b>Net profit (loss) after income tax</b>		<b>107,097</b>	<b>54,336</b>
<b>Earnings per share (cents per share)</b>			
- basic for the period (cents)		20.10	10.20
- diluted for the period (cents)		20.10	10.20

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of financial position as at 30 June 2011

	Note	2011 \$	2010 \$
<b>Current assets</b>			
Cash assets	5	544,560	441,005
Receivables		78,260	74,855
Other		7,859	9,459
<b>Total current assets</b>		<b>630,679</b>	<b>525,320</b>
<b>Non-current assets</b>			
Intangibles	13	33,054	46,826
Plant and equipment	2	74,558	74,710
Deferred tax asset	3	9,254	12,477
<b>Total non-current assets</b>		<b>116,866</b>	<b>134,013</b>
<b>Total assets</b>		<b>747,545</b>	<b>659,333</b>
<b>Current liabilities</b>			
Payables		27,021	27,301
Provisions	4	42,141	17,646
<b>Total current liabilities</b>		<b>69,162</b>	<b>44,947</b>
<b>Non-current liabilities</b>			
Provisions	4	9,254	19,903
Deferred tax liability	3	2,358	2,838
<b>Total non-current liabilities</b>		<b>11,612</b>	<b>22,741</b>
<b>Total liabilities</b>		<b>80,774</b>	<b>67,688</b>
<b>Net assets</b>		<b>666,771</b>	<b>591,645</b>
<b>Members funds</b>			
Contributed equity		532,859	532,859
Accumulated profits / (losses)	9	133,912	58,786
<b>Total members' funds</b>		<b>666,771</b>	<b>591,645</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of cash flows for the year ended 30 June 2011

	Note	2011 \$	2010 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		956,192	827,217
Payments to suppliers and employees		(765,043)	(706,146)
Interest received		29,252	17,943
Amounts paid to ATO		(50,795)	(46,609)
Income taxes paid		(24,519)	(84,182)
<b>Net cash provided by operating activities</b>	<b>6</b>	<b>145,087</b>	<b>8,223</b>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment		(9,561)	(9,665)
<b>Net cash used in investing activities</b>		<b>(9,561)</b>	<b>(9,665)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(31,971)	(26,643)
<b>Net cash used in financing activities</b>		<b>(31,971)</b>	<b>(26,643)</b>
Net increase/(decrease) in cash held		103,555	(28,085)
Cash and cash equivalents at the beginning of the financial year		441,005	469,090
<b>Cash and cash equivalents at the end of the financial year</b>	<b>5</b>	<b>544,560</b>	<b>441,005</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

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

	<b>Contributed equity \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
<b>Balance at 1 July 2009</b>	<b>532,859</b>	<b>31,093</b>	<b>563,952</b>
Net profit/(loss) for the period	-	54,336	54,336
Dividends provided for or paid	-	(26,643)	(26,643)
<b>Balance at 30 June 2010</b>	<b>532,859</b>	<b>58,786</b>	<b>591,645</b>
<b>Balance at 1 July 2010</b>	<b>532,859</b>	<b>58,786</b>	<b>591,645</b>
Net profit/(loss) for the period	-	107,097	107,097
Dividends provided for or paid	-	(31,971)	(31,971)
<b>Balance at 30 June 2011</b>	<b>532,859</b>	<b>133,912</b>	<b>666,771</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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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 Accounting Standards, Urgent Issues Group Consensus Views, other Authoritative Pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Trafalgar & District Financial Services Limited as an individual entity. The Company is a Company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values, or except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied.

### **(a) Statement of compliance**

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

### **(b) Plant and equipment**

Each class of property, plant and equipment are carried at cost less where applicable any accumulated depreciation.

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

The depreciable amount of all fixed assets are depreciated using the diminishing value method over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:-

- Plant and equipment 10% - 100%

### **(c) Cash**

For the purposes of the Statement of cash flows, cash includes:

- (i) cash at bank; and
- (ii) cash on at call deposits at bank.



# Notes to the financial statements continued

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

### **(d) Revenue**

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

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

Revenue is recognised net of the amount of goods and services tax (GST)

### **(e) 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 a 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. Cashflows are included in the Cashflow Statement on a gross basis, and the GST component arising from investing and financing activities, which is recoverable from, or payable to the Australian Taxation Office, are classified as operating activities.

### **(f) Intangibles**

The franchise fee is valued in the accounts at cost and is being amortised over a period of five years. The balance is reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer recoverable is written off.

### **(g) Comparative figures**

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

### **(h) Leases**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits associated to ownership.

#### Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are capitalised at present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and recognized directly in the net profit.

# Notes to the financial statements continued

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

### **(i) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within the year together with benefits arising from wages, salaries and annual leave, which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Other 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.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

### **(j) Income tax**

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

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

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

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

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

# Notes to the financial statements continued

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

### (k) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>

## Note 2. Plant and equipment

Plant and equipment at cost	162,907	153,346
Less provision for depreciation	(88,349)	(78,636)
	<b>74,558</b>	<b>74,710</b>
Reconciliations of written - down value of plant & equipment		
Balance at beginning of year	74,710	74,972
Additions	9,561	9,665
Depreciation expense	(9,713)	(9,927)
<b>Balance at end of year</b>	<b>74,558</b>	<b>74,710</b>

## Note 3. Income tax expense

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

Prima facie tax payable on operating profit at 30%	47,669	25,057
Adjust for tax effect:		
Non - deductible permanent differences		
Set - up costs	4,132	4,132
Timing differences deductible when incurred		
Provision for holiday pay, accrued and prepaid expenses	(51)	985
Provision for long service leave	(3,195)	1,931
Accrued interest	503	(978)
	<b>49,058</b>	<b>31,128</b>
Movement in deferred tax asset	3,223	(2,934)
Movement in deferred tax liability	(480)	995
<b>Income tax expense</b>	<b>51,801</b>	<b>29,188</b>

## Notes to the financial statements continued

	2011 \$	2010 \$
Note 3. Income tax expense (continued)		
<b>Deferred tax asset</b>		
Accrued expenses	1,410	1,425
Provision for holiday pay	5,068	5,081
Provision for long service leave	2,776	5,971
	<b>9,254</b>	<b>12,477</b>
<b>Movement in deferred tax asset charged to statement of comprehensive income</b>		
	<b>(3,223)</b>	<b>2,934</b>
Deferred tax liability		
Accrued interest	1,700	2,202
Prepaid rent	658	636
	<b>2,358</b>	<b>2,838</b>
<b>Movement in deferred tax liability charged to statement of comprehensive income</b>		
	<b>(480)</b>	<b>995</b>

## Note 4. Provisions

### Current

Income tax payable	25,247	708
Annual leave	16,894	16,938
	<b>42,141</b>	<b>17,646</b>

### Non - current

<b>Long service leave</b>	<b>9,254</b>	<b>19,903</b>
Average number of employees	5	5

## Note 5. Cash

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

<b>Cash at bank</b>	<b>544,560</b>	<b>441,005</b>
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## Notes to the financial statements continued

	2011 \$	2010 \$
<b>Note 6. Cash flow information</b>		
Reconciliation of cash flow from operation with operating profit / loss		
Operating profit / (loss)	107,097	54,336
Non - cash flows in operating results		
Depreciation	9,713	9,927
Amortisation	13,773	13,773
Changes in assets and liabilities		
(Increase) / decrease in receivables	(1,804)	(13,278)
(Increase) / decrease in prepayments	(280)	(12,236)
Increase / (decrease) in provisions	(10,694)	10,694
Increase / (decrease) in income tax payable	24,539	(53,054)
(Increase) / decrease in deferred tax assets	3,223	(2,934)
Increase / (decrease) in deferred tax liabilities	(480)	995
<b>Net cash provided by operating activities</b>	<b>145,087</b>	<b>8,223</b>

## Note 7. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

No transactions with related entities.

## Note 8. Segment reporting

The Company operates in the service sector where it conducts a **Community Bank**<sup>®</sup> branch in the Trafalgar, Yarragon, Willow Grove, Thorpdale and surrounding areas of Gippsland in Victoria.

	2011 \$	2010 \$
<b>Note 9. Accumulated profits / (losses)</b>		
Accumulated profit at the beginning of the financial year	58,786	31,093
Net profit after income tax	107,097	54,336
Less dividends paid	(31,971)	(26,643)
<b>Accumulated profit (loss) at the end of the financial year</b>	<b>133,912</b>	<b>58,786</b>

## Notes to the financial statements continued

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	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>

### Note 10. Dividends paid on ordinary shares

Franked dividends (6 Cents per share for 2011, 5 cents per share for 2010)	31,971	26,643
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### Note 11. Franking credit balance

Franking account balance as at end of the financial year	103,192	92,375
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### Note 12. Company details

The registered office of the Company is  
103a Princes Highway, Trafalgar, Victoria.

The principal place of business is  
103a Princes Highway, Trafalgar, Victoria.

### Note 13. Intangibles

Franchise fee at cost	68,862	68,862
Less amortisation	(35,808)	(22,036)
	<b>33,054</b>	<b>46,826</b>

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### Note 14. Earnings per share

Earnings used in calculating basic and diluted earnings per share	109,840	52,397
Weighted average number of shares for basic and diluted earnings per share	532,859	532,859

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# Notes to the financial statements continued

## Note 15. Financial instruments

### a) Interest rate risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Effective interest rate		Floating interest rate		Fixed interest rate				Non-interest bearing	
					Within 1 year		1 to 5 years			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
<b>Financial assets</b>										
Cash at bank	6.00	6.02	88,924	61,970	455,636	379,035				
Receivables									78,260	74,855
<b>Total financial assets</b>			<b>88,924</b>	<b>61,970</b>	<b>455,636</b>	<b>379,035</b>			<b>78,260</b>	<b>74,855</b>
<b>Financial liabilities</b>										
Payables									27,021	27,301
<b>Total financial liabilities</b>									<b>27,021</b>	<b>27,301</b>

### b) 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 doubtful debts, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

### (c) Net fair value

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 a standardised form. Financial assets where the carrying amount exceeds net fair values have 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 Notes to the Financial Statements.

## Notes to the financial statements continued

### Note 16. Disclosure of prior period comparative changes

Prior period comparative figures have been adjusted as disclosed below

#### Statement of comprehensive income

	2010 Financial report \$	Restatement \$	Note	2010 Restated comparative \$
<b>Revenue</b>				
Income from operations	761,071	-		761,071
Interest received	21,202	-		21,202
	<b>782,272</b>	-		<b>782,272</b>
<b>Expenses</b>				
Employee benefit expenses	280,252	-		280,252
Depreciation	9,927	-		9,927
Amortisation of franchise fee	13,773	-		13,773
General administration	137,255	-		137,255
Leasing costs	9,198	-		9,198
Audit services	1,285	-		1,285
Advertising and promotion	4,794	-		4,794
Marketing and sponsorships	44,106	-		44,106
Occupancy costs	29,340	-		29,340
	<b>529,930</b>	-		<b>529,930</b>
<b>Profit (loss) from ordinary activities before income tax &amp; market development</b>	<b>252,343</b>	-		<b>252,343</b>
Market development		168,818		168,818
Income tax relating to ordinary activities	31,128	(1,939)	1	29,189
<b>Net profit (loss) after income tax</b>	<b>52,397</b>	-		<b>54,336</b>
<b>Earnings per share (cents per share)</b>				
- basic for the period (cents)	9.83	0.37	1	10.20
- diluted for the period (cents)	9.83	0.37	1	10.20



## Notes to the financial statements continued

Note 16. Disclosure of prior period comparative changes (continued)

### Statement of financial position

	2010 Financial report \$	Restatement \$	Note	2010 Restated comparative \$
<b>Current assets</b>				
Cash assets	441,005	-		441,005
Receivables	74,855			74,855
Other	9,459	-		9,459
<b>Total current assets</b>	<b>525,320</b>	<b>-</b>		<b>525,320</b>
<b>Non-current assets</b>				
Intangibles	46,826	-		46,826
Plant and equipment	74,710	-		74,710
Deferred tax assets	-	12,477	1	12,477
<b>Total non-current assets</b>	<b>121,536</b>	<b>12,477</b>		<b>134,013</b>
<b>Total assets</b>	<b>646,856</b>	<b>12,477</b>		<b>659,333</b>
<b>Current liabilities</b>				
Payables	27,301	-		27,301
Provisions	17,646	-		17,646
<b>Total current liabilities</b>	<b>44,947</b>	<b>-</b>		<b>44,947</b>
<b>Non-current liabilities</b>				
Provisions	19,903	-		19,903
Deferred tax liabilities	-	2,838	1	2,838
<b>Total non-current liabilities</b>	<b>19,903</b>	<b>2,838</b>		<b>22,741</b>
<b>Total liabilities</b>	<b>64,850</b>	<b>2,838</b>		<b>67,688</b>
<b>Net assets</b>	<b>582,006</b>	<b>9,639</b>		<b>591,645</b>
<b>Members funds</b>				
Contributed equity	532,859	-		532,859
Accumulated profits / (losses)	49,147	9,639	1	58,786
<b>Total members' funds</b>	<b>582,006</b>	<b>9,639</b>		<b>591,645</b>

## Notes to the financial statements continued

Note 16. Disclosure of prior period comparative changes (continued)

### Statement of changes in equity

	2010 Financial report		
	Contributed equity \$	Retained earnings \$	Total equity \$
Balance at 1 July 2009	532,859	23,393	556,252
Net profit/(loss) for the period	-	52,397	52,397
Dividends provided for or paid	-	(26,643)	(26,643)
Balance at 30 June 2010	532,859	49,147	582,006

	2010 Restated Comparative				
	Contributed equity \$	Retained earnings \$	Note	Total equity \$	Note
Balance at 1 July 2009	532,859	31,093	1	563,952	1
Net profit/(loss) for the period	-	54,336	1	54,336	1
Dividends provided for or paid	-	(26,643)		(26,643)	
Balance at 30 June 2010	532,859	58,786	1	591,645	1

1. Recognition of deferred tax assets and deferred tax liabilities.

# Directors' declaration

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The Directors of the Company declare that:

1. The financial statements and notes, as set out in the Directors Report, Income Statement, Balance Sheet, Cash Flow Statement and Notes to the Financial Statements, 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.

This declaration is made in accordance with a resolution of the Board of Directors.



**Michael Bourke**  
**Chairman**

Date: 1 September 2011

# Independent audit report

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**TAYLOR PARTNERS PTY. LTD.**  
**CHARTERED ACCOUNTANTS**

A.C.N 006 597 235

R. MALE F.C.A.  
G. JAMES C.A.

**INDEPENDENT AUDITORS' REPORT**

OUR REFERENCE

**TO THE MEMBERS OF  
TRAFALGAR & DISTRICT FINANCIAL SERVICES LTD**

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**SCOPE**

We have audited the financial report of Trafalgar & District Financial Services Limited set out in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and Notes to the Financial Statements for the year ended 30 June 2011. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of the company's operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**

In our opinion, the financial report of Trafalgar & District Financial Services Limited is in accordance with:

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

**TAYLOR PARTNERS**  
**CHARTERED ACCOUNTANTS**



**R. MALE FCA**  
**PARTNER**

Date: 1<sup>st</sup> September, 2011

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Liability Limited by a Scheme approved under Professional Standards Legislation.





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(BMPAR11016) (07/11)

