



York & Districts
Community Financial Services Ltd

Annual Report

30 June 2011



York & Districts Community Financial Services Limited

ABN 85 099 104 079

Registered Office: 114 Avon Terrace, York, WA, 6302

CONTENTS

Chairman's and Manager's Report ...	ii
Bendigo Report.....	v
Audited Financial Report.....	vii

Chairman's and Manager's Report

York & Districts **Community Bank**[®] Branch is celebrating its 9th year of operation. York's 1st Scout Group under supervision of the staff, agreed to provide a sausage sizzle on the street in front of the branch on July 30 to mark this milestone.

The year was one of consolidation and strengthening of relationships with the community. York & Districts Community Financial Services Ltd completed the purchase of its premises at 114 Avon Terrace. This helped consolidate shareholders' equity and guard against big rises in rentals occurring in York's main street.

In addition to buying the building, security in the branch was upgraded in line with Bendigo Bank policy and involved the installation of glass anti-jump barriers, new CCTV and an anti theft system. This was carried out at a total cost of more than \$40,000. Further work is planned for the branch in the coming 12–15 months to improve efficiency of operation and carry out renovations to celebrate our 10th anniversary on July 31, 2012.

In September, 2010 the company conducted a successful community forum to gather ideas and prioritise projects to be considered for support and funding under the company's grants and sponsorship scheme. The forum was attended by more than 60 people representing 30 local sporting clubs and incorporated volunteer groups.

As a result of the forum the board agreed to partner with the York St John Ambulance sub branch to fund four of five automatic defibrillators to be located at strategic points around the town at a cost of \$13,300.

In a second project the board agreed to assist the Shire of York with the erection of a Youth Centre in Bird Street beside the Scout Hall. The company has agreed to a grant of \$52,000 through the Community Enterprise Foundation[™] for the fit out of the building due to be finished before the end of this year. The Shire used the grant from York & Districts Community Financial Services Ltd as leverage for a further \$26,000 from the State Government.

In February the company donated \$1,000 towards 26 grocery vouchers worth \$150 each for those households worst affected by the storm on January 29. The vouchers were issued in conjunction with Toodyay and Districts **Community Bank**[®] Branch which donated \$1,000 and the York Shire which provided the balance.

Company Financial Performance

We had a significant improvement in business growth over the past 12 months compared to the previous year. Banking business grew by \$6million. Total footings at June 30, 2011 were just over \$70m which represents an increase of almost 10%. This was a great recovery when compared with the negative growth of 2% recorded the previous year. Business was made up of \$30.878 million in loans and \$39.642 million in deposits.

The company's total income for the 2010-2011 financial year was \$748,465 with operating costs of \$620,993. The operating profit before tax for the year was \$127,472. This was down \$42,000 on 2009/2010. The main reason for the difference was costs associated with the purchase of the building. However, it was still above our projected budget by \$15,000. The board considers this a satisfactory result.

The profit reported here is after allowing for the company's contributions to the community through its sponsorship program amounting to more than \$68,387 for the year. This figure includes the transfer of \$30,000 to the Community Enterprise Foundation™ to cover the \$52,000 for the Youth Centre.

In addition the board made a decision to pay shareholders a dividend of 5 cents a share for the 2010-2011 year. The dividend was paid in March.

It is the board's policy to employ local suppliers, tradesmen and staff where ever possible. This contributed almost \$400,000 to the local economy over the past 12 months.

Board of Directors

John Roosendaal resigned from office at the AGM in November 2010. John was a member of the steering committee and a foundation director from the company's formation in 2002. Another foundation director, Rhys Turton, rejoined the board in January 2011 after a break of five years. Since then the board has operated with eight directors.

Sponsorships

In addition to the major grants the company has provided funds to a number of community groups by way of sponsorships. Sponsorships of \$1,000 or more included:

Avondale Discovery Farm	York Imperials Cricket Club
Talbot Land Management Group	York Junior Football Club
York Bowling Club	York Scout Group

York Chamber of Commerce
York CWA
York Cantata Choir
York District High School
York Football Club
York Hockey Club

York Sport Star Awards
York Swimming Club
York Tennis Club
York Golf Club
York Volunteer Workers
York Youth Care

The company currently has \$57,424 set aside in the Community Enterprise Foundation™ operated by Bendigo & Adelaide Bank Limited. Of this, \$52,000 has been allocated to the York Youth Centre and the remainder will be used to fund future projects.

Branch Operations

During the year we farewelled staff member, Nick Emin. Nick obtained a position as a relieving customer service officer with Bendigo Bank in Perth. While it was sad to see him go we take pride in the fact that Nick was able to learn at the York & Districts **Community Bank®** Branch and then further his career in a position with Bendigo Bank.

The 2010/2011 financial year was a successful one with regard to the growth of the business. As previously mentioned the branch increased its total footings by \$6million. Despite this success we are working to develop the skills of our staff to ensure we offer the very best service to our customers. To achieve this they have attended a range of training courses provided by Bendigo Bank.

To further enhance this service the board made available an additional 5.0 hours a week to a staff member to provide clerical support to the board and make staffing more flexible.

Changes to the branch security have been completed and while the changes have taken a little getting used to we are satisfied that they better protect both staff and customers.

Lindsay McNeill
Chairman
York and Districts Community
Financial Services Ltd

Tony Hunter
Manager
York and Districts **Community
Bank®** Branch Bendigo Bank

A message from Bendigo Bank

As **Community Bank**[®] shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about organising and strengthening community.

Together, we have reached new heights and achieved many great successes, all of which has been underpinned by our commitment and dedication to the communities we're a part of.

Together we're making extraordinary progress, with more than \$58.25 million returned to support community groups and endeavours since the network was established in 1998.

The returns grow exponentially each year, with \$469 thousand returned within the first five years, \$8.15 million within the first eight and \$22.58 million by the end of the first decade of operation. Based on this, we can predict the community returns should top \$100 million within the next three years, which equates to new community facilities, better health care, increased transport services and generally speaking, more prosperous communities.

Together, we haven't just returned \$58.25 million; there is also the flow on economic impact to consider. Bendigo and Adelaide Bank is in the process of establishing an evidential basis that captures the complete picture and the economic outcomes these initiatives generate. However, the tangible outcomes are obvious. We see it in tenanted shops, increased consumer traffic, retained local capital and new jobs but we know that there are broader elements of community strength beyond the economic indicators, which demonstrate the power of our community models.

It is now evident that branches go through a clear maturity phase, building customer support, generating surpluses and establishing a sustainable income stream. This enables boards to focus less on generating business and more on the community's aspirations. Bendigo is facilitating this through director engagement and education, community consultations and other community solutions (Community Enterprise Foundation[™], Community Sector Banking, Generation Green, Community Telco, Generation Green[™] and Community Enterprises) that will provide boards with further development options.

In Bendigo, your **Community Bank**[®] board has a committed and successful partner. Our past efforts and continued commitment to be Australia's leading customer-connected bank, that is relevant, connected and valued, is starting to attract attention and reap rewards.

In January, a Roy Morgan survey into customer satisfaction saw Bendigo Bank achieve an industry leading score among Australian retail banks. This was the first time Bendigo Bank has led the overall results since August 2009.

In May, Fitch Ratings upgraded Bendigo and Adelaide Bank's Long-Term Issuer Default Rating (IDR) to A- from BBB+. This announcement saw us become the first Australian bank – and one of the very few banks globally – to receive an upgrade since the Global Financial Crisis. Standard & Poor's revised credit rating soon followed seeing Bendigo and Adelaide Bank (BEN) shift from BBB+ stable, to BBB+ positive. These announcements reflect the hard and diligent work by all our staff, our sound risk management practices, low-risk funding and balance sheet structure, sound capital ratios and a sustained improvement in profitability.

The strength of our business model – based on our commitment to our customers and the communities that we operate in – is being recognised by all three ratings agencies.

Russell Jenkins
Executive Customer and Community

A handwritten signature in dark ink, appearing to read 'Russell Jenkins', with a stylized, cursive script.

Russell Jenkins
Executive Customer and Community

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

Financial report for the year ended 30 June 2011

C O N T E N T S

Directors' Report
Auditor's Independence Declaration
Statement of Comprehensive Income
Statement of Financial Position
Statement of Changes in Equity
Statement of Cash Flows
Notes to the Financial Statements
Directors' Declaration
Independent Auditor's Report

*This is annexure A of 34 pages referred
to in Form 388: Copy of financial
statements and reports*



Director

Dated this 29th day of SEPTEMBER 2011

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

Financial report for the year ended 30 June 2011

Your Directors present their report, together with the financial statements of the Company for the financial year ended 30 June 2011.

Directors

The names of Directors in office at any time during or since the end of the year are:

Christopher Alan Baker

Position:	Non-Executive Director
Occupation:	Auctioneer
Background Information:	Born in UK, arrived in Australia in 1984. Business proprietor and auctioneer. Elected councillor of Shire of York in 2001.
Interest in shares and options:	2,001 shares

Joanne Allen

Position:	Non-Executive Director
Occupation:	Farmer / Pharmacy assistant
Background Information:	Born and raised in York. Pharmacy assistant for over 15 years. Partner in third generation family farm.
Interest in shares and options:	2,000 shares (direct) 9,000 shares (indirect)

Lindsay Milton McNeill

Position:	Chairman / Non-Executive Director
Occupation:	Retired
Background Information:	Experience as agricultural technical officer, bank officer, agriculture teacher, journalist and small business operator. Holds arts degree and diplomas in Education and agriculture.
Interest in shares and options:	1,501 shares (direct) 4,500 (indirect)

John Roosendaal (resigned December 2010)

Position:	Non-Executive Director
Occupation:	Insurance agent
Background Information:	Moved to York in 1985 and has operated his own business since 1991. 32 years experience in the insurance industry. Director on York Co-op Board.
Interest in shares and options:	3,501 shares

Lois Arlene Runeckles

Position:	Non-Executive Director
Occupation:	District finance / Administration Officer
Background Information:	Lived in York since 1990. Married with 3 children. Currently employed with WA State Government and runs a small business from home.
Interest in shares and options:	600 shares (indirect)

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

Financial report for the year ended 30 June 2011

Trevor John Tainsh

Position: Non-Executive Director
Occupation: Retired
Background Information: Retired assistant manager and licensed financial advisor of a credit union. Prior to that was an employment officer, assistant shire clerk and a bank officer. Lived in York since 1999 growing olives and lavender.
Interest in shares and options: 4,001 shares (direct)
400 shares (indirect)

James Stewart Austen Fisher

Position: Non-Executive Director
Occupation: Agricultural Scientist
Background Information: Twenty years experience in research in agriculture with the University of Western Australia, Department of Agriculture and Curtin University (Muresk). Now has own research and consultancy business, Desiree Futures. A 'New Yorkie' who has been resident since 2001.
Interest in shares and options: 300 shares

Delys Leanne Sherry

Position: Non-Executive Director
Occupation: Accountant
Background Information: Worked as an accountant in both public practice and also the mining industry. Married with three children.
Interest in shares and options: -

Rhys Trevor Turton (appointed December 2010)

Position: Non-Executive director
Occupation: Farmer
Background Information: Board Member for International Company, Ravensdown.
Interest in shares and options: 1,001 (direct)
2,000 (indirect)

Company Secretary

Joanne Allen

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

Financial report for the year ended 30 June 2011

Directors meetings attended

During the financial year, 11 meetings of directors (including committees of directors) were held. Attendances by each Director during the year were as follows:

Names of Directors	Directors' Meetings	
	Number eligible to attend	Number Attended
Lindsay McNeill	11	9
Joanne Allen	11	11
Trevor Tainsh	11	10
Delys Sherry	11	11
Lois Runeckles	11	4
Chris Baker	11	10
James Fisher	11	7
John Roosendaal (resigned December 2010)	4	2
Rhys Turton (appointed December 2010)	6	3

Principal activity and review of operations

The principal activity and focus of the Company's operations during the year was the operation of a Branch of Bendigo and Adelaide Bank Limited, pursuant to a franchise agreement.

Operating results

The profit of the Company after providing for income tax amounted to \$81,123.

Dividends paid or recommended

The Company paid dividends of \$22,645 during the year.

Financial position

The net assets of the Company have increased from \$404,285 as at 30 June 2010 to \$462,763 as at 30 June 2011, which is an improvement on prior year due to the improved operating performance of the Company.

The directors believe the Company is in a stable financial position.

Significant changes in 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 these financial statements.

After balance date events

No other matters or circumstances have arisen since the end of the financial year that 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 financial years.

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

Financial report for the year ended 30 June 2011

Options

No options over issued shares or interests in the Company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

Indemnifying officers or auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an officer, but not an auditor, of the Company. The insurance contract prohibits disclosure of any details of the cover.

Environmental issues

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

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Corporate governance

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

- a) Director approval of operating budgets and monitoring of progress against these budgets;
- b) Ongoing Director training; and
- c) Monthly Director meetings to discuss performance and strategic plans.

The Company has not appointed a separate audit committee due to the size and nature of operations. The normal functions and responsibilities of an audit committee have been assumed by the Board.

Non-audit services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2011:

Taxation services:	\$5,140
--------------------	---------

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

Financial report for the year ended 30 June 2011

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* for the year ended 30 June 2011 is included within the financial statements.

This Report of the Directors is signed in accordance with a resolution of the Board of Directors.

Director

A handwritten signature in blue ink, appearing to read "L. M. McNeill", is written over a horizontal line.

Dated this

29th

day of

SEPTEMBER

2011

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

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of York & Districts Community Financial Services Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants



Perth, WA
Dated: 29 September 2011

TUTU PHONG
Partner

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

Financial report for the year ended 30 June 2011

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

		2011	2010
	Note	\$	\$
Revenue	2	748,465	682,787
Employee benefits expense		(342,506)	(307,277)
Depreciation and amortisation expense		(19,247)	(12,821)
Finance costs		(26,232)	(4)
Other expenses	3	(233,008)	(193,246)
Profit before income tax		127,472	169,439
Income tax expense	4	(46,349)	(52,544)
Profit for the year		81,123	116,895
Other comprehensive income		-	-
Total comprehensive income for the year attributable to members		81,123	116,895

The accompanying notes form part of these financial statements

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

Financial report for the year ended 30 June 2011

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	2011 \$	2010 \$
CURRENT ASSETS			
Cash and cash equivalents	6	179,691	355,122
Trade and other receivables	7	57,753	67,382
Other current assets	8	6,035	60,378
TOTAL CURRENT ASSETS		243,479	482,882
NON-CURRENT ASSETS			
Property, plant and equipment	9	574,211	10,144
Intangible assets	10	10,834	20,834
Deferred tax asset	23	16,186	3,679
TOTAL NON-CURRENT ASSETS		601,231	34,657
TOTAL ASSETS		844,710	517,539
CURRENT LIABILITIES			
Trade and other payables	11	22,402	38,089
Short-term financial liabilities	12	37,800	-
Short-term provisions	13	17,100	15,767
Current tax liability	23	18,456	43,138
Deferred tax liability	23	1,884	732
TOTAL CURRENT LIABILITIES		97,642	97,726
NON-CURRENT LIABILITIES			
Long-term liabilities	12	253,875	-
Long-term provisions	13	30,430	15,528
TOTAL NON-CURRENT LIABILITIES		284,305	15,528
TOTAL LIABILITIES		381,947	113,254
NET ASSETS		462,763	404,285
EQUITY			
Issued capital	14	360,527	360,527
Retained earnings		102,236	43,758
TOTAL EQUITY		462,763	404,285

The accompanying notes form part of these financial statements

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

Financial report for the year ended 30 June 2011

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Share Capital (Ordinary shares)	Retained earnings/ (Accumulated losses)	Total
	\$	\$	\$
Balance at 1 July 2009	360,527	(73,137)	287,390
Total comprehensive income for the year	-	116,895	116,895
Balance at 30 June 2010	360,527	43,758	404,285
 Balance at 1 July 2010	 360,527	 43,758	 404,285
Total comprehensive income for the year	-	81,123	81,123
Subtotal	360,527	124,881	485,408
Dividend paid	-	(22,645)	(22,645)
Balance at 30 June 2011	360,527	102,236	462,763

The accompanying notes form part of these financial statements

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

Financial report for the year ended 30 June 2011

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		751,828	666,945
Payments to suppliers and employees		(562,046)	(490,332)
Interest received		4,731	8,342
Finance costs		(26,232)	(4)
Income tax paid		(39,428)	(22,530)
Net cash provided by operating activities	15	<u>128,853</u>	<u>162,421</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		<u>(573,314)</u>	<u>(58,464)</u>
Net cash used in investing activities		<u>(573,314)</u>	<u>(58,464)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		300,000	-
Repayment of borrowings		(8,325)	(23)
Dividends paid		<u>(22,645)</u>	<u>-</u>
Net cash provided by/(used in) financing activities		<u>269,030</u>	<u>(23)</u>
Net increase in cash held		(175,431)	103,934
Cash and cash equivalents at beginning of financial year		<u>355,122</u>	<u>251,188</u>
Cash and cash equivalents at end of financial year	6	<u>179,691</u>	<u>355,122</u>

The accompanying notes form part of these financial statements

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the Company as an individual entity. The Company is a public Company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 29th September 2011 by the Directors of the Company.

(a) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the Statement of Comprehensive Income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Comprehensive Income and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial year in which they are incurred.

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in 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 year.

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.

(d) Financial instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. 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 Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. 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.

iii. 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 Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial Liabilities

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

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the Statement of Comprehensive Income unless they are designated as hedges.

The Company does not hold any derivative instruments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the Company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The Company has not issued any financial guarantees.

(e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs

(f) Intangibles

Franchise fee

The franchise fee paid by the Company pursuant to a Franchise Agreement with Bendigo Bank is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Employee benefits

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.

(h) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(j) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred 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.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative figures

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

(n) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2011. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2011 amounting to \$10,834.

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

(o) New Accounting Standards for Application in Future Periods

At the date of this financial report the following standards, which may impact the entity in the period of initial application, have been inserted but are not yet effective.

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 9	<i>Financial Instruments</i>	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013	No expected impact on the entity.
AASB 124	<i>Related Party Disclosures</i>	Revised standard. The definition of a related party is simplified to clarify its intended meaning and eliminate inconsistencies from the application of the definition.	1 January 2011	Disclosure Only.

The Company has decided against early adoption of these standards.

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

	2011 \$	2010 \$
2. Revenue		
Franchise margin income	739,985	673,114
Interest revenue	6,266	9,673
Other	2,214	-
	748,465	682,787
3. Expenses		
Advertising and marketing	20,906	15,078
ATM leasing and running costs	17,143	16,669
Bad debts	256	939
Community sponsorship and donations	68,387	12,102
Freight and postage	13,903	13,988
Insurance	13,422	12,069
IT leasing and running costs	23,295	25,218
Occupancy running costs	16,874	15,197
Printing and stationery	10,046	9,780
Rental on operating lease	1,540	18,480
Other operating expenses	47,236	53,726
	233,008	193,246
Remuneration of the auditors of the Company		
Audit services	7,070	6,800
Other services	5,140	4,504
	12,210	11,304

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

	2011 \$	2010 \$
4. Income tax expense		
a. The components of tax expense comprise:		
Current tax	33,299	51,307
Deferred tax (Note 23)	11,355	1,999
Under/(Over) provision in respect of prior years	1,695	(762)
	<u>46,349</u>	<u>52,544</u>
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 30% (2010: 30%)	41,448	50,831
Add:		
Tax effect of:		
— non-deductible depreciation and amortisation	3,000	3,000
— other non-allowable items	206	39
Less:		
Tax effect of:		
— Under/(Over) provision for income tax in prior years	1,695	(762)
— other allowable items	-	(564)
Income tax attributable to the Company	<u>46,349</u>	<u>52,544</u>

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

5. Key management personnel compensation

a. Names and positions

<i>Name</i>	<i>Position</i>
Lindsay McNeill	Chairman / Non-Executive Director
Christopher Baker	Non-Executive Director
Joanne Allen	Non-Executive Director / Company Secretary
John Roosendaal	Non-Executive Director (resigned December 2010)
Lois Runeckles	Non-Executive Director
Trevor Tainsh	Non-Executive Director
James Fisher	Non-Executive Director
Delys Sherry	Non-Executive Director
Rhys Turton	Non-Executive Director (appointed December 2010)

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

b. Remuneration of Key Management Positions

The total remuneration paid to Directors of the Company during the year is \$13,661 (2010: \$12,154).

c. Shareholdings

Number of ordinary shares held by key management personnel.

2011

<i>Directors</i>	Ordinary Shares			
	<i>Balance at beginning of period</i>	<i>Purchased during the period</i>	<i>Other changes</i>	<i>Balance at end of period</i>
Joanne Allen	11,000	-	-	11,000
Christopher Baker	2,001	-	-	2,001
Lindsay McNeill	6,001	-	-	6,001
John Roosendaal (resigned December 2010)	3,501	-	(3,501)	-
Trevor Tainsh	10,401	-	(6,000)	4,401
Lois Runeckles	600	-	-	600
James Fisher	300	-	-	300
Rhys Turton (appointed December 2010)	3,001	-	-	3,001
	36,805	-	(9,501)	27,304

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

	2011 \$	2010 \$
6. Cash and cash equivalents		
Cash at bank and in hand	<u>179,691</u>	<u>355,122</u>
<i>Reconciliation of cash</i>		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents	<u>179,691</u>	<u>355,122</u>
7. Trade and other receivables		
Trade debtors	56,218	64,941
Accrued income	<u>1,535</u>	<u>2,441</u>
	<u>57,753</u>	<u>67,382</u>
a. Provision For Impairment of Receivables		
Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts will be included in the other expenses item of the Statement of Comprehensive Income.		
There is no provision for impairment of receivables.		
8. Other assets		
Current		
Prepayments	<u>6,035</u>	<u>60,378</u>

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

	2011 \$	2010 \$
9. Property, plant and equipment		
Land and buildings - valuation	<u>535,004</u>	<u>-</u>
Plant and equipment		
Cost	168,621	130,311
Accumulated depreciation	<u>(129,414)</u>	<u>(120,167)</u>
	<u>39,207</u>	<u>10,144</u>
<i>Total property, plant and equipment</i>	<u>574,211</u>	<u>10,144</u>

Valuation of land and buildings

The Directors have considered the valuation of the Company's land and buildings at reporting date with reference to a valuation report received from a licensed property valuer. Based on all information available to the Directors at the time of this report, there was no movement in fair values during the year.

Reconciliation of the carrying value for each class of property, plant and equipment are set out below:

Land and buildings

Balance at the beginning of the year	-	-
Additions	<u>535,004</u>	<u>-</u>
Carrying amount at the end of the year	<u>535,004</u>	<u>-</u>

Plant and equipment

Balance at the beginning of the year	10,144	8,544
Additions	38,310	4,421
Depreciation expense	<u>(9,247)</u>	<u>(2,821)</u>
Carrying amount at the end of the year	<u>39,207</u>	<u>10,144</u>

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

	2011	2010
	\$	\$
10. Intangible assets		
Franchise fee		
Cost	50,000	50,000
Accumulated amortisation	(39,166)	(29,166)
	<u>10,834</u>	<u>20,834</u>
Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Limited, the Company operates a branch of Bendigo and Adelaide Bank Limited, providing a core range of banking products and services.		
11. Trade and other payables		
Trade creditors and accruals	12,213	26,015
GST payable	10,189	12,074
	<u>22,402</u>	<u>38,089</u>
12. Financial liabilities		
Current	37,800	-
Non-current	253,875	-
13. Provisions		
Current		
Provision for employee entitlements	15,703	14,370
Provision for return of capital	1,397	1,397
	<u>17,100</u>	<u>15,767</u>
Non current		
Provision for employee entitlements	30,430	15,528
Number of employees at year end	<u>6</u>	<u>6</u>

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

	2011 \$	2010 \$
14. Equity		
452,909 (2010: 452,909) fully paid ordinary shares	452,909	452,909
Cost of raising equity	(1,800)	(1,800)
Return of capital	(90,582)	(90,582)
	<u>360,527</u>	<u>360,527</u>
15. Cash flow information		
a. Reconciliation of cash flow from operations with profit after tax		
Profit after tax	81,123	116,895
Depreciation and amortisation	19,247	12,821
<i>Movement in assets and liabilities</i>		
Receivables	9,629	(7,500)
Other assets	54,343	4,591
Payables	(15,687)	2,326
Deferred tax asset	(12,507)	1,600
Deferred tax liability	1,152	399
Provisions	16,235	3,274
Current tax liability	(24,682)	28,015
	<u>128,853</u>	<u>162,421</u>
Net cash provided by operating activities	<u>128,853</u>	<u>162,421</u>
16. Related party transactions		
Director Delys Sherry was paid \$2,400 (2010: \$800) during the financial year ended 30 June 2011 for book keeping services provided.		
17. Leasing commitments		
Non cancellable operating lease commitment contracted for but not capitalised in the financial statements		
Payable		
Not longer than 1 year	-	10,085
Longer than 1 year but not longer than 5 years	-	28,669
	<u>-</u>	<u>38,754</u>

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

	2011 \$	2010 \$
18. Dividends		
Final fully franked ordinary dividend of 5 cents (2010: 0 cents) per share franked at the tax rate of 30% (2010: 30%)	22,645	-
a. Balance of franking account at year end adjusted for franking credits arising from:	19,807	
- payment of provision for income tax	39,428	19,807
- dividends recognised as receivables and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years	(9,705)	19,807
Balance of franking account at year end	49,530	19,807

19. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and leases.

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

a. Financial risk management policies

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

The Company does not have any derivative instruments at 30 June 2011.

b. Financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

i. Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

ii. Foreign currency risk

The Company is not exposed to fluctuations in foreign currencies.

iii. Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

iv. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security,

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2011.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Credit risk is managed reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the Company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2011 and 30 June 2010 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

v. Price risk

The Company is not exposed to any material commodity price risk.

c. Financial Instrument Composition and Maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the Statement of Financial Position.

2011

		Variable	Fixed			
	Weighted Average Effective Interest Rate	Floating Interest Rate	Within 1 Year	Within 1 to 5 Years	Non Interest Bearing	Total
<i>Financial Assets</i>						
Cash and cash equivalents	2.2%	179,691	-	-	-	179,691
Trade and other receivables		-	-	-	57,753	57,753
Total Financial Assets		179,691	-	-	57,753	237,444
<i>Financial Liability</i>						
Mortgage loan	9.54%	291,675	-	-	-	291,675
Trade and other payables		-	-	-	22,342	22,342
Total Financial Liabilities		291,675	-	-	22,342	314,017

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

2010

		Variable	Fixed			Total
	Weighted Average Effective Interest Rate	Floating Interest Rate	Within 1 Year	Within 1 to 5 Years	Non Interest Bearing	
<i>Financial Assets</i>						
Cash and cash equivalents	3.64%	354,291	-	-	831	355,122
Trade and other receivables		-	-	-	67,382	67,382
Total Financial Assets		354,291	-	-	68,213	422,504
<i>Financial Liability</i>						
Trade and other payables		-	-	-	38,089	38,089
Total Financial Liabilities		-	-	-	38,089	38,089

Trade and sundry payables are expected to be paid as followed:

Less than 6 months	22,342	38,089
--------------------	---------------	---------------

d. Net Fair Values

The net fair values of investments have been valued at the quoted market bid price at reporting date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the financial statements.

Fair values are materially in line with carrying values.

e. Sensitivity Analysis

i. Interest Rate Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

ii. Interest Rate Sensitivity Analysis

At the reporting date, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

2011

		- 2 %		+ 2%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
<i>Financial Assets</i>					
Cash and cash equivalents	179,691	(3,594)	(3,594)	3,594	3,594
<i>Financial Liability</i>					
Mortgage loan	291,675	5,834	5,834	(5,834)	(5,834)

2010

		- 2 %		+ 2%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
<i>Financial Assets</i>					
Cash and cash equivalents	355,122	(7,102)	(7,102)	7,102	7,102

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The Company has no exposure to fluctuations in foreign currency.

20. Operating Segments

Types of products and services by segment

The Company operates in the financial services sector as a branch of Bendigo and Adelaide Bank Limited in Western Australia.

Major customers

The Company operates under the terms of a franchise agreement with Bendigo and Adelaide Bank Limited, which accounts for all of the franchise margin income.

21. Events after the reporting date

No matters or circumstances have arisen since the end of the financial year that 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.

22. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at the reporting date.

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

	2011 \$	2010 \$
23. Tax		
a. Liability		
Current		
Income tax	<u>18,456</u>	<u>43,138</u>
b. Assets		
Deferred tax assets comprise:		
Provisions	13,840	6,331
Other	<u>2,346</u>	<u>(2,652)</u>
	<u>16,186</u>	<u>3,679</u>
c. Deferred Tax Liability		
Deferred tax liability comprises		
Other	<u>(1,884)</u>	<u>(732)</u>
d. Reconciliations		
i. Gross Movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	3,679	5,279
(Charge)/Credit to Statement of Comprehensive Income	12,507	(1,600)
Closing balance	<u>16,186</u>	<u>3,679</u>
ii. Deferred Tax Assets		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
<i>Provisions</i>		
Opening balance	6,331	5,279
(Charge)/Credit to Statement of Comprehensive Income	7,509	1,052
Closing balance	<u>13,840</u>	<u>6,331</u>
<i>Others</i>		
Opening balance	(2,652)	-
(Charge)/Credit to Statement of Comprehensive Income	4,998	(2,652)
Closing balance	<u>(2,346)</u>	<u>(2,652)</u>
	<u>16,186</u>	<u>3,679</u>

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

	2011	2010
	\$	\$
iii. Deferred Tax Liability		
The overall movement in the deferred tax liability account is as follows:		
Opening balance	(732)	(333)
(Charge)/Credit to Statement of Comprehensive Income	(1,152)	(399)
Closing Balance	<u>(1,884)</u>	<u>(732)</u>

24. Economic dependency – Bendigo and Adelaide Bank Limited

The company has entered into franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branch at York, Western Australia.

The branches 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 branches on behalf of the 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 branches;
- 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.

25. Company details

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

114 Avon Terrace
York WA 6302

YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

ABN 85 099 104 079

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2011

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Company;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with Australian Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the Directors' 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; and
4. the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1.

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

Director



Dated this

29th

day of

SEPTEMBER

2011

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YORK & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of York & Districts Community Financial Services Limited ("the company"), which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

RSM Bird Cameron Partners

Chartered Accountants

Independence

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

Opinion

In our opinion:

- (a) the financial report of York & Districts Community 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 Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Chartered Accountants



TUTU PHONG

Partner

Perth, WA

Dated: 29 September 2011