

Wyong Town Financial Services Ltd
ACN 100 313 120

Annual Report - 2011



Wyong Town Financial Services Limited

ABN 59 100 313 120

Chairman's Report

I am pleased to present my report to you on the progress of the Wyong **Community Bank®** Branch during the 2010/2011 financial year.

The 2010/2011 year has again posed many challenges to our branch however despite these challenges we have followed up last years inaugural profit with a profit of \$83,306. We are extremely proud that we have been able to improve on last year's success. We are getting ever closer to being able to issue our first dividend to the shareholders. It is a priority of the Board to pay a dividend as soon as we are legally able to do so and we are thankful for the continued support and understanding of the shareholders.

As the evolution of the business continues, we are confident the boards growth strategies will help take the business to another level. This year has seen our major strategy, of introducing the new staffing structure to assist us to achieve a huge growth of around \$30 million. Despite the volatile economy and restoring the balance, introduced by Bendigo Bank, I am sure we can follow this up with substantial growth in the coming year.

I would like to acknowledge the excellent work of Adele and her staff as they have adapted to and grown under the new structure.

We also welcomed a new Customer Relationship Manager, Sue Graetz, to the branch. Sue has brought with her many years of banking experience, a passion for community and a bubbly personality that has been commented upon by our customers.

We have had a couple of Board members leave us this year with Sharon Vaughan, Terry Bishop and Anna Cruikshank moving on. I would like to thank them all for their contribution to the branch during their time on the Board. We have been fortunate to attract two new directors in Daniel Kebriti and David Brine. Both gentlemen are a welcome addition to the Board and bring skills we have been targeting. David is an accountant and has taken on the treasurers' role, he has been instrumental in modifying and improving the way information is presented to the directors, this helps us to better monitor and make decisions regarding our financial position each month. I am extremely grateful for all of the efforts and input from my fellow directors. I am fortunate to have many dedicated and talented people giving freely of their time to serve the local community.

We continue to be heavily involved in the community with sponsorships, grants and the organisation of community events. The community forum we held was very useful in finding out what we should be focusing on to assist in meeting community needs. We have earmarked a project to be involved in and are following up with the relevant people.

I would urge all of our shareholders to bank with us and be an advocate for Community banking as these are the best ways to ensure we are not only profitable but are able to contribute significantly to our local community.

I would like to thank our Regional Manager - Tony Gravas, Business Bankers - Steve Deane and Paul Arnold, Retail Operations Officer – Julie Yap and our Financial Planner – Gina Greenaway for their assistance to the Board, staff and our customers throughout the year.

I look forward to seeing you at the AGM, and invite you to feel free to contact me at any time if you have any questions or concerns.

I wish you a safe and Happy Christmas and a prosperous new year.

Ray Davidson
Chairman

Manager's Report

It gives me great pleasure to report on our last financial year, as this year has been our most successful yet. Our growth was just on \$30 million, achieving the highest business growth in our region and one of the top 10 within the state. My staff and I are very proud of this achievement. We doubled our profit from the previous year even after putting a new staffing structure in place, which we knew would cost approximately the equivalent of that year's profit. As you can see from the result it was well worth the expense.

We met and exceeded budget in all areas except one - our lending growth. However, we approved more loans than in any previous year by funding \$5.8 million. Paid out loans brought us short on budget, but I can say that none of these were due to refinancing. The effects of the GFC still linger with us, and loans paid out were mainly due to sales of investment properties.

Some highlights over the year:

Carols by Candle Light: This proved to be an even bigger success than last year. It was again held in the Wyong Town Park on Alison Road with over 350 in attendance, all appreciating our growing list of local performers who give their time voluntarily. Santa arrived (to the delight of all the children) in a bright red Cobra borrowed from our Chairman Ray Davidson. A big thank you to all our sponsors for their continued support, our MC, Mark Hoddinott and Wyong Rotary Club for providing the sausage sizzle. Without them this special event would not be possible. Please earmark Sunday 18th December in your calendar for this year's Carols by Candle Light event.

Junior Director Program: The Board of Directors at Wyong branch has been successfully running a Junior Director Program for several years and has been promoting this initiative to other **Community Bank@** branches in our state. Due to its success, we were asked to showcase our program at the State Conference held in Canberra earlier this year. We selected two of last year's Junior Directors, Jade Masters from Wadalba Community School and Alana Calwell from the Wyong Christian School and invited them to give a presentation on the program from their perspective. They were so well received by the conference participants and representatives of the branch, they have been asked to speak to other high schools and boards regarding our program. This year we have another five Students participating in the program.

Sponsorship: Our continued sponsorship of schools in our area, both public and private as well as the Wyong Tafe College is always well received by students, teachers and parents alike. As always our focus is on the youth in our area, sponsoring achievements in both academic and community service. This brings reward to not only the students and their schools but also the community as a whole.

Our Major sponsorship again for this year was to the Wyong Netball Association. We took an undertaking last year to sponsor them for three years at \$3,500 per year and these funds are being used to supply goal post protectors on all 30 courts at Baker Park. We also sponsor the Division 1 Grand final. The Wyong Netball Association has secured the 2012 State Championships which will showcase our area and bring tens of thousands of dollars to our local community.

We have also supported the local aboriginal community of Darkinjung in joint ventures which include NAIDOC awards and several youth programs.

Public Speaking Competition: This year's competition was a resounding success with 18 Central Coast schools, both public and private, competing. The standard of competition was extremely high and gave students an avenue to showcase their talents outside the school arena. This year we had two divisions – junior students from years 7-9, and senior students from years 10-12. Our independent volunteer judges were from Rotary and Rostrum. We partnered with the two Federal members on the coast – Craig Thompson from Dobell and Debra O'Neil from Robertson.

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The competition was held over 4 weeks. The winning student from each division received a cash prize of \$200 and a trip to Canberra as guests of the federal members with overnight accommodation provided. They were given a tour of Parliament house, lunch in the Parliamentary dining room and introduced to the press gallery. They met with other ministers, including Prime Minister Julia Gillard in her private office and attended the House of Representatives during question time (an eye opener they reported).

Our thanks must go to our local politicians and their staff for supporting this event and giving these students an experience they will never forget.

We had one staff change during the year, our Customer Relations Manager, Lesa left after six year of service, and we wish her well for the future. We now welcome Sue Graetz as our new Customer Relationship Manager, a true Wyong local who was a former Wyong High student. Sue has also worked in the area in the banking and finance industry for over 20 years with St George and the Newcastle Permanent Building Society and brings a wealth of knowledge and experience to the branch. To all my staff I would like to thank them for their efforts during the year, our success depends on the service they provide and they excel in this area.

Also to the support from the Regional office:

Steve, Deane and Paul Arnold our Business Banking team, who greatly assist the branch in our Commercial and more complicated lending deals and Gina Greenaway from Financial Planning. Tony Gravas our Regional Manager who has greatly assisted the branch in many areas – we are grateful to have his support whenever it is needed.

Last but by no means least, our Board of Directors – thank you for the time you contribute voluntarily with your support and assistance to me and the branch. It is greatly appreciated, again thank you.

May I wish you all a very Merry Christmas and a safe and prosperous 2012.

Adele Alessio
Manager

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Annual Report
For The Year Ended
30 June 2011

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Directors' Report

Your directors submit the financial accounts of the company for the year ended 30 June 2011.

Directors

The names and details of directors in office at the date of this report are:

Hogger, George Frederick (Retired)

George moved to the Central Coast in 1971, and in 1977 was actively involved in the re-establishment of the 1st Ourimbah Scout Group where he was Venturer leader for many years. In 1984 he commenced his own business at Tuggerah, Coastwide Steel and Metalwork Pty Ltd, which is still active in the Construction Industries of Sydney and Newcastle to this day. In 2007 George retired from work but not from life. He is a founding Director of Wyong Community Bank. He enjoys his involvement in establishing and now building the future of the bank and supporting the Greater Wyong Community. He has a large family and lives in Chittaway Bay. Attended eight (10) of the twelve (12) directors meetings held during the year.

Conte, Gwenyth Gladys (Business Proprietor)

Gwen is the proprietor of Legends Bakery one of Wyong's most acclaimed businesses. Gwen has been in business for 12 years and was born and raised in Wyong, the town that is still her home. Through her bakery Gwen provides employment for some 12 local residents. Gwen resigned from the board in July 2010 and attended only the one (1) meeting.

Vaughan, Sharon (Retired)

Sharon became a director in May 2006. Her family own and operate a local family business established in Wyong over 70 years ago, Lakes Printers & Stationers Pty Ltd.

Sharon has lived in Wyong all her life, attending both Wyong Public and High Schools. Sharon is active in community affairs and is highly regarded for her dedication and commitment. Along with her role as Director, Sharon volunteers 2 days per week at Wesley Seniors Day Centre at Tuggerah. Sharon is married and has three adult children and lives at Wyong Creek. Sharon resigned from the board in February 2011 and attended six (6) of the eight (8) meetings held during her time on the board.

North, Elizabeth Ada (Business Proprietor)

Liz became a Director in May 2006 and is one of the Proprietors of Add-Vantage Systems Pty Limited (AVS Windows & Doors) located at Tuggerah. She is a long term resident of the Wyong Shire and business leader.

Liz has been in business in the Wyong area for over 30 years and has employed many local people during that time. Liz is well respected in the Wyong Shire, is actively involved in the business community and is currently the Assistant Governor for Rotary Upper Central Coast..

Liz is married and has a 20 year old daughter who is studying at Newcastle University. Liz attended nine (9) of the twelve (12) directors meetings held during the year.

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Directors' Report (cont'd)

Directors (cont'd)

Davidson, Ray (Business Proprietor)

Ray is the Managing Director and founder of Ausiports Pty Ltd Home Improvements and has been a resident of the Wyong area for a period of 20 years. He is the President of The Entrance Junior Cricket Club and has been involved in many other community and sporting activities and organisations. Ray brings to the board experience in marketing and general business management gained through running his own business for the last 25 years. Ray is married with two adult children. Ray attended eleven (11) of the twelve (12) directors meetings held during the year.

Emma McBride (Pharmacist/Councillor)

Emma joined the board in August 2009. Emma and her family have a long history within the Wyong Shire. Emma is a Mental Health Pharmacist and Chief Pharmacist of Wyong Hospital. Elected to Wyong Shire Council in 2008, Emma is the Chair of the WSC Strategic Finance Committee and Councillor delegate to the Wyong Regional Chamber of Commerce. Emma is patron of the Wyong District Netball Association and this year competed in the NSW Netball Masters. Emma attended ten (10) of the twelve meetings held during the year.

Terry Bishop (Chartered Accountant)

Terry has been a resident of Wyong Shire for all of his life. He was formerly a partner of 2 Chartered firms, Purkiss Partners and Bishop Collins. Terry was a former Chairman of Central Coast CPA Discussion Group, and past Treasurer of the Rotary Club of Wyong. Terry has been involved in many community and sporting groups within our area. Terry resigned as director in January 2011 and attended six (6) of the seven (7) directors meetings held whilst he was a director.

Anna Cruickshank (Lawyer)

Anna became a director in January 2010. Anna is one of the directors of Aubrey Brown Partners, the Central Coast's longest standing and largest law firms which has its head office in Wyong. Anna has been a lawyer for over 15 years and heads the Commercial Law Team at Aubrey Brown Partners. She is also an accredited mediator and collaborative lawyer. Anna was born and raised in Toukley, and attended Gorokan High School. Anna is also very active in the local business community, having participated in and chaired various business groups. Anna retired as director in February 2011 in preparation for the birth of her second child. Anna attended seven (7) of the eight (8) directors meetings held during her time as a director.

Brine, David (Accountant)

David became a Director in February 2011 and is a Senior Accountant and Business Advisor of Bill Bath & Associates, a family owned business established in Wyong since 1993.

David was born and raised in Noraville and attended Toukley Primary and Gorokan High School. He was actively involved in a variety of community projects and events during his time as School Captain of Gorokan High School. He is currently completing his CPA Qualification and Diploma of Financial Services, which will enable him to bring practical financial and business knowledge to the Board. David became a director in February 2011 and attended five (5) of the five (5) meetings held since joining the board.

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Directors' Report (cont'd)

Directors (cont'd)

Kebriti, Daniel (Pharmacist/Business Proprietor)

Daniel became a director in December 2010. He completed his Bachelor of Pharmacy at the University of Sydney in 2003 and has held several positions within the retail and pharmaceutical industries since. In 2006 he opened his own business, Harrison's Pharmacy located in the Wyong Village Central. He enjoys working as a member of a team either on the sporting field or in an office setting. Daniel attended three (3) of the six (6) meetings held since joining the board.

Principal Activities

The principal activities in the course of the financial period were to operate the Wyong Community Bank.

No significant change in the nature of these activities during the financial year.

Operating Results

The net profit of the Company for the financial year was \$83,606.

Dividends

The directors recommend that no dividend be paid.

Review Of Operations

During the financial year the company operated the Wyong Community Bank.

Significant Changes In State Of Affairs

No significant changes in the Company's state of affairs, not otherwise dealt with occurred during the period, other than that referred to in the accounts or notes thereto.

After Balance Date Events

There were no matters or circumstances, not otherwise dealt with in this report or the accounts that has arisen since the end of the financial year, which 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 subsequent financial years.

Directors' Report (cont'd)

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Directors' Benefits

No director has received or become entitled to receive, other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Director a benefit because of a contract that the Director, or a firm of which the Director is a member or an entity in which a Director has a substantial financial interest, other than the benefits in the notes to and forming part of the accounts.

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors and shown in the accounts, or the fixed salary of a full-time employee of the company or related body corporate.

Indemnifying Officers or Auditor

The Company has indemnified each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach to the Company. No insurance premiums were paid during or since the end of the financial year for the directors of the company.

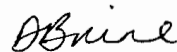
No indemnities or insurance premiums were paid during or since the financial year for the auditor of the Company.

Signed in accordance with a resolution of the Board of Directors.

Director



Director



Dated:

27/9/2011

27/9/2011

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**Auditors Independence Declaration under section 307C of the
Corporations Act 2001 to the Directors of
Wyong Town Financial Services Limited**

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

1. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

FORTUNITY ASSURANCE



T R Davidson
Partner

155 The Entrance Road
ERINA NSW

Dated: 23 September, 2011

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Income Statement
For The Year Ended 30 June 2011

	Note	2011 \$	2010 \$
Revenues from ordinary activities	3	743,834	643,398
Employee benefits expense		(308,758)	(255,707)
Depreciation and amortisation expense		(18,340)	(24,703)
Other expenses from ordinary activities		(333,130)	(320,474)
Profit/(Loss) from ordinary activities before income		<u>83,606</u>	<u>42,514</u>
Income tax expense		-	-
Profit for the period	4	<u>83,606</u>	<u>42,514</u>

The accompanying notes form part of these financial statements.

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Statement of Financial Position
as at 30 June 2011

	Note	2011 \$	2010 \$
Current Assets			
Cash assets	6	100	100
Receivables	7	58,693	46,494
Other	8	6,556	4,709
Total Current Assets		65,349	51,303
Non Current Assets			
Property, plant & equipment	9	30,093	34,726
Intangible assets	10	20,034	31,538
Total Non Current Assets		50,127	66,264
Total Assets		115,477	117,567
Current Liabilities			
Payables	11	20,004	13,943
Interest bearing liabilities	12	56,864	149,179
Provisions	13	27,629	25,024
Total Current Liabilities		104,497	188,146
Non-Current Liabilities			
Interest bearing liabilities	12	21,047	26,419
Provisions	13	16,853	13,528
Total Non-Current Liabilities		37,900	39,947
Total Liabilities		142,397	228,093
Net Assets		(26,920)	(110,526)
Equity			
Contributed Equity	14	650,010	650,010
Accumulated Losses	15	(676,930)	(760,536)
Total Equity		(26,920)	(110,526)

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity
For The Year Ended 30 June 2011

	Share Capital	Retained Earnings \$	Total
Balance 1 July 2009	650,010	(803,050)	(153,040)
Profit for year	-	42,514	42,514
	<hr/>	<hr/>	<hr/>
Balance 30 June 2010	650,010	(760,536)	(110,526)
Surplus for year	-	83,606	83,606
	<hr/>	<hr/>	<hr/>
Balance 30 June 2011	650,010	(676,930)	(26,920)
	<hr/>	<hr/>	<hr/>

The accompanying notes form part of these financial statements.

Wyong Town Financial Services Limited
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Statement of Cash Flows
For The Year Ended 30 June 2011

	Note	2011 \$	2010 \$
<i>Cash Flows from Operating Activities</i>			
Margin & Fee Income		681,635	643,383
Interest received		-	15
Payments to employees & suppliers		(581,746)	(575,375)
Net cash provided by/(used in) operating activities	(b)	99,889	68,023
<i>Cash Flows from Investing Activities</i>			
Purchase of other non-current assets		-	(6,600)
Purchase of property, plant & equipment		(2,202)	(29,155)
Proceeds from disposal of non-current assets		-	15,682
Net cash used in financing activities		(2,002)	(20,073)
<i>Cash Flows from Financing Activities</i>			
Proceeds from borrowings		-	32,000
Repayment of borrowings		(4,980)	(71,160)
Net cash provided by financing activities		(4,980)	(39,160)
<i>Net increase/(decrease) in cash held</i>		92,707	8,790
<i>Cash at 1 July 2010</i>		(144,098)	(152,888)
<i>Cash at 30 June 2011</i>	(a)	(51,391)	(144,098)

The accompanying notes form part of these financial statements.

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Statement of Cash Flows
For The Year Ended 30 June 2011

	2011 \$	2010 \$
(a) Reconciliation of Cash		
For the purpose of the statement of cash flows, cash includes:		
(i) cash on hand and in at call deposits with banks or financial institutions; and		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash on hand	100	100
Cash at bank	(51,491)	(144,198)
	(51,391)	(144,098)
	(51,391)	(144,098)
(b) Reconciliation of Cash Flow from Operations with Operating Profit after Income Tax		
Operating profit after income tax	83,606	42,514
<i>Non-cash flows in operating profit</i>		
Depreciation and amortisation	18,340	24,703
Loss on sale of non-current asset	-	582
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	(12,200)	(3,954)
(Increase)/decrease in other assets	(1,847)	(3,585)
Increase/(decrease) in accounts payable	6,060	(5,790)
Increase in provisions	5,930	13,553
Cash flows from operations	99,889	68,023
	99,889	68,023

The accompanying notes form part of these financial statements.

Notes To The Financial Statements
For The Year Ended 30 June 2011

1. Statement Of Significant Accounting Policies

The Annual Report is a general purpose Annual Report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The Annual Report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the Annual Report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Income Tax

The company adopts the liability method of tax-effect accounting whereby the income expense shown in the profit and loss statement is based on the operating profit before income tax adjusted for any permanent differences. Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is vital certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(b) Segment reporting

The company operates predominantly in one industry, that being the operation of a Community Bank. The Company operates predominantly in one geographical location, being Wyong, NSW.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

(d) Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 12). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated on a straight-line basis over the period of the lease.

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Notes To The Financial Statements For The Year Ended 30 June 2011

(e) *Impairment of assets*

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(f) *Cash*

For the purpose of the statement of cash flows, cash includes:

- i) cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- ii) investments in money market instruments with less than 14 days to maturity.

(g) *Trade receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

(h) *Property, plant and equipment*

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

- Building improvements	20%
- Office furniture and equipment	25%
- Motor vehicle	15%

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(i) *Trade payables*

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) *Employee benefits*

(i) *Annual leave*

Liabilities for annual leave are expected to be settled within 12 months of the reporting date and are recognised in other current provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Notes To The Financial Statements
For The Year Ended 30 June 2011

(j) *Employee benefits (continued)*

(ii) *Long service leave*

The liability for long service leave is measured as the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(k) *Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST included is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(l) *Comparative Figures*

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented for the current financial year.

2. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse affects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and aging analysis for credit risk.

The Company holds the following financial instruments:

	2011	2010
Financial assets		
Cash and cash equivalents	100	100
Trade receivables	58,693	46,494
	58,793	46,594
Financial liabilities		
Trade payables	20,004	13,943
Interest bearing liabilities	77,911	175,598
	97,915	189,541

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Notes To The Financial Statements
For The Year Ended 30 June 2011

2. Financial risk management (cont.)

(a) Fair value interest rate risk

The Company's main interest rate risk arises from long-term interest bearing liabilities. Interest bearing liabilities issued at fixed rates expose the Company to fair value interest rate risk.

As at the reporting date, the Company had the following variable rate liabilities outstanding:

	2011		2010	
	Weighted average interest rate %	Balance	Weighted average interest rate %	Balance
Bank overdrafts	8.76	51,491	9.12	144,198

Sensitivity

At 30 June 2011, if interest rates had changed by +/- 80 basis points from the year-end rates with all other variables held constant, profit for the year would have been \$1,225 lower/higher mainly as a result of higher/lower interest paid on the bank overdraft.

(b) Credit risk

Credit risk arises from credit exposure on outstanding receivables. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised on page 15.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and available funding through an adequate amount of committed credit facilities.

Financing arrangements

The Company had access to the following undrawn borrowing facilities at the reporting date:

	2011 \$	2010 \$
Floating rate		
Expiring within one year		
- bank overdraft	198,509	105,802

The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Wyong Town Financial Services Limited
ABN 59 100 313 120

Notes To The Financial Statements
For The Year Ended 30 June 2011

2. Financial risk management (cont.)

Maturities of financial liabilities

At 30 June 2011	< 6 months	6-12 months	1-2 years	> 2 years	Total contractual cash flows	Carrying amount
Non-interest bearing	20,004	-	-	-	20,004	20,004
Variable rate	51,491	-	-	-	51,491	51,491
Fixed rate						
Total						
At 30 June 2010	< 6 months	6-12 months	1-2 years	> 2 years	Total contractual cash flows	Carrying amount
Non-interest bearing	13,943	-	-	-	13,943	13,943
Variable rate	144,198	-	-	-	144,198	144,198
Fixed rate	3,598	3,598	7,196	23,392	37,784	31,400
Total	161,739	3,598	7,196	23,392	195,925	189,541

	2011 \$	2010 \$
3. Revenue		
Operating Activities		
Margin and Fee income	693,834	643,383
Interest received	-	15
Market Development Fund	50,000	-
Total Revenue	<u>743,834</u>	<u>643,398</u>
4. Profit from Ordinary Activities		
Profit from ordinary activities has been determined after:		
(a) Expenses		
Depreciation	6,835	6,598
Amortisation	11,505	18,105
Bad debts	1,432	456
	<u> </u>	<u> </u>
5. Auditors Remuneration		
Remuneration of the auditor for		
- auditing the financial report	3,400	3,010
	<u> </u>	<u> </u>

Wyong Town Financial Services Limited
ABN 59 100 313 120

Notes To The Financial Statements
For The Year Ended 30 June 2011

	2011 \$	2010 \$
6. Cash Assets		
Cash on hand	100	100
	100	100
7. Receivables		
Sundry debtors	58,693	46,494
	58,693	46,494
<i>Impaired trade receivables</i>		
As at 30 June 2011, no circumstances were in existence which would indicate any impairment of the above receivable. The aging of this balance is less than 30 days.		
8. Other Assets		
Security deposit	250	250
Stock on hand	896	38
Investment	500	500
Prepaid expenses	4,910	3,921
	6,556	4,709
9. Property, Plant & Equipment		
Building improvements – at cost	225,479	225,479
Accumulated depreciation	(224,922)	(224,373)
	557	1,106
Furniture & equipment – at cost	23,772	21,570
Accumulated depreciation	(18,163)	(16,479)
	5,609	5,091
Motor vehicle – at cost	28,789	28,789
Accumulated depreciation	(4,862)	(260)
	23,927	28,529
Total Property, Plant & Equipment	30,093	34,726

Wyong Town Financial Services Limited
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Notes To The Financial Statements
For The Year Ended 30 June 2011

9. Property, Plant & Equipment (cont.)

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Building Improvements at cost	Furniture & Equipment	Motor Vehicle	Total
Balance at the beginning of the year	1,106	5,091	28,529	34,726
Additions	-	2,202	-	2,202
Disposals	-	-	-	-
Depreciation expense	(549)	(1,684)	(4,602)	(6,835)
Carrying amount at the end of the year	557	5,609	23,927	30,093

	2011	2010
	\$	\$
10. Intangible Assets		
Franchise fee	57,424	57,424
Accumulated amortisation	(37,390)	(25,886)
	20,034	31,538
Training fee	8,800	6,600
Accumulated amortisation	(8,800)	(6,600)
	-	-
Total Intangible Assets	20,034	31,538
11. Payables		
Accrued expenses	20,004	13,943
	20,004	13,943
12. Interest bearing liabilities		
Current		
Bank overdraft	51,491	144,198
Lease liability	5,373	4,981
	56,864	149,179
Non-Current		
Lease liability	21,047	26,419
	21,047	26,419

Wyong Town Financial Services Limited
ABN 59 100 313 120

Notes To The Financial Statements
For The Year Ended 30 June 2011

	2011 \$	2010 \$
13. Provisions		
<i>Current Liability</i>		
Provision for Annual Leave	15,512	17,824
Community Project	12,117	7,200
	27,629	25,024
<i>Non-Current Liability</i>		
Provision for Long Service Leave	16,853	13,528
14. Contributed Equity		
Issued capital	650,010	650,010
15. Accumulated Losses		
Balance 1 July	(760,536)	(803,050)
Profit for year	83,606	42,514
Balance 30 June	(676,930)	(760,536)

16. Remuneration of Directors & Executive Officers

Directors

The names of the Directors in office during the financial year were as follows:

S Vaughan	G Hogger
R Davidson	T Bishop
E North	E McBride
G Conte	A Cruckshank
D Brine	D Kebriti

Other Benefits

No amounts have been paid or agreed to be paid (and no benefits have been given or agreed to be given) to a Director (or a proposed Director) to induce them to become, or to qualify as, a director of the Company.

17. Company Details

The registered office and principal place of business of the Company is:

Wyong Town Financial Services Ltd
88 Pacific Highway
WYONG NSW 2259

Wyong Town Financial Services Limited
ABN 59 100 313 120

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 7 to 19 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2011 and performance for the period ended on that date of the Company;
2. in the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director



Director



Dated:

27/9/2011

27/9/2011

Wyong Town Financial Services Limited

ABN 59 100 313 120

Independent Audit Report To The Members Of Wyong Town Financial Services Limited

Report on the Financial Report

We have audited the financial report of Wyong Town Financial Services Limited which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in shareholders' funds and the statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.¹⁶ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Wyong Town Financial Services Limited
ABN 59 100 313 120

Independent Audit Report To The Members
Of Wyong Town Financial Services Limited

Audit Opinion

In our opinion, the financial report of Wyong Town Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (ii) complying with Accounting Standards and the Corporations Regulations.

FORTUNITY ASSURANCE



T R Davidson
Partner

155 The Entrance Road
ERINA

Dated: *23 September, 2011*

Wyong Town Financial Services Limited
ABN 59 100 313 120

Profit & Loss Statement
For The Period Ended 30 June 2011

	2011 \$	2010 \$
Income		
Interest	-	15
Margin & Fee Income	693,834	643,383
Market Development Fund	50,000	-
 Total Income	 743,834	 643,398
 Expenses		
Accounting fees	10,718	7,538
Advertising expenses	14,810	11,531
Amortisation	11,505	18,105
Annual general meeting	1,011	1,500
ATM Fees/Maintenance	80,368	81,218
Audit fees	3,400	3,010
Bad debts	1,432	456
Bank charges	284	247
Cash delivery expenses	8,973	7,807
Cleaning & Waste removal	5,820	5,385
Conference	5,143	3,796
Credit reference fees	1,633	1,855
Depreciation	6,835	6,598
Electricity	5,004	6,742
Filing fees	1,029	1,000
Fringe benefit tax	3,313	3,219
Indoor plant hire	787	908
Insurance	17,599	18,201
Interest	9,473	16,258
IT expenses	44,136	44,965
Legal & Professional fees	73	-
Membership	788	545
Motor vehicle expenses	4,564	6,402
Music on hold	1,025	1,225
Other expenses	575	369
Postage & Couriers	18,497	17,528
Rent	37,443	36,384
Repairs & maintenance	625	1,867
Security monitoring	6,537	5,093
Sponsorship	20,775	13,564
Staff amenities	1,435	1,867
Stationery	9,065	10,208
Telephone	5,431	7,723
Training costs	9,485	672
Uniform	1,879	1,391
Wages & associated costs	308,758	255,707
 Total expenses	 660,228	 600,884
 Net profit/(loss) for year	 83,606	 42,514

Wyong Community Bank

Franchisee: Wyong Town Financial Services Ltd

ACN 100 313 120

88 Pacific Highway Wyong NSW 2259 (PO Box 688 Wyong)

Ph: 02 4353 8800 Fx: 02 4353 8899

Franchisor: Bendigo Bank Limited

ACN 68 049 178

Fountain Court (PO Box 480) Bendigo Victoria 3552

Ph: 1300 366 666