annual report 2010

Willaura/Lake Bolac
Financial Services Limited
ABN 83 108 159 422

Willaura/Lake Bolac **Community Bank®** Branch

Contents

Chairman's report

For year ending 30 June 2010

It is with much pleasure that I present to you the sixth Annual Report on behalf of the Directors of the Willaura/Lake Bolac Financial Services Ltd; the governing body of the Willaura/Lake Bolac **Community Bank®** Branch.

In 2009/2010 income exceeded expenses by $46,484 and our Bank returned a profit. This is the third consecutive year that a profit has been achieved, and the Board is recommending an unfranked dividend of five cents per share be paid to shareholders late in 2010. We feel confident that a solid level of earnings has been retained, as well as a sufficient level for future income tax payments. This profit relates to a return of 7.5 per cent per share, up from 2.1 cents last year and 4.9 cents previous to that. We are pleased to be able to finally provide some level of reward to those who so generously supported the establishment of the branch.

In July we reluctantly farewelled our inaugural Manager, Mr. Neil Hinkley. Neil provided us with five and a half years of excellent service and we thank him for his dedication and expertise. We trust that he enjoys his new employment at Cobden **Community Bank®** Branch.

We welcome to our branch our new Manager, Simon Robinson, and look forward to working with him to grow our business. The Board wish him well, and is certain that he has the ability to drive our business ahead in the years to come.

We as a community should be very proud to have re-introduced banking to our two towns and the surrounding districts, and to have achieved a high level of service using local staff. We thank Simone, Joanne, Jodie and Jane for their commitment and are pleased to have them on the team.

We also thank the regional staff of Bendigo and Adelaide Bank Ltd for their continued interest and guidance, and the Agri-business Manager, Gavin Svanasio, for his acumen and input.

The Board has been pleased, on your behalf, to assist many community organisations during the year. Close to $4,000 has been distributed to the following: Willaura Golf Club, Lake Bolac Golf Club, Moyston-Willaura Football/Netball Club, Wickliffe/Lake Bolac Football/Netball Club, Lake Bolac Bowls Club, Lake Bolac Eel Festival, Lake Bolac Kindergarten, SMW Rovers, Mininera & District Netball Association, Willaura Kindergarten, Willaura Primary School, Lake Bolac College, Mininera & District Football League, Willaura Harvest Cutout, Willaura Hospital Auxiliary, Willaura Neighborhood Watch Newsletter, Willaura R.C.H. Good Friday Appeal and Willaura Tennis Club.

A progressive business has to be prudent with all spending, yet must balance the level of good service to the customer and comfort and security to the staff. During the year, the Willaura branch received a split air conditioner in the Manager's Office and further security panelling.

At Lake Bolac, we were very grateful to a local group, the Lake Bolac Ball Committee, who donated funds which helped install an Automatic Teller Machine. The Ball Committee has spent many thousands of dollars improving the area adjacent to our Bank, which has now become a popular stopping point for Highway traffic – and they, like us, felt that the site was very suitable for an ATM. Early indications support that theory.

Chairman's report continued

The Bank still receives many bookings for the Coolroom, and it has been a good investment as well as a community service.

I acknowledge and thank the Board members for their input into what became a very busy year. Each and every one has been a great contributor, but the work of Scott Price as Treasurer, and Geoff Pritchard as Secretary, has been exceptional.

The **Community Bank®** model suits this district very well indeed. Please, all shareholders and residents, support your own Bank, your own local business, when banking options come to the fore. Only by all working together will we achieve maximum benefit to our communities and shareholders.

Colin McKenzie

Chairman

Manager's report

For year ending 30 June 2010

I come to the district which has excellent prospect of a successful season. Having lived and worked in many small rural communities over my career I fully understand the impact of this on the community.

The staff and previous Manager, Neil are to be congratulated for their efforts in providing excellent and friendly service to our clients in the past 12 months. Their commitment is reflected in excellent results for this financial period.

We are being provided with great support by Bendigo and Adelaide Bank Ltd with visits from specialist staff.

- Agri-Business Manager - Gavin Svanosio
- Financial Planner - Scott Mueller.

The Board of Willaura/Lake Bolac Financial Services Limited deserves to be thanked for their continued time and support to ensure the ongoing and future success of Willaura/Lake Bolac **Community Bank®** Branch.

It is an exciting time for the staff, our Board and myself, as we look to progress and grow the business. We again look forward to the ongoing support of our local **Community Bank®** branch

I look forward to growing relationships with all our existing and potential customers and shareholders, to ensure your communities prosper and become more sustainable.

I thank all our clients and shareholders who have made our business such a success.

Simon Robinson
Branch Manager

Directors' report

For the financial year ended 30 June 2010

Your directors submit the financial statements of the company for the financial year ended 30 June 2010.

Directors

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

Colin Robert McKenzie
Director
Age: 68
Occupation: Farmer
Experience and expertise: Business operator, councillor for Ararat Rural City Council, involved in various sporting and cultural organisations.
Special responsibilities: Chairman
Interests in shares: 15,001 Ordinary Shares

Heather Mary Fleming
Director
Age: 52
Occupation: Farmer
Experience and expertise: Retired secondary school teacher with numerous involvements with local community groups, current Board member of East Grampians Health Services.
Special responsibilities: Marketing and Development Committee
Interests in shares: 2,001 Ordinary Shares

Scott Hedley Price
Director
Age: 39
Occupation: Farmer
Experience and expertise: Holds Ass Dip of Resource Management, current member of the CFA (Captain), member Willaura Development Group and President of Willaura Recreation Reserve.
Special responsibilities: Treasurer, Dividend Committee
Interests in shares: 3,101 Ordinary Shares

Robert Angus Fraser
Director
Age: 64
Occupation: Farmer
Experience and expertise: Business operator, past President of Carranballac Progress Association, Shire of Ripon, Lake Bolac Young Farmers Club, Mid Mt Emu Creek Landcare Group and CFA member.
Special responsibilities: Nil
Interests in shares: 15,001 Ordinary Shares

Paul David Brumby
Director
Age: 46
Occupation: General Manager Corporate Services
Experience and expertise: Holds a Bachelor of Business and is currently employed as a financial manager.
Special responsibilities: Nil
Interests in shares: 5,351 Ordinary Shares

Colleen Anne Peacock
Director
Age: 57
Occupation: Hairdresser/Business operator
Experience and expertise: Business operator.
Special responsibilities: Marketing and Development Committee
Interests in shares: 1,001 Ordinary Shares

Geoff Raymond Pritchard
Director
Age 62
Occupation: Farmer
Experience and expertise: Farmer.
Special responsibilities: Secretary
Interests in shares: 6,000 Ordinary Shares

Rowland Woolcock Paterson
Director
Age: 54
Occupation: Primary Producer
Experience and expertise: Involvement in local organisations and current Chairman of Ace Radio Broadcaster.
Special responsibilities: Nil
Interests in shares: 5,000 Ordinary Shares

Lynette Joy Webster
Director (Appointed 26 August 2009)
Age: 49
Occupation: Manager
Dip of Business (Accounting), Marketing manager (Telecommunications).
Special responsibilities: Marketing and Development Committee
Interests in shares: Nil

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 Geoff Pritchard. Geoff was appointed to the position of company secretary on the 18 June 2009.

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 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 of the company for the financial year after provision for income tax was:

	Year ended 30 June 2010 $	Year ended 30 June 2009 $
	43,738	11,882

Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

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.

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.

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

	Board Meetings Attended	
	Eligible	Attended
Colin Robert McKenzie	11	11
Heather Mary Fleming	11	10
Scott Hedley Price	11	8
Robert Angus Fraser	11	11
Paul David Brumby	11	9
Colleen Anne Peacock	11	10
Geoff Raymond Pritchard	11	10
Rowland Woolcock Paterson	11	8
Lynette Joy Webster	10	9

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 9.

Signed in accordance with a resolution of the board of directors at Willaura, Victoria on 9th September 2010.

Colin R. McKenzie

Scott Price

Colin Robert McKenzie,
Chairman

Scott Hedley Price,
Director

Auditor's independence declaration

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AFS partners in success
Chartered Accountants & Business Advisors

Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the directors of Willaura/Lake Bolac 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 2010 there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 9th day of September 2010

Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

Statement of Comprehensive Income
For the Year Ended 30 June 2010

	Note	2010 $	2009 $
Revenues from ordinary activities	4	385,888	340,331
Employee benefits expense		(167,659)	(163,528)
Charitable donations, sponsorship, advertising and promotion		(5,869)	(4,276)
Occupancy and associated costs		(23,121)	(21,650)
Systems costs		(38,002)	(40,457)
Depreciation and amortisation expense	5	(28,350)	(28,072)
Finance costs	5	(1,001)	(1,438)
General administration expenses		(55,714)	(59,397)
Profit before income tax expense		**66,172**	**21,513**
Income tax expense	6	(22,434)	(9,631)
Profit after income tax expense		**43,738**	**11,882**
Total comprehensive income for the year		**43,738**	**11,882**
Earnings per share (cents per share)		**¢**	**¢**
- basic for profit for the year	22	7.50	2.04

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet
as at 30 June 2010

	Note	2010 $	2009 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	207,819	128,524
Trade and other receivables	8	34,577	30,986
Total Current Assets		**242,396**	**159,510**
Non-Current Assets			
Property, plant and equipment	9	123,744	138,805
Intangible assets	10	59,251	4,000
Deferred tax assets	11	60,560	82,994
Total Non-Current Assets		**243,555**	**225,799**
Total Assets		**485,951**	**385,309**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	32,957	20,113
Borrowings	13	6,727	6,727
Provisions	14	13,053	14,188
Total Current Liabilities		**52,737**	**41,028**
Non-Current Liabilities			
Trade and other payables	12	46,514	-
Borrowings	13	2,724	8,450
Provisions	14	10,390	5,983
Total Non-Current Liabilities		**59,628**	**14,433**
Total Liabilities		**112,365**	**55,461**
Net Assets		**373,586**	**329,848**
Equity			
Issued capital	15	565,866	565,866
Accumulated losses	16	(192,280)	(236,018)
Total Equity		**373,586**	**329,848**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended June 2010

	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2008	**565,866**	**(247,900)**	**317,966**
Total comprehensive income for the year	**-**	**11,882**	**11,882**
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 2009	**565,866**	**(236,018)**	**329,848**
Balance at 1 July 2009	**565,866**	**(236,018)**	**329,848**
Total comprehensive income for the year	**-**	**43,738**	**43,738**
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 2010	**565,866**	**(192,280)**	**373,586**

The accompanying notes form part of these financial statements.

Statement of Cashflows
For the year ended 30 June 2010

	Note	2010 $	2009 $
Cash Flows From Operating Activities			
Receipts from customers		388,156	337,163
Payments to suppliers and employees		(293,398)	(281,871)
Interest received		5,990	4,679
Interest paid		(1,001)	(1,438)
Net cash provided by operating activities	**17**	**99,747**	**58,533**
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(1,272)	(5,259)
Payments for intangible assets		(13,454)	-
Net cash used in investing activities		**(14,726)**	**(5,259)**
Cash Flows From Financing Activities			
Repayment of borrowings		(5,726)	(5,289)
Net cash used in financing activities		**(5,726)**	**(5,289)**
Net increase in cash held		**79,295**	**47,985**
Cash and cash equivalents at the beginning of the financial year		128,524	80,539
Cash and cash equivalents at the end of the financial year	**7(a)**	**207,819**	**128,524**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2010

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 IFRS 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.

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

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 Willaura and Lake Bolac districts in Victoria.

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

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

Bendigo Bank 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)

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.

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.

Note 1. Summary of Significant Accounting Policies (continued)

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

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.

Note 1. Summary of Significant Accounting Policies (continued)

k) Financial Instruments (continued)

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.

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.

Note 1. Summary of Significant Accounting Policies (continued)

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 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.

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 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%.

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 2010 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.

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.

Note 3. Critical Accounting Estimates and Judgements (continued)

Impairment of assets (continued)

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.

Note 4. Revenue from Ordinary Activities

	Note	2010 $	2009 $
Operating activities:			
- services commissions		371,664	332,529
- other revenue		8,234	1,630
Total revenue from operating activities		**379,898**	**334,159**
Non-operating activities:			
- interest received		5,990	6,172
Total revenue from non-operating activities		**5,990**	**6,172**
Total revenues from ordinary activities		**385,888**	**340,331**

	Note	2010 $	2009 $

Note 5. Expenses

Depreciation of non-current assets:			
- plant and equipment		8,528	8,528
- leasehold improvements		4,764	4,503
- motor vehicle		3,041	3,041
Amortisation of non-current assets:			
- franchise agreement		5,336	12,000
- franchise renewal fee		6,681	-
		28,350	**28,072**
Finance costs:			
- interest paid		**1,001**	**1,438**

Note 6. Income Tax Expense

The components of tax expense comprise:			
- Current tax			
- Future income tax benefit attributed to losses			
- Movement in deferred tax		(655)	(214)
- Recoup of prior year tax loss		23,089	9,845
		22,434	**9,631**
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit		66,172	21,513
Prima facie tax on profit from ordinary activities at 30%		19,851	6,454
Add tax effect of:			
- non-deductible expenses		3,605	3,600
- timing difference expenses		655	814
- other deductible expenses		(1,023)	(1,023)
		23,088	**9,845**

Notes to the financial statements continued

	Note	2010 $	2009 $
Note 6. Income Tax Expense (continued)			
Movement in deferred tax	11	22,434	9,631
Recoupment of prior year tax losses		(23,088)	(9,845)
		22,434	**9,631**

Note 7. Cash and Cash Equivalents

	2010 $	2009 $
Cash at bank and on hand	86,640	61,437
Term deposits	121,179	67,087
	207,819	**128,524**

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

	2010 $	2009 $
Cash at bank and on hand	86,640	61,437
Term deposits	121,179	67,087
	207,819	**128,524**

Note 8. Trade and Other Receivables

	2010 $	2009 $
Trade receivables	28,057	25,535
Other receivables & accruals	3,412	1,493
Prepayments	3,108	3,958
	34,577	**30,986**

Note 9. Property, Plant and Equipment

	2010 $	2009 $
Plant and equipment		
At cost	64,106	64,106
Less accumulated depreciation	(45,149)	(36,621)
	18,957	**27,485**

Notes to the financial statements continued

	Note	2010 $	2009 $
Note 9. Property, Plant and Equipment (continued)			
Leasehold improvements			
At cost		112,774	111,502
Less accumulated depreciation		(24,048)	(19,284)
		88,726	**92,218**
Motor Vehicle			
At cost		24,328	24,328
Less accumulated depreciation		(8,267)	(5,226)
		16,061	**19,102**
Total written down amount		**123,744**	**138,805**
Movements in carrying amounts:			
Plant and equipment			
Carrying amount at beginning		27,485	36,013
Less: depreciation expense		(8,528)	(8,528)
Carrying amount at end		**18,957**	**27,485**
Leasehold improvements			
Carrying amount at beginning		92,218	91,462
Additions		1,272	5,259
Less: depreciation expense		(4,764)	(4,503)
Carrying amount at end		**88,726**	**92,218**
Motor Vehicle			
Carrying amount at beginning		19,102	22,143
Less: depreciation expense		(3,041)	(3,041)
Carrying amount at end		**16,061**	**19,102**
Total written down amount		**123,744**	**138,805**

	Note	2010 $	2009 $

Note 10. Intangible Assets

Franchise fee			
At cost		71,211	60,000
Less: accumulated amortisation		(61,336)	(56,000)
		9,875	**4,000**
Renewal processing fee			
At cost			
Less: accumulated amortisation		56,057	-
		(6,681)	**-**
		49,376	**-**
Total written down amount		**59,251**	**4,000**

Note 11. Tax

Current:			
Income tax payable		-	-
Non-Current:			
Deferred tax assets			
- accruals		41	113
- employee provisions		7,033	6,051
- tax losses carried forward		54,818	77,907
		61,892	**84,071**
Deferred tax liability			
- accruals		1,024	448
- deductible prepayments		308	629
		1,332	**1,077**
Net deferred tax asset		**60,560**	**82,994**
Movement in deferred tax charged to statement of comprehensive income		**(22,434)**	**(9,631)**

	Note	2010 $	2009 $

Note 12. Trade and Other Payables

	Note	2010 $	2009 $
Current:			
Trade creditors		30,757	17,336
Other creditors & accruals		2,200	2,777
		32,957	**20,113**
Non-Current:			
Trade creditors		46,514	-
		46,514	**-**

Note 13. Borrowings

	Note	2010 $	2009 $
Current:			
Lease liability	18	6,727	6,727
		6,727	**6,727**
Non-Current:			
Lease liability	18	2,724	8,450
		2,724	**8,450**

Note 14. Provisions

	Note	2010 $	2009 $
Current:			
Provision for annual leave		**13,053**	**14,188**
Non-Current:			
Provision for long service leave		**10,390**	**5,983**
Number of employees at year end		8	3

Note 15. Contributed Equity

	Note	2010 $	2009 $
582,912 Ordinary shares fully paid (2009: 582,912)		582,912	582,912
Less: equity raising expenses		(17,046)	(17,046)
		565,866	**565,866**

Note 15. Contributed Equity (continued)

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).

(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").

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.

Note 15. Contributed Equity (continued)

Prohibited shareholding interest (continued)

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.

	Note	2010 $	2009 $
Note 16. Accumulated Losses			
Balance at the beginning of the financial year		(236,018)	(247,900)
Net profit from ordinary activities after income tax		43,738	11,882
Balance at the end of the financial year		(192,280)	(236,018)
Note 17. Statement of Cashflows			
Reconciliation of loss from ordinary activities after tax to net cash provided by operating activities			
Profit from ordinary activities after income tax		43,738	11,882
Non cash items:			
- depreciation		16,333	16,072
- amortisation		12,017	12,000

Notes to the financial statements continued

	Note	2010 $	2009 $

Note 17. Statement of Cashflows (continued)

Changes in assets and liabilities:			
- increase in receivables		(3,591)	(639)
- decrease in other assets		22,434	9,631
- increase in payables		5,544	2,774
-increase in provisions		3,272	6,813
Net cashflows provided by operating activities		**99,747**	**58,533**

Note 18. Leases

Finance lease commitments			
Payable - minimum lease payments			
- not later than 12 months		9,682	6,727
- between 12 months and 5 years		-	9,681
- greater than 5 years			
Minimum lease payments		**9,682**	**16,408**
Less future finance charges		(231)	(1,231)
Present value of minimum lease payments		**9,451**	**15,177**

The finance lease of the Ford Focus, which commenced in October 2007, is a 3-year lease. Interest is recognised at an average rate of 7.9487% (2009: 7.9487%).

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		9,343	5,777
- between 12 months and 5 years		31,874	-
- greater than 5 years			
		41,217	**5,777**

The business premises and ATM leases are non-cancellable leases with five-year terms, with rent payable monthly in advance, the option to renew the leases for a second five year term was exercised in 2010.

Notes to the financial statements continued

	Note	2010 $	2009 $

Note 19. Auditors' Remuneration

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

- audit & review services		3,400	3,200
- non audit services		1,430	1,730
		4,830	**4,930**

Note 20. Director and Related Party Disclosures

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

Colin Robert McKenzie

Heather Mary Fleming

Scott Hedley Price

Robert Angus Fraser

Paul David Brumby

Colleen Anne Peacock

Geoff Raymond Pritchard

Rowland Woolcock Paterson

Lynette Joy Webster

No 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	**2010**	**2009**
Colin Robert McKenzie	15,001	15,001
Heather Mary Fleming	2,001	2,001
Scott Hedley Price	3,101	3,101
Robert Angus Fraser	15,001	15,001
Paul David Brumby	5,351	5,101
Colleen Anne Peacock	3,001	3,001
Geoff Raymond Pritchard	6,000	6,000
Rowland Woolcock Paterson	5,000	5,000
Lynette Joy Webster	-	-

Only movement in Director shareholdings was an increase of 200 share for Paul David Brumby.

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

	2010 $	2009 $
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	43,738	11,882

	2010 Number	2009 Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	582,912	582,912

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 the Willaura and Lake Bolac districts of 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
70 Main Street	70 Main Street
WILLAURA VIC 3379	WILLAURA VIC 3379

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.

Interest Rate Risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average effective interest rate	
	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 %	2009 %
Financial Assets												
Cash and cash equivalents	86,640	61,437	121,179	67,087	-	-	-	-	-	-	3.30	5.82
Receivables	-	-	-	-	-	-	-	-	28,057	25,535	N/A	N/A
Financial Liabilities												
Interest bearing liabilities	-	-	6,726	6,727	2,242	8,450	-	-	-	-	7.95	7.95
Payables	-	-	-	-	-	-	-	-	77,272	17,336	N/A	N/A

Directors' declaration

In accordance with a resolution of the directors of Willaura/Lake Bolac, 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 2010 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 AASB174 Related Party Disclosures and the Corporations Regulations 2001.

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

Colin R. McKenzie

Colin Robert McKenzie,
Chairman

Scott Price

Scott Hedley Price,
Director

Signed on the 8th September 2010

Independent audit report

partners in success
Chartered Accountants & Business Advisors

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INDEPENDENT AUDITOR'S REPORT

To the members of Willaura/Lake Bolac Financial Services Limited

We have audited the accompanying financial report of Willaura/Lake Bolac Financial Services Limited, which comprises the balance sheet as at 30 June 2010, 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 (including the Australian Accounting Interpretations) 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We 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 Willaura/Lake Bolac 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 2010 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 2010. 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 Willaura/Lake Bolac Financial Services Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

David Hutchings
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 9th day of September 2010

Willaura/Lake Bolac **Community Bank®** Branch
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