

Tumby Bay District
Financial Services Ltd
ABN 99 145 161 093

annual report 2011



Tumby Bay District **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2011

I have pleasure in presenting our first Annual Report.

We opened our branch on Friday 1 April 2011, so we are still very early in our development. It has been over two years since we commenced planning for our own **Community Bank**[®] branch and it has been a very busy journey.

I remember well the first meeting Wayne Branson and I had with Leo Haarsma and Jarrod Phelps from the Cummins **Community Bank**[®] Branch. From that meeting we recruited a Steering Committee of 14 local people, and organised a Feasibility Study and required approximately \$770,000 to be raised as Company Share Capital. Both these projects were very successful. In addition, we worked tirelessly at many other duties needed to get our bank started.

In particular, I mention Wayne Branson, Deputy Chairman, with his helper Bob Heath, for the many hours they spent on the footpath, publicising and seeking support for our Bank. Wayne also deputized for me in my absences in busy times.

I also make particular mention of Julie Elliott, who has been our Secretary, for her most diligent work over this period. Many hours have been spent carrying out this most important and responsible duty.

Ned Roberts was recruited as the Board Treasurer and has been a wonderful asset with his valuable knowledge in accounting and meeting procedure.

I thank everybody else on the Steering Committee, and later the Board of Directors, for their input. We were fortunate to obtain this group of willing volunteers to carry out the duties required of them.

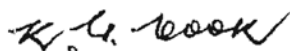
For the new branch, we have recruited five particularly talented Staff, led by Mrs. Fiona Wilkinson, our Branch Manager. They have been busy since February, training and learning their duties.

I thank Mrs. Robyn Jones for providing us with new and functional premises, and to Butler Builders for their very speedy and efficient effort to build the premises.

I also express appreciation to the two local radio stations, and also the Port Lincoln Times for their coverage of our progress, keeping the community informed.

Bob Heath and Emma Pedler are retiring from the Board, and on behalf of all of us, I thank them for their efforts over the past two years.

Finally, I stress that for us to be a successful source of funding for all kinds of organisations in our District, we must have your support. Keep up the good work, and we hope to be in a position in the near future to repay your patronage.



Kevin Cook, J.P.
Chairman.

Manager's report

For year ending 30 June 2011

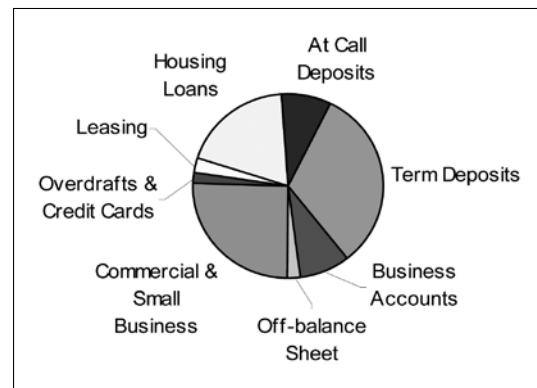
This has been an exciting time for our staff. The months leading up to the branch opening were packed with training and travel. Not only did we have a great number of Bendigo and Adelaide Bank Ltd staff supporting our transition into our new roles, we were also lucky to have support and guidance from the very successful local Cummins and Port Lincoln **Community Bank**[®] branches.

Our team is made up of the following full time staff members:

Fiona Wilkinson, Branch Manager; Karlee Dunn, Customer Relationship Officer and Jessica North, Customer Service Officer. We also have two part-time Customer Service Officer's Kaye Hartree and Helen Schramm. We are dedicated to providing the highest level of customer service and bring to our roles knowledge of banking products & services along with community involvement.

Our opening hours of 9:00am – 5:00pm Monday to Friday and our ATM located at the branch ensure that we can provide optimum levels of service. Many of our customers have also chosen on-line banking to enable 24 hour access to their accounts.

We have been working hard to ensure our lending and deposit portfolios are achieving growth in line with the results published from the feasibility study (Table 1: Modified Forecast). From this forecast, a total business of \$24,387,742 was expected at the end of the first year. Up til the end of June 2011, we are sitting at 37.98% of this forecast. This excellent growth rate can only be maintained by ensuring the pledges we received are converted to business on our books and that we have the continued banking support of our district community. I not only encourage our shareholders to entrust us with their finance needs, but to also promote our services to the wider community. Successful community branches make successful communities!



This pie graph shows the range of business settled to date.

I look forward to strengthening bonds within the community by providing banking support to individuals, businesses and clubs. This will in turn enable us to give back to the community in the way of sponsorships, donations and share dividends.

I would like to thank our Directors who have provided ongoing support and guidance to our team. The successful launch of our community branch is a credit to their dedication and commitment.

Finally, to our customers who have supported us to date. Thank you for entrusting us with your business. We hope you find your dealings with us a pleasant and professional experience.

I look forward to a successful year ahead.

Fiona Wilkinson
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

Your Directors submit their report of the Company for the financial year ended 30 June 2011.

Directors

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

Kevin Cook

Chairman
Occupation: Retired

Julie Elliott

Company Secretary
Occupation: Administration

Malvern Telfer

Director
Occupation: Farmer

Hartley Modra

Director
Occupation: Farmer

Donald Bawden

Director
Occupation: Retailer

Wayne Branson

Director
Occupation: Retired

Robert Heath

Director
Occupation: Retired

Ian Fulton

Director
Occupation: Farmer

Edward Roberts

Treasurer
Occupation: Retired

Emma-Lee Pedler

Director
Occupation: Journalist

All of the Directors were appointed on 12 July 2010.

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

Principal activities

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

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

Review of operations

The profit/(loss) of the Company for the financial year after provision for income tax was (\$210,381).

Dividends

No dividends were declared or paid during the year.

Directors' report continued

Significant changes in the state of affairs

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

Significant events after the balance date

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

Likely developments

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

Remuneration report

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

Indemnification and insurance of Directors and Officers

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

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

Directors' report continued

Directors' meetings

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

Director	Board meetings #	Audit committee meetings #
Kevin Cook	20 (24)	
Julie Elliott	22 (24)	
Malvern Telfer	20 (24)	
Hartley Modra	17 (24)	
Donald Bawden	21 (24)	
Wayne Branson	21 (24)	
Robert Heath	24 (24)	
Ian Fulton	16 (24)	
Edward Roberts	22 (24)	
Emma-Lee Pedler	18 (24)	

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

N/A - not a member of that Committee.

Company Secretary

Julie Elliott has been the Company Secretary of Tumby Bay District Financial Services Limited since date of incorporation in 2010.

Corporate governance

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

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

Directors' report continued

Auditor Independence Declaration

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

RSM Bird Cameron Partners
Chartered Accountants

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

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Tumby Bay District Financial Services Limited for the period 12 July 2010, date of incorporation, to 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants



TUTU PHONG
Partner

Perth, WA
Dated: 22 September 2011

Signed in accordance with a resolution of the Board of Directors at Tumby Bay on 22 September 2011.



Kevin Cook
Director

Financial statements

Statement of comprehensive income for the year ended 30 June 2011

	Note	2011 \$
Revenue from continuing operations	2	30,676
Employee benefits expense	3	(97,911)
Charitable donations and sponsorship		(2,091)
Depreciation and amortisation expense	3	(9,712)
Finance costs	3	-
Other expenses		(170,113)
Loss before income tax benefit		(249,151)
Income tax benefit	4	(38,770)
Loss after income tax benefit		(210,381)
Other comprehensive income		-
Total comprehensive income		(210,381)
Earnings per share (cents per share)		
- basic for loss for the year	23	(25.41)
- diluted for loss for the year	23	(25.41)

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of financial position as at 30 June 2011

	Note	2011 \$
Current assets		
Cash and cash equivalents	6	429,376
Receivables	7	6,401
Other	8	6,680
Total current assets		442,457
Non-current assets		
Property, plant and equipment	9	188,250
Deferred tax assets	4	38,770
Intangible assets	10	18,000
Total non-current assets		245,020
Total assets		687,477
Current liabilities		
Payables	11	29,457
Loans and borrowings	12	-
Provisions	13	7,392
Total current liabilities		36,849
Non-current liabilities		
Loans and borrowings	12	5,000
Total non-current liabilities		5,000
Total liabilities		41,849
Net assets		645,628
Equity		
Share capital	14	856,009
Accumulated losses	15	(210,381)
Total equity		645,628

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 \$
Cash flows from operating activities		
Cash receipts in the course of operations		9,119
Cash payments in the course of operations		(233,572)
Interest received		8,782
Net cash flows used in operating activities	16b	(215,671)
Cash flows from investing activities		
Payments for property, plant and equipment		(195,962)
Payments for intangible assets		(20,000)
Net cash flows used in investing activities		(215,962)
Cash flows from financing activities		
Proceeds from issue of shares		856,009
Proceeds from borrowings		5,000
Net cash flows used in financing activities		861,009
Net decrease in cash held		429,376
Cash and cash equivalents at start of year		-
Cash and cash equivalents at end of year	16a	429,376

The accompanying notes form part of these financial statements.

Financial statements continued

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

	Note	2011 \$
Share capital		
Balance at start of year		-
Issue of share capital		856,009
Share issue costs		-
Balance at end of year		856,009
Accumulated losses		
Balance at start of year		-
Loss after income tax benefit		(210,381)
Dividends paid	22	-
Balance at end of year		(210,381)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2011

Note 1. Basis of preparation of the financial report

(a) Basis of preparation

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

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

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

The financial statements were authorised for issue by the Directors on 22 September 2011.

(b) Statement of compliance

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

(c) Significant accounting policies

The following is a summary of the material accounting policies adopted.

Income tax

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

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

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

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

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

Notes to the financial statements continued

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

Property, plant and equipment

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

Land and buildings are measured at fair value less accumulated depreciation.

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

Class of asset	Depreciation rate
Fit out costs	10%
Plant & equipment	18.75 - 40%

Impairment

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

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

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

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Recoverable amount of assets

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

Goods and services tax

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

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

Notes to the financial statements continued

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

Goods and services tax (continued)

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

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

Employee benefits

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

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

Intangibles

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

Cash

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

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

Revenue

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

Receivables and payables

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

Loans and borrowings

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

Provisions

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

Notes to the financial statements continued

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

Provisions (continued)

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

Share capital

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

Comparative figures

There are no comparative figures in this financial report as the Company was only incorporated on 12 July 2010.

2011
\$

Note 2. Revenue from continuing operations

Operating activities

- services commissions	14,709
- other revenue	5,378
	20,087

Non-operating activities:

- interest received	10,589
- other revenue	-
	10,589
	30,676

Note 3. Expenses

Employee benefits expense

- wages and salaries	75,927
- superannuation costs	7,022
- other costs	14,962
	97,911

Depreciation of non-current assets:

- plant and equipment	-
- buildings	7,712

Notes to the financial statements continued

	2011
	\$
Note 3. Expenses (continued)	
Amortisation of non-current assets:	
- intangibles	2,000
	9,712
Finance costs:	
- Borrowing expenses	-
Bad debts	86

Note 4. Income tax expense

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

Prima facie tax on loss before income tax at 30%	(74,745)
Add/(Less) tax effect of:	
- Non-deductible expenses/(other deductible expenses)	35,975
Current income tax expense	(38,770)
Income tax benefit	(38,770)
Deferred tax assets	
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	38,770

Note 5. Auditors' remuneration

Amounts received or due and receivable by RSM Bird Cameron

- Audit or review of the financial report of the Company	3,700
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Note 6. Cash and cash equivalents

Cash at bank and on hand	429,376
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Note 7. Receivables

GST Receivable	4,594
Other	1,807
	6,401

Notes to the financial statements continued

	2011 \$
Note 8. Other	
Prepaid expenses	6,680

Note 9. Property, plant and equipment

Fit out costs

At cost	185,091
Less accumulated depreciation	(7,712)
	177,379

Plant and equipment

At cost	10,871
Less accumulated depreciation	-
	10,871

Total written down amount **188,250**

Movements in carrying amounts

Fit out costs	
Carrying amount at beginning of year	-
Additions	185,091
Disposals	-
Depreciation expense	(7,712)
Carrying amount at end of year	177,379

Plant and equipment

Carrying amount at beginning of year	-
Additions	10,871
Disposals	-
Depreciation expense	-
Carrying amount at end of year	10,871

Notes to the financial statements continued

	2011
	\$
Note 10. Intangible assets	
Franchise fee	
At cost	10,000
Less accumulated amortisation	(1,000)
	9,000
Prepaid training expenses	
At cost	10,000
Less accumulated amortisation	(1,000)
	9,000
	18,000

Note 11. Payables

Trade creditors	23,087
Other creditors and accruals	6,370
	29,457

Note 12. Loans and borrowings

Current	-
Non-current	
Loan - unsecured	5,000

Note 13. Provisions

Employee benefits	7,392
Movement in employee benefits	
Opening balance	
Additional provisions recognised	7,392
Amounts utilised during the year	-
Closing balance	7,392

Notes to the financial statements continued

	2011
	\$
Note 14. Share capital	
856,009 Ordinary shares fully paid of \$1 each	856,009

Note 15. Accumulated losses

Balance at the beginning of the financial year	-
Loss after income tax	(210,381)
Balance at the end of the financial year	(210,381)

Note 16. Statement of cash flows

(a) Cash and cash equivalents

Cash assets	429,376
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(b) Reconciliation of loss after tax to net cash used in operating activities

Loss after income tax	(210,381)
Non cash items	
- Depreciation	7,712
- Amortisation	2,000
Changes in assets and liabilities	
- (Increase) decrease in receivables / other assets	(13,081)
- (Increase) decrease in deferred tax asset	(38,770)
- Increase (decrease) in payables	29,457
- Increase (decrease) in provisions	7,392
Net cash flows used in operating activities	(215,671)

Notes to the financial statements continued

Note 17. Director and related party disclosures

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

Kevin Cook
Julie Elliott
Malvern Telfer
Hartley Modra
Donald Bawden
Wayne Branson
Robert Heath
Ian Fulton
Edward Roberts
Emma-Lee Pedler

No Director or related entity has entered into a material contract with the Company.

No Directors' fees have been paid as the positions are held on a voluntary basis.

Directors' shareholdings	2011
Kevin Cook	10,001
Julie Elliott	1,501
Malvern Telfer	4,001
Hartley Modra	2,001
Donald Bawden	21,001
Wayne Branson	11,251
Robert Heath	4,950
Ian Fulton	5,000
Edward Roberts	2,501
Emma-Lee Pedler	3,001

There was no movement in Directors' shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

Note 18. Subsequent events

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

Note 19. Contingent liabilities and assets

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

Notes to the financial statements continued

Note 20. Segment reporting

The Company operates in the financial services sector where it provides banking services to its clients. The Company operates in one geographic area being the Tumby Bay District, South Australia.

Note 21. Corporate information

Tumby Bay District Community Services Ltd is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is: 7 North Terrace,
Tumby Bay SA 5605

Note 22. Dividends paid or provided for on ordinary shares

The Directors recommend that no dividend be paid for the current year.

2011
\$

Note 23. Earnings per share

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

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

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

Loss after income tax expense	(210,381)
Weighted average number of ordinary shares for basic and diluted earnings per share	827,866

Note 24. Financial risk management

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

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

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

Notes to the financial statements continued

Note 24. Financial risk management (continued)

(a) Credit risk

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

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

	Carrying amount 2011 \$
Cash assets	429,376
Receivables	6,401
	435,777

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

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

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

(b) Liquidity risk

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

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

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

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
30 June 2011					
Payables	29,457	(29,457)	(29,457)	-	-
Loans and borrowings	5,000	(5,000)	-	(5,000)	-
	34,457	(34,457)	(29,457)	(5,000)	-

Notes to the financial statements continued

Note 24. Financial risk management (continued)

(c) Market risk

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

Interest rate risk

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

Sensitivity analysis

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

	Carrying amount 2011 \$
<hr/>	
Fixed rate instruments	
<hr/>	
Financial assets	-
<hr/>	
Financial liabilities	-
<hr/>	
	-
<hr/>	
Variable rate instruments	
<hr/>	
Financial assets	429,376
<hr/>	
Financial liabilities	-
<hr/>	
	429,376
<hr/>	

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no material impact on profit or retained earnings. This assumes all other variables remain constant.

(d) Net fair values

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

Notes to the financial statements continued

Note 24. Financial risk management (continued)

(e) Capital management

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

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

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

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

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

Note 25. Commitments for expenditure

Lease commitments - operating

Committed at the reporting date but not recognised as liabilities, payable:

Total	1 year or less	over 1 to 5 years	more than 5 years
\$	\$	\$	\$
101,183	20,150	81,033	-

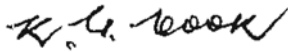
The operating lease commitment is a contracted amount for the business premises, non-cancellable, expires within five years, and can be renewed.

Directors' declaration

In accordance with a resolution of the Directors of Tumby Bay District Financial Services Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; and
- (b) the financial statements and notes thereto also comply with International Financial Reporting Standards as disclosed in Note 1(b) ; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Kevin Cook, Director

Signed at Tumby Bay on 22 September 2011.

Independent audit report

RSM Bird Cameron Partners

Chartered Accountants

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TUMBY BAY DISTRICT FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Tumby Bay District 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 statement of cash flows for the period 12 July 2010, date of incorporation, to 30 June 2011 (the financial period), notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

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Independent audit report continued

RSM Bird Cameron Partners

Chartered Accountants

Independence

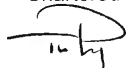
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tumby Bay District Financial Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Tumby Bay District Financial Services Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the financial period; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(b).

Rsm Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants



TUTU PHONG
Partner

Perth, WA
Dated: 22 September 2011

Tumby Bay District **Community Bank**[®] Branch
7 North Terrace, Tumby Bay SA 5605
Phone: (08) 8688 2046

Franchisee: Tumby Bay District Financial Services Ltd
30 Harvey Drive, Tumby Bay SA 5605
ABN: 99 145 161 093

www.bendigobank.com.au/tumby_bay
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879.
(BMPAR11070) (08/11)

