Tumbarumba Financial Services Limited

ABN 82 121 010 839

annual report 2011

Tumbarumba **Community Bank®** Branch

Batlow Agency

Contents

Chairman’s report

For year ending 30 June 2011

As stated in the last annual report, under the guidance of our Manager Kate Powell, our business grew by $5 million in the final quarter after a slow first three quarters. This trend continued for the 2010/2011 financial year with an additional growth of $16 million, taking our total footings to $44 million.

During this time we have been able to provide sponsorships of over $20,000 to local community organisations. This was made possible through the Marketing and Development Fund provided by Bendigo and Adelaide Bank Ltd.

Kate’s 12 month secondment ended at the end of April 2011 and the Board wishes to formally thank her for her contribution to the growth and ongoing success of the business.

Our new full time Manager Samantha Machell commenced in early May 2011 and has carried on the excellent growth pattern.

Samantha brings with her a wealth of experience in banking, as a mortgage broker and also her involvement in a family business.

The enthusiasm and experience of Samantha and her team, along with the opening of our Batlow Agency, create a positive outlook for future.

I wish the team well and thank them and my fellow Board members for their support and contribution during the year.

Colin Nagle
Chairman

Manager's report

For year ending 30 June 2011

I commenced on 2 May 2011 and wish to thank Kate Powell for her training, guidance and ongoing support to allow a smooth transition into my role as Branch Manager.

Much of the early weeks were spent training in the "Bendigo" way and obtaining my Delegated Lending Authority.

This period also involved familiarising myself with the local businesses and meeting our customers.

I am committed to the long term future of Tumbarumba **Community Bank®** Branch with a strong emphasis on staff development, branch planning, continuing to provide a positive customer experience and drawing on the broad experience of the Board.

I look forward to the opportunities and challenges ahead as we grow the business.

Samantha Machell
Branch Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2011

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

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

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

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

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

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

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

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

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

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

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

Bendigo and Adelaide Bank Ltd report continued

Over the past year the bank has also added more than 700 additional ATMs through a network sharing agreement with Suncorp Bank, which further enhances our customers' convenience and expands our footprint across the country. In addition to this a further 16 **Community Bank®** branches were opened.

The bank has also had a renewed focus on business banking and re-launched our wealth management services through Bendigo Wealth, which oversees the Adelaide Bank, Leveraged Equities, Sandhurst Trustees and financial planning offering.

The **Community Bank®** model is unique and successful, it's one of our major points of difference and it enables us to connect with more than 550,000 customers, in excess of 270 communities and make a difference in the lives of countless people.

We are very proud of the model we have developed and we're very thankful for the opportunity to partner with communities to help build their balance sheets.

We thank you all for the part you play in driving this success.

Russell Jenkins
Executive Customer and Community

Directors' report

For the financial year ended 30 June 2011

The Directors present their report together with the accounts of Tumbarumba Financial Services Limited for the year ended 30 June 2011.

Directors

The names of Directors who held office during or since the end of the year are:

Colin James Nagle	Lachlan Ian MacKenzie
Anthony Owen A'Beckett	Bruce Bertram Alleyn
Malcolm Paul Barclay	Martin Joseph Sullivan
Julie Maree Giddings	Daniel Murray Martin
Malcolm Antony Marshall	Dannye Martin Brennan
Jon Burgun	

Principal activities

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

There has been no significant change in the nature of these activities during the year.

Result

The net loss of the Company for the financial year after provision for income tax was ($115,478) (2010 loss of $167,371).

Matters subsequent to the end of the reporting period

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

Directors interests and benefits

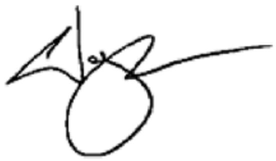
Since the end of the previous financial year no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the accounts) because of a contract made by the Company with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial interest.

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Dated at Wagga Wagga this 15 September 2011

Signed in accordance with a resolution of the Directors:



Colin Nagle
Director

Auditor’s independence declaration

Auditors independence declaration

As lead Auditor for the audit of Tumbarumba Financial Services Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

(a) No contraventions of the Auditor independence requirements of 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.

John L Bush & Campbell
Chartered Accountants

Peter King
Partner

Wagga Wagga

15 September 2011

Financial statements

Statement of comprehensive income for the year ended 30 June 2011

	Note	2011 $	2010 $
Revenues from ordinary activities	2	407,935	270,233
Employee Expenses		(302,123)	(244,281)
Advertising and promotion expense		(26,607)	(8,749)
Borrowing Costs		(29,512)	-
Occupancy and associated costs		(32,263)	(43,669)
Depreciation and amortisation		(38,537)	(18,490)
Systems costs		(35,074)	(31,626)
Administration expenses		(59,297)	(90,789)
Net Profit from ordinary activities before income tax expense		**(115,478)**	**(167,371)**
Income tax expense relating to ordinary activities	**3**	**-**	**-**
Net profit from ordinary activities after related income tax expense		**(115,478)**	**(167,371)**
Total comprehensive income for the year		**(115,478)**	**(167,371)**
Earnings per share		**(18.42 cents)**	**(26.71 cents)**

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2011

	Note	2011 $	2010 $
Current assets			
Cash	5	5,738	18,448
Receivables	6	50,044	30,851
Other current assets	7	3,144	-
Total current assets		**58,926**	**49,299**
Non-current assets			
Property, plant & equipment	10	137,324	175,861
Intangible assets	11	1,500	3,500
Deferred tax asset	9	63,870	63,870
Total non-current assets		**202,694**	**243,231**
Total assets		**261,620**	**292,530**
Current liabilities			
Payables	12	39,903	29,886
Provisions	13	12,240	8,556
Interest bearing liabilities	8	461,355	390,488
Total current liabilities		**513,498**	**428,930**
Total liabilities		**513,498**	**428,930**
Net assets		**(251,878)**	**(136,400)**
Equity			
Issued capital	14	593,875	593,875
Retained profits	15	(845,753)	(730,275)
Total equity		**(251,878)**	**(136,400)**

The accompanying notes form part of these financial statements.

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

	Note	2011 $	2010 $
Total equity at the beginning of the period		(136,400)	30,971
Net loss for the period		(115,478)	(167,371)
Total equity at the end of the period		**(251,878)**	**(136,400)**

The accompanying notes form part of these financial statements.

Statement of cash flows
for the year ended 30 June 2011

	Note	2011 $	2010 $
Cash flows from operating activities			
Cash receipts in the course of operations		427,461	298,114
Cash payments in the course of operations		(511,038)	(432,246)
Net cash used by operating activities	**16(ii)**	**(83,577)**	**(134,132)**
Cash flows from investing activities			
Payments for property, plant & equipment		-	(574)
Net cash used in investing activities		**-**	**(574)**
Cash flows from financing activities			
Repayment of loan		-	(2,300)
Net cash used in financing activities		**-**	**(2,300)**
Net increase / (decrease) in cash held		**(83,577)**	**(137,006)**
Cash at the beginning of the financial year		(372,040)	(235,034)
Cash at the end of the financial year	**16(i)**	**(455,617)**	**(372,040)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2011

Note 1. Statement of significant accounting policies

The significant policies that have been adopted in the presentation of these financial statements are:

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

(b) Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

(c) Historical cost convention

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(d) Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

(e) Goods and services tax

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis.

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

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(f) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive statement of financial position liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(g) Employee entitlements

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

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

Note 1. Statement of significant accounting policies (continued)

(h) Intangibles

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

(i) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(j) Comparative figures

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

(k) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements	40 years
- plant and equipment	2.5 - 40 years
- furniture and fittings	4 - 40 years

(l) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(m) Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

Note 1. Statement of significant accounting policies (continued)

(n) Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

(o) Borrowings

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

(p) Provisions

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

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

(q) Contributed equity

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

(r) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

	2011 $	2010 $

Note 2. Revenue

	2011 $	2010 $
Operating activities		
Services Commissions	407,794	270,178
	407,794	**270,178**
Non-operating activities		
Interest	141	55
	407,935	**270,233**

Notes to the financial statements continued

	2011 $	2010 $

Note 3. Income tax expense

The prima facie tax or loss from ordinary activities before income tax is reconciled as follows:

Operating loss	(115,478)	(167,371)
Prima facie tax on loss from ordinary activities at 30%	(34,643)	(50,211)
Add tax effect of:		
timing difference expense	1,855	233
blackhole expense	(1,966)	(1,966)
Tax losses not brought to account	34,754	51,944
Income tax losses		
Future income tax benefit arising from tax losses are not recognised at reporting date as a realisation of the benefit is not regarded as virtually certain	**34,754**	**51,944**

Note 4. Profit from ordinary activities

Profit from ordinary activities before income tax has been determined after:

(a) Expenses		
Amortisation of intangibles	2,000	2,000
Depreciation of non-current assets	38,537	16,490
Auditors Renumeration	8,250	6,400

Note 5. Cash assets

Cash at bank	5,738	18,448
	5,738	**18,448**

Note 6. Receivables

Trade debtors	43,842	30,851
Sundry Debtor	6,202	-
	50,044	**30,851**

Notes to the financial statements continued

	2011 $	2010 $

Note 7. Other current assets

Prepayments	3,144	-
	3,144	**-**

Note 8. Interest bearing liabilities

Current		
Bank overdraft	461,355	390,488
	461,355	**390,488**

Note 9. Deferred tax asset

Future tax benefit	**63,870**	**63,870**

Note 10. Property, plant and equipment

Plant and equipment - at cost	55,042	55,042
Less: accumulated depreciation	(39,687)	(30,548)
	15,355	**24,494**
Leasehold Improvements - at cost	190,599	190,599
Less: accumulated depreciation	(68,630)	(39,232)
	121,969	**151,367**
Total written down amount	**137,324**	**175,861**
Movements in carrying amounts		
Plant and equipment		
Balance at the beginning of the year	24,494	28,185
Additions	-	574
Depreciation	(9,139)	(4,265)
Carrying amount at the end of the year	**15,355**	**24,494**

	2011 $	2010 $

Note 10. Property, plant and equipment (continued)

Leasehold improvements		
Balance at the beginning of the year	151,367	163,592
Additions	-	-
Disposals		-
Depreciation	(29,398)	(12,225)
Carrying amount at the end of the year	**121,969**	**151,367**

Note 11. Intangible assets

Franchise fee - at cost	10,000	10,000
Less: accumulated depreciation	(8,500)	(6,500)
Total written down amount	**1,500**	**3,500**

Note 12. Trade and other payables

Trade creditors	21,846	24,564
Other creditors & accruals	18,057	5,322
	39,903	**29,886**

Note 13. Provisions

Employee provisions	**12,240**	**8,556**

Note 14. Contributed equity

626,650 Ordinary shares paid at $1 (2007: 626,650)	626,650	626,650
Less: equity raising expenses	(32,775)	(32,775)
	593,875	**593,875**

Note 15. Accumulated losses

Opening balance	(730,275)	(562,904)
Net loss from activities after income tax	(115,478)	(167,371)
	(845,753)	**(730,275)**

	2011 $	2010 $

Note 16. Cash flow information

(i) Reconciliation of cash

For the purpose of the statement of Cash Flows, cash includes cash on hand and at bank. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the statement of financial performance as follows:		
Cash at bank	**(455,617)**	**(372,040)**
(ii) Reconciliation of operating profit to net cash used in operating activities:		
Profit / (loss) for Year:	(115,478)	(167,371)
Non cash flows recored in ordinary activities		
Amortisation	2,000	2,000
Depreciation	38,537	16,490
Net cash provided / (used) in operating activities before changes in assets and liabilities during the year		
(Increase) / decrease in receivables	(19,193)	858
(Increase) / decrease in other current assets	(3,144)	-
Increase / (decrease) in payables	10,017	9,100
Increase / (decrease) in provisions	3,684	4,791
Net cash used in operating activities	**(83,577)**	**(134,132)**

Note 17. Earnings per share

(a) Loss attributable to ordinary equity holders	**(115,478)**	**(167,371)**
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	626,650	626,650

Note 18. Financial risk management

The Company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

Note 18. Financial risk management (continued)

(i) Market risk

The Company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The Company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The Company is not exposed to commodity price risk.

(iii) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The Company's franchise agreement limits the Company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Ltd.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The Company believes that its sound relationship with Bendigo and Adelaide Bank Ltd mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Ltd and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest-rate risk. The Company believes that its sound relationship with Bendigo and Adelaide Bank Ltd mitigates this risk significantly.

Financial	Floating		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 %	2010 %
Financial Assets												
Cash assets	5,738	18,448	-	-	-	-	-	-	-		0.05	0.05
Receivables			-	-	-	-	-	-	50,044	30,851	N/A	N/A
Financial Liabilities												
Payables	-	-	-	-	-	-	-	-	39,903	29,886	N/A	N/A
Borrowings	(461,355)	(390,488)	-	-	-	-	-	-	-	-	Nil	Nil

Notes to the financial statements continued

Note 19. Related party transactions

There were no related party transactions between the Company and Directors during the year.

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

Colin James Nagle	Julie Maree Giddings
Lachlan Ian McKenzie	Daniel Murray Martin
Anthony Owen A'Beckett	Malcolm Anthony Marshall
Bruce Bertram Alleyn	Martin Joseph Sullivan
Malcolm Paul Barclay	Dannye Martin Brennan
Jon Burgun	

Note 20. Company details

The registered office of the Company is:

Tumbarumba Financial Services Limited
27 The Parade,
Tumbarumba NSW 2653

Note 21. Events occurring after the balance date

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

Note 22. Contingent liabilities

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

Note 23. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services pursuant to a franchise agreement with Bendigo and Adelaide Bank Ltd. The economic entity operates in one geographic area being Tumbarumba and surrounding districts of New South Wales.

Directors' declaration

The Directors of the Company declare that:

1. The financial statements and notes, 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 and economic entity;
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.

Colin Nagle
Director

Dated 15 September 2011

Independent audit report

Independent Auditors' report to the members of Tumbarumba Financial Services Limited

Report on the financial report

We have audited the accompanying financial report of Tumbarumba Financial Services Limited, which comprises the statement of financial position as at 30 June 2011 and the statement of comprehensive income, 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 Directors' 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 control 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.

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 Tumbarumba Financial Services Limited would be in the same terms if provided to the Directors as at the date of this Auditor's report.

Independent audit report continued

Auditor's opinion

In our opinion,

a. the financial report of Tumbarumba Financial Services Limited is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the Company's financial position as at 30 June 2011 and of their 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.

JOHN L BUSH & CAMPBELL

Chartered Accountants

Peter King
Partner

Wagga Wagga

15 September 2011

Tumbarumba **Community Bank**® Branch
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Batlow Agency
IGA Batlow
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Franchisee: Tumbarumba Financial Services Limited
27 The Parade, Tumbarumba NSW 2653
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(BMPAR11050) (08/11)

Bendigo Bank