

# **Community Financial**

**Services Victoria Limited**

**Financial Statements  
for the half-year ended  
31 December 2011**

**Community Financial Services Victoria Limited**  
**ABN 51 092 756 351**  
**Directors' Report**

Your directors submit the financial report of the company for the half-year ended 31 December 2011.

**Directors**

The names of directors who held office during the half year and until the date of this report are as below:

Michael John Duff

Gordon Douglas Smale

Tania Lyn Hansen

Maxwell William Papley

Douglas Hugh Hamilton

Maxwell Arthur John Kneebone

Glenister Malcolm McGregor

Ronald James Witney

Dianne Lesley Loft (*Appointed 27 October 2011*)

Meint Peter (Rudy) de Jong (*Resigned 27 October 2011*)

John Munro Lyle (*Resigned 27 October 2011*)

**Principal Activities**

The principal activity of the company during the course of the financial period was in facilitating **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

**Review and Results of Operations**

Operations have continued to perform in line with expectations. The net profit of the company for the financial period after the provision of income tax was: \$306,242 [2010: \$300,854].

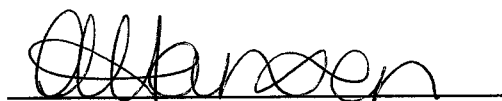
**Matters Subsequent to the End of the Reporting Period**

There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

**Auditors' Independence Declaration**

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

Signed in accordance with a resolution of the directors at Lang Lang, Victoria on 27 February 2012.

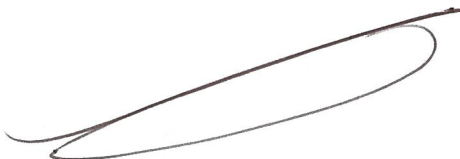
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**Tania Lyn Hansen, Secretary**

**Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001  
to the directors of Community Financial Services Victoria Limited**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2011 there have been:

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



**GRAEME STEWART**  
**ANDREW FREWIN & STEWART**  
61-65 Bull Street Bendigo 3550

Dated this 27th day of February 2012

**Community Financial Services Victoria Limited**  
**ABN 51 092 756 351**  
**Statement of Comprehensive Income**  
**for the half-year ended 31 December 2011**

	<u>Notes</u>	<b>2011</b> <b>\$</b>	<b>2010</b> <b>\$</b>
Revenue from ordinary activities		1,725,458	1,680,303
Employee benefits expense		(788,403)	(743,985)
Charitable donations, sponsorship, advertising and promotion		(57,430)	(48,478)
Occupancy and associated costs		(127,833)	(120,126)
Systems costs		(65,217)	(68,154)
Depreciation and amortisation expense		(68,304)	(57,543)
General administration expenses		(191,982)	(205,367)
		<hr/>	<hr/>
<b>Profit before income tax expense</b>		426,289	436,650
Income tax expense	6	(120,047)	(135,796)
		<hr/>	<hr/>
<b>Profit after income tax expense</b>		306,242	300,854
		<hr/>	<hr/>
<b>Total comprehensive income for the year attributable to members</b>		<b>306,242</b>	<b>300,854</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per Share</b>		<u>c</u>	<u>c</u>
Basic from profit for the period:		41.81	41.08

*The accompanying notes form part of these financial statements.*

**Community Financial Services Victoria Limited**  
**ABN 51 092 756 351**  
**Balance Sheet**  
**as at 31 December 2011**

	<b>31-Dec 2011 \$</b>	<b>30-Jun 2011 \$</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash assets	484,073	456,458
Trade and other receivables	288,582	248,098
Current tax asset	-	14,656
<b>Total Current Assets</b>	<b><u>772,655</u></b>	<b><u>719,212</u></b>
<b>Non-Current Assets</b>		
Property, plant and equipment	485,020	498,773
Financial assets	50,000	50,000
Intangible assets	400,670	428,555
Deferred tax asset	39,145	31,368
<b>Total Non-Current Assets</b>	<b><u>974,835</u></b>	<b><u>1,008,696</u></b>
<b>Total Assets</b>	<b><u>1,747,490</u></b>	<b><u>1,727,908</u></b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	107,690	254,521
Current tax liabilities	39,592	-
Provisions	107,839	96,424
<b>Total Current Liabilities</b>	<b><u>255,121</u></b>	<b><u>350,945</u></b>
<b>Non-Current Liabilities</b>		
Provisions	22,793	19,549
<b>Total Non-Current Liabilities</b>	<b><u>22,793</u></b>	<b><u>19,549</u></b>
<b>Total Liabilities</b>	<b><u>277,914</u></b>	<b><u>370,494</u></b>
<b>Net Assets</b>	<b><u>1,469,576</u></b>	<b><u>1,357,414</u></b>
<b>Equity</b>		
Issued capital	607,871	607,871
Retained earnings	861,705	749,543
<b>Total Equity</b>	<b><u>1,469,576</u></b>	<b><u>1,357,414</u></b>

*The accompanying notes form part of these financial statements.*

**Community Financial Services Victoria Limited**  
**ABN 51 092 756 351**  
**Statement of Changes in Equity**  
**for the half-year ended 31 December 2011**

	<b>Issued Capital \$</b>	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>Balance at 1 July 2010</b>	607,871	678,588	1,286,459
Total comprehensive income for the year	<u>-</u>	<u>300,854</u>	<u>300,854</u>
	<b>607,871</b>	<b>979,442</b>	<b>1,587,313</b>
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	<u>-</u>	<u>(128,166)</u>	<u>(128,166)</u>
<b>Balance at 31 December 2010</b>	<u><b>607,871</b></u>	<u><b>851,276</b></u>	<u><b>1,459,147</b></u>
<b>Balance at 1 July 2011</b>	607,871	749,543	1,357,414
Total comprehensive income for the year	<u>-</u>	<u>306,242</u>	<u>306,242</u>
	<b>607,871</b>	<b>1,055,785</b>	<b>1,663,656</b>
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	<u>-</u>	<u>(194,080)</u>	<u>(194,080)</u>
<b>Balance at 31 December 2011</b>	<u><b>607,871</b></u>	<u><b>861,705</b></u>	<u><b>1,469,576</b></u>

*The accompanying notes form part of these financial statements.*

**Community Financial Services Victoria Limited**  
**ABN 51 092 756 351**  
**Cash Flow Statement**  
**for the half-year ended 31 December 2011**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	1,888,922	1,846,507
Payments to suppliers and employees	(1,569,285)	(1,431,855)
Interest received	2,300	10,068
Income taxes paid	(73,576)	(79,511)
<b>Net cash provided by operating activities</b>	<b><u>248,361</u></b>	<b><u>345,209</u></b>
<b>Cash Flows From Investing Activities</b>		
Payments for property, plant and equipment	(26,666)	(114,799)
Refund of share application	-	25,000
<b>Net cash used in investing activities</b>	<b><u>(26,666)</u></b>	<b><u>(89,799)</u></b>
<b>Cash Flows From Financing Activities</b>		
Dividends paid	(194,080)	(128,166)
<b>Net cash used in financing activities</b>	<b><u>(194,080)</u></b>	<b><u>(128,166)</u></b>
<b>Net increase in cash held</b>	<b>27,615</b>	<b>127,244</b>
Cash at the beginning of the financial year	456,458	434,504
<b>Cash at the end of the half-year</b>	<b><u><u>484,073</u></u></b>	<b><u><u>561,748</u></u></b>

*The accompanying notes form part of these financial statements.*

**Community Financial Services Victoria Limited**  
**ABN 51 092 756 351**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2011**

**Note 1. Summary of Significant Accounting Policies**

*Statement of Compliance*

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

*Basis of Preparation*

The half-year financial report is intended to provide users with an update on the latest annual financial statements and does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by the company during the period.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements and the previous corresponding interim period.

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The company has elected not to early adopt the new and amended Accounting Standards and Interpretations, as outlined in the annual financial report for the year ended 30 June 2011, that have mandatory application dates during future reporting periods.

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period relevant to the company that were not disclosed in the annual financial report for the year ended 30 June 2011.

**Note 2. Events Subsequent to Reporting Date**

There have been no events subsequent to reporting date that would materially effect the financial statements at the reporting date.

**Note 3. Contingent Assets and Liabilities**

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

**Note 4. Segment Reporting**

The economic entity operates in a single service sector where it facilitates community banking services in Lang Lang, Pearcedale, Koo Wee Rup, Narre Warren South, Tooradin and surrounding districts of Victoria pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

**Note 5. Related Parties**

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2011 annual financial report.

**Community Financial Services Victoria Limited**  
**ABN 51 092 756 351**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2011**

<b>Note 6. Income Tax Expense</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
The components of tax expense comprise:		
- Current tax	138,065	140,217
- Movement in deferred tax	(7,778)	(4,421)
- Adjustments to tax expense of prior periods	(10,240)	-
	<u>120,047</u>	<u>135,796</u>

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

Operating profit	426,289	436,650
Prima facie tax on profit from ordinary activities at 30%	127,887	130,996
Add tax effect of:		
- non-deductible expenses	2,400	4,800
- timing difference expenses	7,778	4,421
	<u>138,065</u>	<u>140,217</u>
Movement in deferred tax	(7,778)	(4,421)
Adjustments to tax expense of prior periods	(10,240)	-
	<u>120,047</u>	<u>135,796</u>

Adjustments to tax expense of prior periods relates to the tax deductibility of amortisation on the renewal franchise fee and renewal processing fee. A tax deduction was not initially claimed for the amortisation on these items, pending the outcome of a private tax ruling by the Commissioner of Taxation. While the original private tax ruling held that these items were in fact not tax deductible, the ruling was overturned by Administrative Appeals Tribunal decision 607 handed down on 31 August 2011. Therefore amortisation on the renewal franchise fee and renewal processing fee can now be claimed as a tax deduction. Amendment to the applicable income tax returns will be undertaken, with the overall tax effect of the change outlined below:

Year	Franchise Fee	Amortisation Process Fee	Total	Tax effect @ 30%
2009	2,485	5,333	7,818	2,345
2010	4,000	8,000	12,000	3,600
2011	4,386	9,928	14,314	4,294
	<u>10,871</u>	<u>23,261</u>	<u>34,132</u>	<u>10,240</u>

**Community Financial Services Victoria Limited**  
**ABN 51 092 756 351**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2011**

**Note 7. Dividends Paid/Provided**

	<b>2011 Cents</b>	<b>2011 \$</b>	<b>2010 Cents</b>	<b>2010 \$</b>
Dividend paid in the period as recommended in the annual report:	26.50	194,080	17.50	128,166

100% fully franked (2010: 100%)

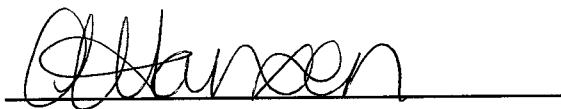
**Community Financial Services Victoria Limited**  
**ABN 51 092 756 351**  
**Directors' Declaration**

In the opinion of the directors of Community Financial Services Victoria Limited ("the company"):

- 1 The financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
  - (a) giving a true and fair view of the financial position of the entity as at 31 December 2011 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date;
  - (b) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- 2 There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

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

A handwritten signature in black ink, appearing to read 'T Hansen', is written over a horizontal line.

**Tania Lyn Hansen, Secretary**

Dated this 27th day of February 2012.

## **Independent Auditor's Review Report to the Members of Community Financial Services Victoria Limited**

### **Report on the Half-year Financial Report**

We have reviewed the accompanying half-year financial report of Community Financial Services Victoria Limited, which comprises the balance sheet as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of significant accounting policies and other explanatory information and the directors' declaration.

### **Directors' Responsibility for the Half-year Financial Report**

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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 a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Community Financial Services Victoria Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

## **Independence**

In conducting our review we have complied with the independence requirements of the Corporations Act 2001.

## **Auditor's Opinion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of is not in accordance with the Corporations Act 2001 including:

- a) Giving a true and fair view of the company's financial position at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



**GRAEME STEWART**

**ANDREW FREWIN & STEWART**

61-65 Bull Street, Bendigo, 3550

Dated this 27th day of February 2012