Warrandyte Community
Financial Services Limited

ABN 70 102 635 147

annual report 2011

Warrandyte **Community Bank®** Branch

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Chairman's report

For year ending 30 June 2011

It has been another great year for Warrandyte **Community Bank®** Branch with another significant increase in profits and investment in the community. This year also saw us refurbish the branch into a 'branch of the future'. After eight years, the original branch was looking somewhat tired and dated. The refurbishment brings a much more open space, improved meeting areas and improved facilities for staff and customers alike. If you haven't already, please take the time to come into the new branch and experience the difference of the **Community Bank®** concept – service, pleasing surroundings and knowing that your banking is actually making a difference to our community.

Our profits for the financial year 2010/2011 increased to almost $395,000 before tax, thanks to overall growth in our banking business and improved margins. Our operating profit was just over $275,000 from which we paid over $150,000 to community groups and organisations in the form of grants and sponsorships.

With the healthy increase in profit, the Directors decided to increase the dividend this year to a 12 cent fully franked dividend to shareholders. This brings our dividend return to shareholders to 49 cents per share – almost half the original outlay (see table below).

Financial year	Cents per share	Total distribution
2005/06	5 cents	$33,973
2006/07	6 cents	$40,917
2007/08	8 cents	$54,357
2008/09	8 cents	$54,357
2009/10	10 cents	$67,946
2010/11	12 cents	$81,535

Our community grants and sponsorship program this year has been a huge success with more than 60 organisations now having received funding in the form of a grant or sponsorship since we opened the branch. Warrandyte **Community Bank®** Branch has now granted more than $500,000 to clubs and other not-for-profit organisations since its inception in 2003 (see table below).

Financial year	Community contributions
2004/05	$7,455
2005/06	$10,360
2006/07	$25,326
2007/08	$50,400
2008/09	$60,904
2009/10	$193,469
2010/11	$154,075

Chairman's report continued

This is truly an incredible result, and one that, as Chairman, I am extremely proud of having achieved. The **Community Bank®** model is all about investing the profits from your banking back into the community rather than lining the pockets of corporate investors. Not only that, the money that we grant to organisations and not-for-profits is also leveraged against money from all levels of Government – monies that would not have been invested in this community in the same timeframe. We know local and State Government have brought forward their plans for redevelopment and improvement because we have made the commitment to invest in a project.

We have had two Directors depart since the start of last financial year both due to work commitments – David Wood and Jen Johansson. I would like to thank both for their commitment to the branch over their time on the Board, in particular, Jen, who served as Company Secretary for the last four years. Her knowledge and organisation has been a tremendous asset.

I must also thank the Board members who have continued in their role for their support and hard work over the year – John Provan, Darren Ryding, David White, Chris Hyde, Robyn Duff, Dawn Inman-Wyness, John Shaw and Matthew WIlson.

I also wish to thank Mark and his team for a great effort this year. We continue to grow the business in what is a very small and close community. Without the excellent service they provide, this growth would not be possible.

Finally, I would like to thank the shareholders and the community as a whole for their support of the branch, but I am sure there is more that you can do! It's not an easy task to change your banking, but even opening one account, a term deposit, taking out some insurance or meeting with our financial planner helps our business grow and ultimately helps our community grow.

Sarah Wrigley
Chairman

Manager's report

For year ending 30 June 2011

The previous year has seen the branch continue to grow in volumes to a total banking business of $130 million and reach several milestones in reaching over 5,000 accounts opened and more importantly has given over $500,000 back to organisations within the local community since the branch opened in 2003.

This has been made possible by our loyal customers banking with us which has enabled contributions back into their local communities as up to 80% of our profits are invested back into the community.

Our staff have retained their quality service with a continued high result in a mystery shopper result which they are to be congratulated on.

During the past year we saw the departure of Danny who transferred to another **Community Bank®** branch network and Joan who retired. Both staff members, I thank for their professionalism and loyalty and wish Joan who was one of our original staff members, a happy and healthy retirement.

We have welcomed Karen Russell as our Customer Relationship Officer and Karen Brennan as our Customer Service Officer to our team.

The branch undertook a refurbishment in mid July into a 'branch of the future', where we are settling into a more open plan and professional environment where we can have more quality conversations with our customers in less cluttered premises.

Thank you to the Board for their continued support and the contributions from David Wood and Jenny Johanson who both recently resigned.

The continued success of Warrandyte **Community Bank®** Branch will be reliant on your support and promotion as we encourage everyone to share in the benefits of your own refurbished **Community Bank®** branch.

A key point of difference is that we have built a sound and profitable banking business that is based on the principle of engaging with our customers, partners and communities and this has lead to the Bendigo and Adelaide Bank Ltd being recognised as Australia's 'most trusted bank', according to Readers Digest Australia.

The continued success of Warrandyte **Community Bank®** Branch will be reliant on your support and promotion, so we encourage everyone to share in the benefits of your own refurbished branch.

Mark Challen
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 Bank's Long-Term Issuer Default Rating (IDR) to A- from BBB+. This announcement saw us become the first Australian bank – and one of the very few banks globally – to receive an upgrade since the Global Financial Crisis.

Standard & Poor's revised credit rating soon followed seeing Bendigo and Adelaide Bank 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 the financial statements 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:

Sarah Wrigley
Chairman
Age: 47
Occupation: Consultant

Jennifer Johanson
Secretary
Age: 43
Occupation: Chartered Accountant

John Gary Provan
Director
Age: 59
Occupation: Registered Building Practioner

David Leonard White
Director
Age: 45
Occupation: Electrician

Christopher Hyde
Director (Appointed 1 July 2010)
Age: 49
Occupation: Company Director

David Henry Wood
Director (Resigned 29 May 2011)
Age: 52
Occupation: Builder

Darren Maurice Ryding
Director and Treasurer
Age: 46
Occupation: Financial Controller

Robyn Duff
Director
Age: 58
Occupation: Retired

Dawn Inman-Wyness
Director
Age: 62
Occupation: CEO/DON and Aged Care Consultant

John Shaw
Director
Age: 67
Occupation: Company Director

Matthew Wilson
Director (Appointed 1 July 2010)
Age: 40
Occupation: General Manager

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 Jennifer Johanson. Jennifer was appointed to the position of Secretary in April 2007. She is a Chartered Accountant whom has worked for various firms since 1989.

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 Ltd.

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

Operating results

Operations have continued to perform in line with expectations. The profit/(loss) of the Company for the financial year after provision for income tax was:

	Year ended 30 June 2011 $	Year ended 30 June 2010 $
	288,915	202,386

Remuneration report

The following criteria is applied to determine the remuneration of Directors, Office Bearers and Senior Management:

a) the Board policy for determining the nature and amount of remuneration of Directors, secretaries and senior managers of the Company is as follows:

   i. Attends a minimum of six face-to-face Board meetings; and

   ii. Attends the Annual General Meeting and one other **Community Bank®** branch forum; and

   iii. Attends the Board retreat / planning day

b) the prescribed details in relation to the remuneration of:

   i. each Director of the Company receives $1,000, and

   ii. each office bearer of the Company receives $2,000

   iii. the five named Company executives who received the highest remuneration for that year were:

Name	Position	$
Mark Challen	Bank Manager	98,699
Darren Maurice Ryding	Director and Company Treasurer	2,000

Dividends	Year ended 30 June 2011 Cents	$
Dividends paid in the year:		
- Final for the year	10.00	67,945

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' 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 21 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:

	Board meetings attended		Committee meetings attended					
			Audit		Marketing		Branch development	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Sarah Wrigley	11	11	4	4	11	7		
Darren Ryding	11	8	4	3				
Jennifer Johanson	11	11	4	3				
Robyn Duff	11	10	4	3			2	2
John Provan	11	7					2	2
Dawn Inman-Wyness	11	11			11	6		
David White	11	8			11	7		
John Shaw	11	11			11	3		
Christopher Hyde (Appointed 01/07/2010)	11	7			11	11		
Matthew Wilson (Appointed 01/07/2010)	11	6			11	4		
David Wood (Resigned 29/05/2011)	11	5			11	4	2	1

Directors' report continued

Directors' meetings (continued)

The Company did not employ the Auditor (ABL Accounting Services Pty Ltd) for non audit work during the year.

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 11.

Signed in accordance with a resolution of the Board of Directors at Warrandyte on 28 September 2011.

Sarah Wrigley, Chairman

Darren Maurice Ryding, Director

Auditor's independence declaration

WARRANDYTE COMMUNITY FINANCIAL SERVICES LTD ABN 70 102 635 147
AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE CORPORATIONS ACT 2001

Liability limited by a scheme approved under Professional Standards Legislation

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

(i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit: and

(ii) No contravention of any applicable code of professional conduct in relation to the audit.

Name of Firm	ABL Accounting Services
Name of Principal	....
	Alan lane
Date	06/09/2011
Address	Suite 405/530 Little Collins Street, Melbourne VIC 3000

Financial statements

Statement of comprehensive income for the year ended 30 June 2011

	Note	2011 $	2010 $
Revenues from ordinary activities	4	1,246,865	1,078,919
Employee benefits expense		(379,935)	(415,081)
Charitable donations, sponsorship, advertising and promotion		(183,884)	(171,908)
Occupancy and associated costs		(80,503)	(74,102)
Systems costs		(20,450)	(19,373)
Depreciation and amortisation expense	5	(11,439)	(9,656)
Finance costs	5	(4)	(71)
General administration expenses		(156,913)	(98,761)
Profit/(loss) before income tax (expense)/credit		**413,737**	**289,967**
Income tax (expense)/credit	6	(124,822)	(87,581)
Profit/(loss) after income tax (expense)/credit		**288,915**	**202,386**
Total comprehensive income for the year		**288,915**	**202,386**
Earnings per share (cents per share)		**c**	**c**
- basic for profit for the year	22	42.52	29.79

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2011

	Note	2011 $	2010 $
Assets			
Current assets			
Cash and cash equivalents	7	932,802	693,472
Trade and other receivables	8	138,462	139,624
Total current assets		**1,071,264**	**833,096**
Non-current assets			
Property, plant and equipment	9	127,888	123,500
Intangible assets	10	4,411	6,708
Deferred tax assets	11	11,798	11,139
Total non-current assets		**144,097**	**141,347**
Total assets		**1,215,361**	**974,443**
Liabilities			
Current liabilities			
Trade and other payables	12	35,367	37,577
Current tax liabilities	11	53,415	36,686
Borrowings	13	560	6
Provisions	14	27,186	24,451
Total current liabilities		**116,528**	**98,720**
Non-current liabilities			
Borrowings	13		-
Provisions	14	23,741	21,599
Deferred tax liabilities	11		-
Total non-current liabilities		**23,741**	**21,599**
Total liabilities		**140,269**	**120,319**
Net assets		**1,075,094**	**854,124**
Equity			
Issued capital	15	657,286	657,286
Retained earnings/(accumulated losses)	16	417,808	196,838
Total equity		**1,075,094**	**854,124**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the Year Ended 30 June 2011

	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2009	**657,286**	**48,808**	**706,094**
Total comprehensive income for the year	**-**	**202,386**	**202,386**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(54,356)	(54,356)
Balance at 30 June 2010	**657,286**	**196,838**	**854,124**
Balance at 1 July 2010	**657,286**	**196,838**	**854,124**
Total comprehensive income for the year	**-**	**288,915**	**288,915**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(67,945)	(67,945)
Balance at 30 June 2011	**657,286**	**417,808**	**1,075,094**

The accompanying notes form part of these financial statements.

Statement of cash flows
for the year ended 30 June 2011

	Note	2011 $	2010 $
Cash flows from operating activities			
Receipts from customers		1,300,885	1,133,457
Payments to suppliers and employees		(915,891)	(831,235)
Interest received		37,683	13,177
Rent received		6,880	15,120
Income taxes paid		(108,752)	(109,712)
Net cash provided by/(used in) operating activities	**17**	**320,805**	**220,807**
Cash flows from investing activities			
Payments for property, plant and equipment		(13,530)	
Payments for intangible assets			
Net cash provided by/(used in) investing activities		**(13,530)**	**-**
Cash flows from financing activities			
Proceeds from issues of shares			
Payment for share issue costs			
Proceeds from borrowings			
Repayment of borrowings			
Dividends paid		(67,945)	(54,356)
Net cash provided by/(used in) financing activities		**(67,945)**	**(54,356)**
Net increase/(decrease) in cash held		**239,330**	**166,451**
Cash and cash equivalents at the beginning of the financial year		693,472	524,783
Cash and cash equivalents at the end of the financial year	**7(a)**	**932,802**	**693,472**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2011

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, other authoritative pronouncements of the Australian Accounting Standard Boards and the Corporations Act 2001.

Compliance with (IFRS)

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

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.

Financial statement presentation

The Company has applied revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The Company has elected to present all items of income and expense recognised in the period in a single statement of comprehensive income.

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

During the current year the entity has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the Company.

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Adoption of new and revised accounting standards (continued)

- AASB 101 Presentation of financial statements

  In September 2007 the Australian Accounting Standards Board revised AASB 101, and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Company's financial statements.

- Disclosure impact

  Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

  Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

  Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

  The Company's financial statements contain a single statement of comprehensive income.

  Other comprehensive income – The revised version of AASB 101 introduces the concept of "other comprehensive income" which comprises of income and expense that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

New accounting standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods, as follows:

- AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013)

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Company has determined these amendments will have no impact on the preparation of the financial statements and therefore they have not been applied.

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Ltd

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Ltd that governs the management of the **Community Bank®** branch at Warrandyte.

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

All deposits are made with Bendigo and Adelaide Bank Ltd, and all personal and investment products are products of Bendigo and Adelaide Bank Ltd, 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 Ltd, must be approved by Bendigo and Adelaide Bank Ltd. All credit transactions are made with Bendigo and Adelaide Bank Ltd, and all credit products are products of Bendigo and Adelaide Bank Ltd.

Bendigo and Adelaide Bank Ltd 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).

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Ltd 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 Ltd 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.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Ltd 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 Ltd). This discretion has be exercised on several occasions previously. For example in February 2011 Bendigo and Adelaide Bank Ltd reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Ltd and its **Community Bank®** partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Ltd 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 Ltd, may vary between products and services and may be amended by Bendigo and Adelaide Bank Ltd 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.

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)

Deferred tax (continued)

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.

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.

Note 1. Summary of significant accounting policies (continued)

g) Property, plant and equipment (continued)

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

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Ltd 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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

Classification and subsequent measurement (continued)

(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.

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 of other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

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

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.

Note 1. Summary of significant accounting policies (continued)

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.

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 Ltd.

(iv) Liquidity risk

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

Note 2. Financial risk management (continued)

(v) Cash flow and fair value interest rate risk

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

(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%.

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 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.

Note 3. Critical accounting estimates and judgements (continued)

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.

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.

Notes to the financial statements continued

	2011 $	2010 $

Note 4. Revenue from ordinary activities

Operating activities:		
- services commissions	1,199,622	1,041,701
Total revenue from operating activities	**1,199,622**	**1,041,701**
Non-operating activities:		
- interest received	40,363	22,098
- rental revenue	6,880	15,120
Total revenue from non-operating activities	**47,243**	**37,218**
Total revenues from ordinary activities	**1,246,865**	**1,078,919**

Note 5. Expenses

Depreciation of non-current assets:		
- plant and equipment	3,565	1,745
- leasehold improvements	5,577	5,614
Amortisation of non-current assets:		
- franchise agreement	2,297	2,297
- franchise renewal fee		
	11,439	**9,656**
Finance costs:		
- interest paid	**4**	**71**
Bad debts		

Note 6. Income tax expense/credit

The components of tax expense comprise:		
- Current tax	125,481	94,205
- Future income tax benefit attributed to losses		
- Movement in deferred tax	(659)	(6,624)
- Recoup of prior year tax loss		
- Under/(Over) provision of tax in the prior period		
	124,822	**87,581**

	Note	2011 $	2010 $
Note 6. Income tax expense/credit (continued)			
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit/(loss)		413,737	289,967
Prima facie tax on profit from ordinary activities at 30%		124,120	86,990
Add tax effect of:			
- non-deductible expenses		2,170	1,889
- timing difference expenses		521	6,656
- other deductible expenses		(1,330)	(1,330)
		125,481	**94,205**
Movement in deferred tax	11	(659)	(6,624)
Under/(Over) provision of income tax in the prior year		-	-
		124,822	**87,581**

Note 7. Cash and cash equivalents

	Note	2011 $	2010 $
Cash at bank and on hand		207,016	201,631
Term deposits		725,786	491,841
		932,802	**693,472**
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		207,016	201,631
Term deposits		725,786	491,841
Bank overdraft	13	-	-
		932,802	**693,472**

	2011 $	2010 $

Note 8. Trade and other receivables

	2011 $	2010 $
Trade receivables	96,856	90,200
Other receivables and accruals	11,601	9,462
Prepayments	30,005	39,962
	138,462	**139,624**

Note 9. Property, plant and equipment

	2011 $	2010 $
Plant and equipment		
At cost	44,073	34,423
Less accumulated depreciation	(25,942)	(22,377)
	18,131	**12,046**
Leasehold improvements		
At cost	161,828	157,948
Less accumulated depreciation	(52,071)	(46,494)
	109,757	**111,454**
Total written down amount	**127,888**	**123,500**
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	12,046	13,792
Additions	9,650	-
Disposals		-
Less: depreciation expense	(3,565)	(1,746)
Carrying amount at end	**18,131**	**12,046**
Leasehold improvements		
Carrying amount at beginning	111,454	117,068
Additions	3,880	-
Disposals		-
Less: depreciation expense	(5,577)	(5,614)
Carrying amount at end	**109,757**	**111,454**
Total written down amount	**127,888**	**123,500**

	2011 $	2010 $

Note 10. Intangible assets

Franchise fee		
At cost	71,484	71,484
Less: accumulated amortisation	(67,073)	(64,776)
	4,411	**6,708**
Total written down amount	**4,411**	**6,708**

Note 11. Tax

Current:		
Income tax payable/(refundable)	**53,415**	**36,686**
Non-current:		
Deferred tax assets		
- accruals		
- employee provisions	15,278	13,815
- tax losses carried forward		
	15,278	**13,815**
Deferred tax liability		
- accruals	3,480	2,676
- deductible prepayments		
	3,480	**2,676**
Net deferred tax asset/(liability)	**11,798**	**11,139**
Movement in deferred tax charged to statement of comprehensive income	**(659)**	**(6,624)**

Note 12. Trade and other payables

Trade creditors	6,495	4,130
Other creditors and accruals	28,872	33,447
	35,367	**37,577**

	2011 $	2010 $

Note 13. Borrowings

Current:

Credit card	560	6
	560	**6**

Note 14. Provisions

Current:

Provision for annual leave	**27,186**	**24,451**
Non-current:		
Provision for long service leave	**23,741**	**21,599**
Number of employees at year end	**7**	**7**

Note 15. Contributed equity

679,460 Ordinary shares fully paid of $1	679,460	679,460
Less: equity raising expenses	(22,174)	(22,174)
	657,286	**657,286**

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®** branch have the same ability to influence the operation of the Company.

Note 15. Contributed equity (continued)

Rights attached to shares (continued)

(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 Ltd 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).

(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.

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.

	2011 $	2010 $

Note 16. Retained earnings/accumulated losses

Balance at the beginning of the financial year	196,838	48,808
Net profit/(loss) from ordinary activities after income tax	288,915	202,386
Dividends paid or provided for	(67,945)	(54,356)
Balance at the end of the financial year	**417,808**	**196,838**

Note 17. Statement of cash flows

Reconciliation of profit/(loss) from ordinary activities after tax to net cash provided by/(used in) operating activities

Profit/(Loss) from ordinary activities after income tax	288,915	202,386
Non cash items:		
- depreciation	9,142	7,359
- amortisation	2,297	2,297
- interest reversed	-	(613)
- accrued income	(2,681)	(8,920)
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(6,656)	(9,108)
- (increase)/decrease in prepayments	9,957	5,066
- increase/(decrease) in trade creditors	2,364	(4,351)
- increase/(decrease) in tax payables	16,729	(15,507)
- (increase)/decrease in future income tax benefit	(659)	(6,624)
- increase/(decrease) in other payables	(4,575)	19,989
- increase/(decrease) in provisions	4,876	28,832
-increase/(decrease) in borrowings	554	1
-increase/(decrease) in sundry debtors	542	-
Net cash flows provided by/(used in) operating activities	**320,805**	**220,807**

	2011 $	2010 $

Note 18. Auditors' remuneration

Amounts received or due and receivable by the Auditor of the Company for:

	2011 $	2010 $
- audit and review services	2,400	2,165
	2,400	**2,165**

Note 19. Director and related party disclosures

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

Sarah Wrigley

Darren Ryding

Jennifer Johanson

Robyn Duff (Appointed 01/07/2010)

John Provan

Dawn Inman-Wyness (Appointed 01/07/2010)

David White

John Shaw (Appointed 01/07/2010)

Christopher Hyde (Appointed 01/07/2010)

Matthew Wilson (Appointed 01/07/2010)

David Wood (Resigned 29/05/2011)

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**	**2010**
Sarah Wrigley	15,000	5,000
Robyn Duff	2,000	-
John Provan	10,000	10,000
Dawn Inman-Wyness	1,000	1,000

There has been movement in Directors' shareholdings during the year.

	2011 $	2010 $

Note 20. Dividends paid or provided

	2011 $	2010 $
a. Dividends paid during the year		
Final dividend for the year ended 30 June 2010 of 10 cents per share fully franked was paid on 27th October, 2010	**67,945**	**54,356**
b. Dividends proposed and recognised as a liability		
In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 12 cents per fully paid ordinary share, (2010 - 10 cents) fully franked. The proposed dividend is expected to be paid on 31st October 2011 out of profits at 30 June 2011, but not recognised as a liability at year end, is $81,535.		
d. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	209,442	129,810
- franking credits that will arise from payment of income tax payable as at the end of the financial year	52,756	36,686
- 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:	**262,198**	**166,496**
- 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	34,944	29,120
Net franking credits available	**297,142**	**195,616**

Note 21. Key management personnel disclosures

The following Directors have received a Directors Fee during the year in accordance with the Board's policy on Remuneration of Directors:

Name	Position	$
Darren Ryding	Director and Company Treasurer	2,000

	2011 $	2010 $
Note 22. Earnings per share		
(a) Profit/(Loss) attributable to the ordinary equity holders of the Company used in calculating earnings per share	288,915	202,386
	Number	**Number**
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	679,460	679,460

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 Warrandyte pursuant to a franchise agreement with Bendigo and Adelaide Bank Ltd.

Note 26. Registered office/principal place of business

The entity is a Company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
144 Yarra Street	144 Yarra Street
Warrandyte, Victoria	Warrandyte, Victoria

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.

Note 27. Financial instruments (continued)

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.

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					
	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 %	2010 %
Financial assets												
Cash and cash equivalents	932,802	693,472	-	-	-	-	-	-	-	-	0.00	0.00
Receivables	-	-	-	-	-	-	-	-	96,856	90,741	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Payables	-	-	-	-	-	-	-	-	6,495	4,130	N/A	N/A

Directors' declaration

In accordance with a resolution of the Directors of Warrandyte 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 2011 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.

Sarah Wrigley, Chairman

Darren Maurice Ryding, Director

Signed on the 28th of September 2011.

Independent audit report

ABL ACCOUNTING SERVICES

Independent Audit Report

Independent Audit Report to the Members of
Warrandyte Community Financial Services Limited

Scope

I have audited the financial report of Warrandyte Community Financial Services Limited for the year ended 30th June 2011, including the Directors' Declaration. The company's directors are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

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

Independence

In conducting my audit, I followed applicable independence requirements of Australian professional ethical announcements.

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

Audit Opinion

In my opinion, the financial report of Warrandyte Community Financial Services Limited is in accordance with:

(a) the Corporations Act 2001 including

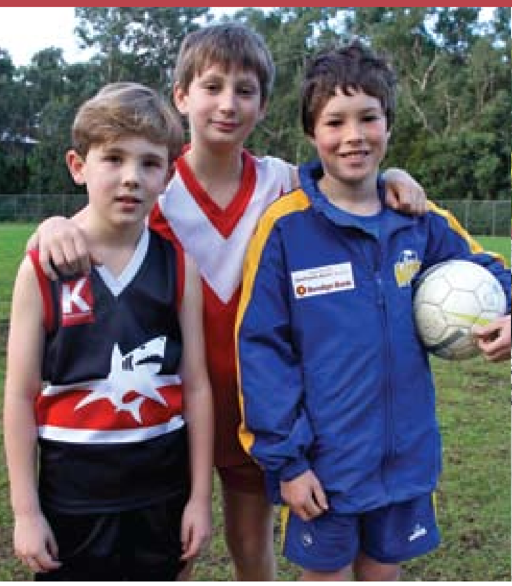
(i) giving a true and fair view of the company's financial position as at 30th June 2011 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

Alan Lane
ABL Accounting Services
Melbourne
A Lane

Date the 6th September 2011.



Warrandyte **Community Bank**® Branch
144 Yarra Street, Warrandyte VIC 3113
Phone: (03) 9844 2233

Franchisee: Warrandyte Community Financial Services Limited
144 Yarra Street, Warrandyte VIC 3113
Phone: (03) 9844 2233
ABN: 70 102 635 147

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(BMPAR11004) (06/11)

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