

2020

annual report

Wantirna Community
Financial Services Limited

ABN 43 118 000 230

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Chairman's report

For year ending 30 June 2012

The report for the year 2011/12 – our seventh annual report - covers a financial year in which we operated in a difficult economic environment. The operating profit before tax declined from \$107,681 to \$ 52,325. There are a number of factors, discussed below, that have influenced our result and no dividend is proposed this year. Future actions are also discussed.

- (1) In 2011/12 we more than doubled the spend from the Bendigo and Adelaide Bank Marketing and Development Fund, which is provided to us for that purpose, reducing our operating profit by about \$16,000.
- (2) The total of deposits and loans increased by only some \$2 million compared to \$7 million in the previous year.
- (3) Staff changes in the first half of the year caused some business disruption.
- (4) A number of Directors did not offer themselves for re-election at last year's AGM and others resigned subsequently. I considered it my responsibility to continue on the Board while addressing the issues and rebuilding the team, although in the ordinary course my service as a Director since January 2006 might have been considered enough. Shortly after my return at the end of September from leave of absence overseas I was appointed Chairman (10 October 2011).
- (5) The Franchise Agreement was extended via an amending deed for a further five years from 15 September 2011 and we secured a further five-year option to 15 September 2026.
- (6) We were most fortunate in securing Alysha Van Dreumel as Treasurer at the end of October, and an excellent Branch Manager in Sarah Thurrowgood in November. At the beginning of 2012 salaries of our loyal and capable staff were reviewed in the light of the normal levels applicable to the Bendigo and Adelaide Bank network. Near the end of the financial year we secured a Customer Relationship Officer with strong lending experience to complement the Branch Manager.
- (7) To save costs we took steps to move from the BSX to the Low Volume Market arranged by Bendigo and Adelaide Bank with effect at the close of the financial year.
- (8) Additional Directors were appointed in 2012 and you can see from the details under their names elsewhere in this report that we have secured a range of well-qualified people who will be able to lead the company forward in an effective way. The Board is taking steps to ensure succession plans are in place and to secure additional local Directors with appropriate skills to drive the business forward guided by an adequate business plan. It might be worth noting that Directors have no access to clients' details: these are held in confidence by Bendigo and Adelaide Bank and the staff. I record my sincere thanks to all my fellow Directors for the work put in during this rather difficult year. I also pay tribute to the staff at the Bendigo and Adelaide Bank State Support Centre in Boronia: they have been particularly supportive.
- (9) Considerable time has been spent in strategic planning and in utilizing the Marketing and Development Fund more effectively in engagement with local community organizations. Some \$31,000 was spent, more than double the previous year, most in the second half. The focus has broadened from sporting groups although we will still provide support where there is suitable reciprocal business. Orana Community Group (\$4,500) and Knox Toy Library (\$2,000) were the major recipients of the approximately \$17,000 in direct sponsorships during the year.

Chairman's report (continued)

While business conditions generally are not buoyant, we believe there is great potential for the branch, and that under good leadership and the support of our shareholders, Wantirna Community Financial Services Ltd will achieve full viability in the next three years with a steady dividend and a stream of funds for community projects going on into the future. We look forward to your support.

We encourage shareholders to place their business with the branch. Our **Community Bank**[®] branch not only offers a competitive, personalized banking service but returns the larger part of its profits to the community. Shareholders' support with their business, and as advocates of our **Community Bank**[®] branch to their friends and associates, is very important.

A handwritten signature in black ink, appearing to read 'R. S. Ward', with a horizontal line underneath it.

Rowland S. Ward
Chairman

Manager's report

For year ending 30 June 2012

The **Community Bank**[®] branch network has grown to over 300 branches across Australia in just 14 years, and it was recently announced that over \$80 million has been contributed back to local Australian communities during this time.

Bendigo and Adelaide Bank's **Community Bank**[®] model of banking helps us build local relationships and provide financial services to the people of Wantirna. The profits are directly re-invested into the area is a unique and visionary way of doing business. Wantirna is a fortunate town to have such community-minded shareholders, without whom, the doors to this business could not have been opened six years ago. I was proud to become a part of the company's story when I was appointed as Branch Manager on the 7 November 2011.

As at 30 June 2012 the banking business on our books is \$62.3million, with 2,110 customers. These figures reflect a slower growth than anticipated, and highlight that the business has experienced a transition of staff, Board Directors and consolidated its position ready for future growth.

Wantirna hosts a wealth of diverse and specialised community groups, schools and businesses with which we hope to continue to build strong partnerships, as these organisations are the lifeblood of the community. It is most rewarding for both staff and company Directors to get the opportunity to talk with these groups, present sponsorship funds and participate actively in the wider community, whilst encouraging their support of the branch.

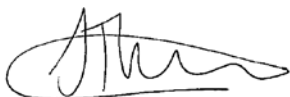
The potential for growth of our business in Wantirna is significant, both to expand the business we have with our existing customers, and to attract new customers.

Our team is committed to service the banking and community needs of the Wantirna people, so I encourage our local community to continue to utilise our services available in the branch. Our focus is to find solutions for our customers and to assist them to achieve their financial goals. We have a range of quality investment, insurance and lending products to offer, so why not come and see how we can help you.

Whilst I have only been in the position of Branch Manager for a relatively short period of time, I would like to take this opportunity to thank the incredible branch staff for their hard work and support, the Board and Wantirna community for making me feel very welcome.

The future success of this branch and its ability to provide significant ongoing community contribution is dependant on the banking support of the Wantirna locals and you, our valued shareholders. For those who are already supporting us by conducting your banking business with us, thank you. If you have yet to fully investigate how we can serve you, I invite you personally to speak with me and our friendly team to compare and evaluate your banking needs.

My staff and I look forward to welcoming you into the branch upon your next visit, and thank you most sincerely for your ongoing support and advocacy our Wantirna **Community Bank**[®] Branch.



Sarah Thurrowgood
Branch Manager

Directors' report

For the financial year ended 30 June 2012

Your directors submit the financial statements of the company for the financial year ended 30 June 2012.

Directors

The names and details of the company's directors who held office during or since the end of the financial year:

Adam Dean Nichol

Current Chairman & Director (Appointed 31 January 2012)
Age: 45
Managing Director
Adam is the CEO of Nichol Industries. Adam is experienced in business growth, acquisitions and business strategy and has a passion for family business. He holds professional memberships of CPA Australia and Australia Institute of Management. Chair of the Marketing & Sponsorship subcommittee.
Interests in shares: Nil

Charles Innes Russell

Vice Chairman
Age: 65
Retired
Retired Public Servant (Vic Roads), District Commissioner Knox West District Scouts, Member of Institute of Public Accountants, Regular Blood Bank Donor.
Member of the Marketing & Sponsorship subcommittee.
Interests in shares: 4,000

Alysha Wendy Maree Van Dreumel

Treasurer (Appointed 29 November 2011)
Age: 29
Accountant
Part-time tax accountant while managing her own accountancy business and a second bookkeeping business. She cites her greatest accomplishments as her gorgeous children who provide her motivation to work hard and strive for better.
Member of the Finance & Audit and Budget subcommittees.
Interests in shares: Nil

Mark Yuen

Director/Secretary (Appointed 31 January 2012)
Age: 22
Student
Previously a Finance Director for a start-up company and has had regulatory experience in the military. Mark holds a Certificate IV in Financial Services and is undertaking a Diploma in Financial Planning. He is highly keen on entrepreneurship and wealth management.
Member of the Finance & Audit subcommittee.
Interests in shares: Nil

John Katselas

Director
Age: 53
Licenced Estate Agent
Involved in general Property Sales and Property Management with 22 years experience.
Member of the Human Resources sub committee
Interests in shares: 1,000

Geoffrey William Purves

Director (Appointed 31 January 2012)
Age: 65
Geoff has been a proprietor for 47 years. In the community, he has been Chairman of St. Joseph's Primary School Advisory Board, President 8th Knox Scout Group (Chair to Scouting Yarra Ranges District). He currently is a board member of Anchor Inc's HR committee (Chair) and Building Development Committee. He is also a committee member for 57/60th 2nd AIF Battalion.
Interests in shares: 5000 (Joint)

Directors' report (continued)

Directors (continued)

John Francis Devine

Director (Appointed 26 June 2012)

Age: 58

Manager/CEO

John has more than 30 years experience in the community service sector working predominately with young people and families. John has been at Anchor for five years and has held senior management and CEO positions in four organisations over the last twenty years. John also has qualifications in counselling and management.

Interests in shares: Nil

Rowland Skipsey Ward

Ex-Chairman & Director (Resigned 31 July 2012)

Age: 66

Presbyterian Minister

Studied at the Ministry of Edinburgh and was ordained in 1976, in 1987 established the Knox Presbyterian Church in Wantirna. Holds a doctorate of history from the Australian College of Theology and has authored a number of books. Previously chaired the Allocations and Investments Committee of the Presbyterian Ladies' College Foundation Ltd, Committee member of Knox Iner-faith Network, chair of Ramabai Mukti Mission Australia Inc. and governs the Superannuation Committee of his denomination since 1978.

Member of the Finance/Audit sub committee

Interests in shares: 1,000

Garry Harrison Grace

Director (Resigned 22 November 2011)

Age: 59

Lawyer

Holds a Bachelor of Science degree majoring in Chemistry and Mathematics, also holds a Law degree. A number of years experience in city law firms before establishing as a sole practitioner in Wantirna.

Member of the Human Resources sub committee

Interests in shares: 20,002

Judy Ann Blizzard

Director (Resigned 27 March 2012)

Age: 51

Home Duties

Experience in sales, direct marketing, team management and law, with McEwen's, Victoria Police and Homecare Direct Shopping.

Company Secretary

Interests in shares: 501

Sharon Teresa O'Malley

Director (Resigned 22 November 2011)

Age: 42

Accountant

Bachelor of Business (Accounting) Dip Bus (Accounting), Fellow of National Taxation Accountants Association, Member of Institute of Public Accountants, Associate Taxation Institute of Australia, Treasurer of Cockatoo Kindergarten.

Interests in shares: 5,000

Gary Peng Hing Tor

Director (Resigned 22 November 2011)

Age: 58

Home Carer

Holds a Bachelor of Economics majoring in Economic Statistics. Vast experience in retailing and marketing and has worked for a major global bank in mortgage lending. Member of the Marketing & Sponsorship sub committee

Interests in shares: 2,001

Directors' report (continued)

Directors (continued)

Franciscus Antonius Kruize

Director (Resigned 31 January 2012)

Age: 60

Architect

Holds a Bachelor of Planning and Design and a Bachelor of Architecture. 30 years of experience in banking, architecture and general management. Currently self-employed as a practicing architect providing consulting services to a major multinational corporation.

Interests in shares: 5,000

Robert Frederick Scott

Director (Resigned 24 April 2012)

Age: 74

Retired

Served as an RAAF Aircraft Maintenance Engineer for 23 years serving in Australia and overseas, 9 years with the 34 VIP squadron in Canberra, 20 years with the Defence Quality Assurance - Air Force and 10 years as Chief Quality Assurance Supervisor for Dunlop Aerospace and Dunlop Industrial. Current Treasurer and founding member of the Knox 1 Neighbourhood watch, former Scout leader of 1st Studfield Scout Group, a Freemason, Vice President of Boronia Men's Probus Group, a member of Ringwood RSL, RSL angling club and Knox Club.

Interests in shares: 7,501

Laurence James Hargrave

Director (Resigned 27 March 2012)

Age: 64

Domestic Builder and Consultant

4 years as treasurer of Boronia Church of Christ, Managing Director of own Building Company for 29 years. 48 years experience in domestic building market with 39 years experience estimating and quantity surveying

Interests in shares: 10,000

Directors were in office for this entire year unless otherwise stated.

No directors have material interests in contracts or proposed contracts with the company.

Company Secretary

The company secretary is Mark Yuen. Mark was appointed to the position of secretary on 31 January 2012. Mark holds a Certificate IV in Financial Services and is undertaking a Diploma in Financial Planning.

Principal Activities

The principal 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 Limited.

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

Directors' report (continued)

Operating Results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

	Year ended 30 June 2012 \$	Year ended 30 June 2011 \$
	36,507	75,023

Remuneration Report

(a) Remuneration of Directors

Alysha Wendy Maree Van Dreumel was paid for services performed in her role as Treasurer. Alysha was paid a total of \$3,745 during the financial year for these services.

No other Director receives remuneration for services as a Company Director or Committee Member.

(b) Remuneration of Area and Branch Managers

The board is responsible for the determination of remuneration packages and policies applicable to the branch manager and all the staff. The branch manager is invited to the board meetings as required to discuss performance and remuneration packages.

The board's policy in respect of the branch manager is to maintain remuneration at parity within the **Community Bank**[®] network and local market rates for comparable roles.

There are no executives who are directly accountable and responsible for the strategic direction and operational management of the entity. This is wholly a board role. There are therefore no specified executives.

Dividends	Year Ended 30 June 2012	
	Cents	\$
Dividends paid in the year:	5	46,075

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 or the financial statements.

Matters Subsequent to the End of the Financial Year

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 facilitating banking services to the community.

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors' report (continued)

Directors' Benefits

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 except as disclosed in note 19 to the financial statements. 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 indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

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' Meetings

The number of directors' meetings attended by each of the directors of the company during the year were:

Director	Board Meetings Attended	
	Eligible	Attended
Adam Dean Nichol (Appointed 31 January 2012)	6	6
Charles Innes Russell	11	7
Alysha Wendy Maree Van Dreumel (Appointed 29 November 2011)	8	7
Mark Yuen (Appointed 31 January 2012)	6	5
John Katselas	11	4
Geoffrey William Purves (Appointed 31 January 2012)	6	6
John Francis Devine (Appointed 26 June 2012)	-	-
Rowland Skipsey Ward (Resigned 31 July 2012)	11	9
Garry Harrison Grace (Resigned 22 November 2011)	4	4
Judy Ann Blizzard (Resigned 27 March 2012)	8	7
Sharon Teresa O'Malley (Resigned 22 November 2011)	4	2
Gary Peng Hing Tor (Resigned 22 November 2011)	4	2
Franciscus Antonius Kruize (Resigned 31 January 2012)	5	3
Robert Frederick Scott (Resigned 24 April 2012)	9	7
Laurence James Hargrave (Resigned 27 March 2012)	8	8

The Board has five sub-committees, Audit & Finance, Human Resources, Business Plan, Community Sponsorship (CSC) and Community Forum which have elected Directors who meet on a regular, or as needs basis, and present reports/recommendations to the monthly Board meetings where required.

Directors' report (continued)

Non Audit Services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Signed in accordance with a resolution of the board of directors at Wantirna, Victoria on 24 September 2012.



**Adam Dean Nichol,
Chairman**

Auditor's independence declaration



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Wantirna Community Financial Services Limited

I declare, that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to be 'Graeme Stewart', is written over a horizontal line.

Graeme Stewart
Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 24 September 2012

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

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Financial statements

Statement of Comprehensive Income for the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
Revenues from ordinary activities	4	538,896	536,585
Employee benefits expense		(284,149)	(260,327)
Charitable donations, sponsorship, advertising and promotion		(25,238)	(13,527)
Occupancy and associated costs		(62,532)	(50,746)
Systems costs		(15,992)	(17,273)
Depreciation and amortisation expense	5	(25,660)	(16,664)
Finance costs	5	(15)	-
General administration expenses		(72,985)	(70,367)
Profit before income tax expense		52,325	107,681
Income tax expense	6	(15,818)	(32,658)
Profit after income tax expense		36,507	75,023
Total comprehensive income for the year		36,507	75,023
Earnings per share (cents per share)		c	c
- basic for profit for the year	22	3.96	8.14

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2012

	Note	2012 \$	2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	328,689	328,575
Trade and other receivables	8	44,527	36,357
Total Current Assets		373,216	364,932
Non-Current Assets			
Property, plant and equipment	9	203,326	205,085
Intangible assets	10	80,769	23,402
Deferred tax assets	11	90,984	106,802
Total Non-Current Assets		375,079	335,289
Total Assets		748,295	700,221
LIABILITIES			
Current Liabilities			
Trade and other payables	12	72,140	23,290
Provisions	13	15,367	11,231
Total Current Liabilities		87,507	34,521
Non-Current Liabilities			
Provisions	13	11,869	7,213
Total Non-Current Liabilities		11,869	7,213
Total Liabilities		99,376	41,734
Net Assets		648,919	658,487
Equity			
Issued capital	14	891,225	891,225
Accumulated losses	15	(242,306)	(232,738)
Total Equity		648,919	658,487

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the Year Ended 30 June 2012

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2010	891,225	(307,761)	583,464
Total comprehensive income for the year	-	75,023	75,023
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2011	891,225	(232,738)	658,487
Balance at 1 July 2011	891,225	(232,738)	658,487
Total comprehensive income for the year	-	36,507	36,507
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(46,075)	(46,075)
Balance at 30 June 2012	891,225	(242,306)	648,919

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cashflows for the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
Cash Flows From Operating Activities			
Receipts from customers		566,989	567,549
Payments to suppliers and employees		(489,015)	(451,582)
Interest received		12,774	10,696
Interest paid		(15)	-
Net cash provided by operating activities	16	90,733	126,663
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(11,946)	-
Payments for intangible assets		(32,598)	-
Net cash used in investing activities		(44,544)	-
Cash Flows From Financing Activities			
Dividends paid		(46,075)	-
Net cash used in financing activities		(46,075)	-
Net increase in cash held		114	126,663
Cash and cash equivalents at the beginning of the financial year		328,575	201,912
Cash and cash equivalents at the end of the financial year	7(a)	328,689	328,575

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Boards and the Corporations Act 2001. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention 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.

Comparative figures

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

Adoption of new and revised Accounting Standards

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. The adoption of the revised AASB 124 Related Party Disclosures has not resulted in the disclosure of any additional related party transactions in the current period or any prior period and is not likely to affect future periods. The adoption of AASB 1054 Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project have not affected the disclosure of any items in the financial statements.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2011.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branch at Wantirna, Victoria.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name “Bendigo Bank” and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank**[®] branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**[®] branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank**[®] branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branch;
- training for the branch manager and other employees in banking, management systems and interface protocol;
- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. 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. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business (ie ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

b) Revenue (continued)

Revenue calculation (continued)

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (ie 'commission business'). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank**[®] partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank**[®] companies remain balanced.

The third source of revenue is a proportion of the fees and charges (ie, what are commonly referred to as 'bank fees and charges') charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

c) 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 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 balance sheet 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 entity intends to settle its tax assets and liabilities on a net basis.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

c) Income Tax (continued)

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.

d) 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.

e) Cash and Cash Equivalents

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 balance sheet.

f) 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.

g) 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 is 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

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment Terms

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

j) Borrowings

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

k) Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Financial liabilities

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

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) 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.

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.

n) 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.

o) 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.

p) 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. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. 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 taxation authority are classified as operating cash flows.

Notes to the financial statements (continued)

Note 2. 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.

(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 Limited.

(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 Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited 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 Limited mitigates this risk significantly.

(vi) 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 balance sheet.

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%.

Notes to the financial statements (continued)

Note 2. Financial Risk Management (continued)

(vi) Capital management (continued)

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 2012 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 3. 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.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Notes to the financial statements (continued)

Note 3. Critical Accounting Estimates and Judgements (continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

	2012	2011
	\$	\$

Note 4. Revenue from Ordinary Activities

Operating activities:

- services commissions	526,425	524,986
Total revenue from operating activities	526,425	524,986

Non-operating activities:

- interest received	12,471	11,599
Total revenue from non-operating activities	12,471	11,599
Total revenues from ordinary activities	538,896	536,585

Notes to the financial statements (continued)

	Note	2012 \$	2011 \$
Note 5. Expenses			
Depreciation of non-current assets:			
- plant and equipment		4,423	5,405
- leasehold improvements		9,282	9,259
Amortisation of non-current assets:			
- franchise agreement		2,327	2,000
- franchise renewal fee		9,628	-
		25,660	16,664
Finance costs:			
- interest paid		15	-
Bad debts		287	213

Note 6. Income Tax Credit

The components of tax credit comprise:

- Movement in deferred tax		(2,729)	364
- Recoup of prior year tax loss		18,547	32,294
		15,818	32,658

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Operating profit		52,325	107,681
Prima facie tax on profit from ordinary activities at 30%		15,698	32,304
Add tax effect of:			
- non-deductible expenses		120	600
- timing difference expenses		2,729	(364)
- other deductible expenses		-	(246)
		18,547	32,294
Movement in deferred tax	11	15,818	32,658
Recoupment of prior year losses		(18,547)	(32,294)
		15,818	32,658

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 7. Cash and Cash Equivalents		
Cash at bank and on hand	115,645	126,725
Term deposits	213,044	201,850
	328,689	328,575

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

Note 7(a) Reconciliation of cash

Cash at bank and on hand	115,645	126,725
Term deposits	213,044	201,850
	328,689	328,575

Note 8. Trade and Other Receivables

Trade receivables	38,365	30,027
Other receivables and accruals	2,700	3,003
Prepayments	3,462	3,327
	44,527	36,357

Note 9. Property, Plant and Equipment

Plant and equipment

At cost	97,344	85,398
Less accumulated depreciation	(44,701)	(40,278)
	52,643	45,120

Leasehold improvements

At cost	204,030	204,030
Less accumulated depreciation	(53,347)	(44,065)
	150,683	159,965

Total written down amount **203,326** **205,085**

Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning	45,121	50,526
Additions	11,946	-
Disposals	-	-
Less: depreciation expense	(4,423)	(5,405)
Carrying amount at end	52,644	45,121

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 9. Property, Plant and Equipment (continued)		
Leasehold improvements		
Carrying amount at beginning	159,964	169,223
Additions	-	-
Disposals	-	-
Less: depreciation expense	(9,282)	(9,259)
Carrying amount at end	150,682	159,964
Total written down amount	203,326	205,085

Note 10. Intangible Assets

Franchise fee		
At cost	21,554	10,000
Less: accumulated amortisation	(11,925)	(9,598)
	9,629	402
Renewal processing fee		
At cost	57,768	-
Less: accumulated amortisation	(9,628)	-
	48,140	-
Goodwill	23,000	23,000
Total written down amount	80,769	23,402

Note 11. Tax

Deferred tax assets		
- employee provisions	8,171	5,533
- tax losses carried forward	83,623	102,170
	91,794	107,703
Deferred tax liability		
- accruals	810	901
Net deferred tax asset	90,984	106,802
Movement in deferred tax charged to statement of comprehensive income	15,818	32,658

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 12. Trade and Other Payables		
Trade creditors	11,023	1,119
Other creditors and accruals	61,117	22,171
	72,140	23,290

Note 13. Provisions

Current:

Provision for annual leave	15,367	11,231
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Non-Current:

Provision for long service leave	11,869	7,213
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Note 14. Contributed Equity

921,509 Ordinary shares fully paid (2011: 921,509)	921,509	921,509
Less: equity raising expenses	(30,284)	(30,284)
	891,225	891,225

Rights attached to shares

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank**[®] have the same ability to influence the operation of the company.

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

Notes to the financial statements (continued)

Note 14. Contributed Equity (continued)

Rights attached to shares (continued)

(c) Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 294. As at the date of this report, the company had 314 shareholders.

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

	2012	2011
	\$	\$
Note 15. Accumulated Losses		
Balance at the beginning of the financial year	(232,738)	(307,761)
Net profit from ordinary activities after income tax	36,507	75,023
Dividends paid or provided for	(46,075)	-
Balance at the end of the financial year	(242,306)	(232,738)

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 16. Statement of Cashflows		
Reconciliation of profit from ordinary activities after tax to net cash provided by in operating activities		
Profit from ordinary activities after income tax	36,507	75,023
Non cash items:		
- depreciation	13,705	14,664
- amortisation	11,955	2,000
Changes in assets and liabilities:		
- increase/(decrease) in receivables	(8,170)	3,470
- decrease in other assets	15,818	32,658
- increase/(decrease) in payables	12,126	(840)
- increase/(decrease) in provisions	8,792	(312)
Net cashflows provided by operating activities	90,733	126,663

Note 17. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments

- not later than 12 months	36,137	9,132
- between 12 months and 5 years	117,445	-
- greater than 5 years	-	-
	153,582	9,132

The rental lease agreement on the branch premises is a non-cancellable lease with a five year term, with rent payable monthly in advance. The current lease expires on 18 September 2016, with options for two further terms of five years each available to be exercised. The second term of the lease has been exercised

Note 18. Auditor's Remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	4,500	4,500
- share registry services	3,931	1,450
- non audit services	2,552	1,610
	10,983	7,560

Notes to the financial statements (continued)

Note 19. Director and Related Party Disclosures

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

Adam Dean Nichol (Appointed 31 January 2012)
 Charles Innes Russell
 Alysha Wendy Maree Van Dreumel (Appointed 29 November 2011)
 Mark Yuen (Appointed 31 January 2012)
 John Katselas
 Geoffrey William Purves (Appointed 31 January 2012)
 John Francis Devine (Appointed 26 June 2012)
 Rowland Skipsey Ward (Resigned 31 July 2012)
 Garry Harrison Grace (Resigned 22 November 2011)
 Judy Ann Blizzard (Resigned 27 March 2012)
 Sharon Teresa O'Malley (Resigned 22 November 2011)
 Gary Peng Hing Tor (Resigned 22 November 2011)
 Franciscus Antonius Kruize (Resigned 31 January 2012)
 Robert Frederick Scott (Resigned 24 April 2012)
 Laurence James Hargrave (Resigned 27 March 2012)

Alysha Van Dreumel received a payment for carrying out the treasurers duties. The total amount for 2012 was \$3,475.

No other director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

Directors' Shareholdings	2012	2011
Adam Dean Nichol (Appointed 31 January 2012)	-	-
Charles Innes Russell	4,000	3,000
Alysha Wendy Maree Van Dreumel (Appointed 29 November 2011)	-	-
Mark Yuen (Appointed 31 January 2012)	-	-
John Katselas	1,000	1,000
Geoffrey William Purves (Appointed 31 January 2012)	-	-
John Francis Devine (Appointed 26 June 2012)	-	-
Rowland Skipsey Ward (Resigned 31 July 2012)	1,000	1,000
Garry Harrison Grace (Resigned 22 November 2011)	20,002	20,002
Judy Ann Blizzard (Resigned 27 March 2012)	501	501
Sharon Teresa O'Malley (Resigned 22 November 2011)	5,000	5,000
Gary Peng Hing Tor (Resigned 22 November 2011)	2,001	2,001
Franciscus Antonius Kruize (Resigned 31 January 2012)	5,000	5,000
Robert Frederick Scott (Resigned 24 April 2012)	7,501	7,501
Laurence James Hargrave (Resigned 27 March 2012)	10,000	10,000

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 20. Dividends Paid or Provided		
a. Dividends paid during the year		
Prior year proposed final		
Franked dividend - 5 cents (2011: Nil cents) per share	46,075	-
b. Dividends proposed and not recognised as a liability		
Current year final dividend		
Franked dividend - Nil cents (2011: 5 cents) per share	-	46,075
c. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	(19,747)	-
- franking credits that will arise from payment of income tax payable as at the end of the financial year #	19,747	-
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	-	-
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	-	-

- A franking deficit tax is payable due to the company paying a fully franked dividend with no available franking credits.

Note 21. Key Management Personnel Disclosures

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

Note 22. Earnings Per Share

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	36,507	75,023
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	921,509	921,509

Notes to the financial statements (continued)

Note 23. Events Occurring After the Balance Sheet Date

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

Note 24. Contingent Liabilities

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

Note 25. Segment Reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services in Victoria pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 26. Registered Office/Principal Place of Business

The registered office and principal place of business is:

Registered Office	Principal Place of Business
Shop 5 Wantirna Mall	Shop 5 Wantirna Mall
348 Mountain Highway	348 Mountain Highway
Wantirna VIC 3152	Wantirna VIC 3152

Note 27. Financial Instruments

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Notes to the financial statements (continued)

Note 27. Financial Instruments (continued)

Interest Rate Risk

Financial instrument	Floating interest rate		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					
	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 %	2011 %
Financial Assets												
Cash and cash equivalents	328,689	328,575	-	-	-	-	-	-	-	-	4.10	4.53
Receivables	-	-	-	-	-	-	-	-	38,365	30,027	N/A	N/A
Financial Liabilities												
Payables	-	-	-	-	-	-	-	-	16,927	18,872	N/A	N/A

Directors' declaration

In accordance with a resolution of the directors of Wantirna Community Financial Services Limited, we 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 2012 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.



Adam Dean Nichol,
Chairman

Signed on the 24th of September 2012.

Independent audit report



Independent auditor's report to the members of Wantirna Community Financial Services Limited

Report on the financial report

We have audited the accompanying financial report of Wantirna Community Financial Services Limited, which comprises the balance sheet as at 30 June 2012, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, 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 presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and 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 fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the 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 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 our 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, we consider internal controls relevant to the entity's preparation and 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

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)

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written auditor's independence declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's opinion on the financial report

In our opinion:

- 1) The financial report of Wantirna Community Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2012 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
- 2) The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Wantirna Community Financial Services Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.



Graeme Stewart
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 24 September 2012

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