

**Cobden & Districts Community  
Finance Limited**

**Financial Statements  
for the half-year ended  
31 December 2010**

**Cobden & District Community Finance Limited**  
**ABN 84 117 781 049**  
**Directors' Report**

Your directors submit the financial report of the company for the half-year ended 31 December 2010.

**Directors**

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

James Alfred Green

Trevor John Gardner

Stuart James Dawson

Gregory Leigh Suter

Donald Francis Howard

Rodney Peter Giblett

Milton John Parlour

Margaret Emily McDonald

Edwin Duncan Morris

Robert Saunders Gunner

Gary Kenneth Kimber

Gary Stephens (*Appointed 24 November 2010*)

Kellie Lee Kempton (*Resigned 24 November 2010*)

**Principal Activities**

The principal activity of the company during the course of the financial period were 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 loss of the company for the financial period after the provision of income tax was: \$-45,622 [2009: \$-43,661].

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

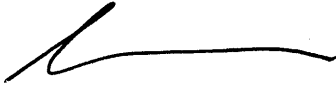
On 22 February 2011 the company's Franchise partner Bendigo & Adelaide Bank Limited announced that commencing 1 April 2011 two income streams (Term Deposits greater than 90 days and Fixed Rate Home Loans) will have their trailing commission cut from 0.5% to 0.375%. Due to the current financial position of the company the Board will be given a supplementary commission equivalent to the 0.125% reduction in trailing commission for the period 1 April 2011 to 31 March 2012. Bendigo & Adelaide Bank Limited will then conduct a further review to determine whether the supplementary commission will continue from 1 April 2012. This reduction in commission rate is expected to have a material effect on the expected revenue and profits of the company in future financial periods. The Board estimates that the change will not be material in the 2011/12 year because of the compensation package provided but will continue to monitor budgets to ensure maximisation of returns to shareholders and the community. Further confirmation of the financial effect will be available in the 2011 Annual Report.

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 3.

Signed in accordance with a resolution of the directors at Cobden, Victoria on 28th February 2011.



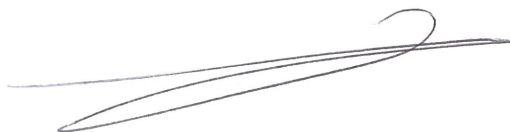
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**James Alfred Green , Chairman**

### **Auditor's Independence Declaration**

As lead auditor for the review of Cobden & Districts Community Finance Limited for the half year ended 31 December 2010 I declare that, to the best of my knowledge and belief, there have been:

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



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

Dated this 28th day of February 2011

**Cobden & District Community Finance Limited**  
**ABN 84 117 781 049**  
**Statement of Comprehensive Income**  
**for the half-year ended 31 December 2010**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Revenue from ordinary activities	275,766	245,838
Employee benefits expense	(165,356)	(151,143)
Charitable donations, sponsorship, advertising and promotion	(11,151)	(17,705)
Occupancy and associated costs	(22,823)	(11,731)
Systems costs	(23,534)	(24,539)
Depreciation and amortisation expense	(5,745)	(5,694)
Finance costs	(12,733)	(10,398)
General administration expenses	(80,046)	(68,289)
	<hr/>	<hr/>
<b>Loss before income tax credit</b>	(45,622)	(43,661)
Income tax credit	-	-
	<hr/>	<hr/>
<b>Loss for the period</b>	(45,622)	(43,661)
	<hr/>	<hr/>
<b>Total comprehensive loss for the year attributable to members</b>	<b>(45,622)</b>	<b>(43,661)</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per Share</b>	<b>c</b>	<b>c</b>
Basic for profit for the period:	(6.29)	(6.02)

**Cobden & District Community Finance Limited**  
**ABN 84 117 781 049**  
**Balance Sheet**  
**as at 31 December 2010**

	<b>31-Dec 2010 \$</b>	<b>30-Jun 2010 \$</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash assets	200	195
Trade and other receivables	33,065	38,151
<b>Total Current Assets</b>	<b><u>33,265</u></b>	<b><u>38,346</u></b>
<b>Non-Current Assets</b>		
Property, plant and equipment	164,963	166,698
Intangible assets	1,000	2,000
Deferred tax asset	167,729	167,729
<b>Total Non-Current Assets</b>	<b><u>333,692</u></b>	<b><u>336,427</u></b>
<b>Total Assets</b>	<b><u>366,957</u></b>	<b><u>374,773</u></b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	18,770	29,307
Borrowings	113,683	79,376
Provisions	20,237	11,403
<b>Total Current Liabilities</b>	<b><u>152,690</u></b>	<b><u>120,086</u></b>
<b>Non-Current Liabilities</b>		
Borrowings	250,000	250,000
Provisions	7,868	2,666
<b>Total Non-Current Liabilities</b>	<b><u>257,868</u></b>	<b><u>252,666</u></b>
<b>Total Liabilities</b>	<b><u>410,558</u></b>	<b><u>372,752</u></b>
<b>Net Assets</b>	<b><u>(43,601)</u></b>	<b><u>2,021</u></b>
<b>Equity</b>		
Issued capital	698,455	698,455
Accumulated losses	(742,056)	(696,434)
<b>Total Equity</b>	<b><u>(43,601)</u></b>	<b><u>2,021</u></b>

**Cobden & District Community Finance Limited**  
**ABN 84 117 781 049**  
**Statement of Changes in Equity**  
**for the half-year ended 31 December 2010**

	<b>Issued Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
<b>Balance at 1 July 2009</b>	698,455	(588,809)	109,646
Total comprehensive income for the year	<u>-</u>	<u>(43,661)</u>	<u>(43,661)</u>
	<b>698,455</b>	<b>(632,470)</b>	<b>65,985</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>-</u>	<u>-</u>
<b>Balance at 31 December 2009</b>	<u><b>698,455</b></u>	<u><b>(632,470)</b></u>	<u><b>65,985</b></u>
 <b>Balance at 1 July 2010</b>	 698,455	 (696,434)	 2,021
Total comprehensive income for the year	<u>-</u>	<u>(45,622)</u>	<u>(45,622)</u>
	<b>698,455</b>	<b>(742,056)</b>	<b>(43,601)</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>-</u>	<u>-</u>
<b>Balance at 31 December 2010</b>	<u><b>698,455</b></u>	<u><b>(742,056)</b></u>	<u><b>(43,601)</b></u>

**Cobden & District Community Finance Limited**  
**ABN 84 117 781 049**  
**Cash Flow Statement**  
**for the half-year ended 31 December 2010**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	275,761	245,189
Payments to suppliers and employees	(296,516)	(278,407)
Interest paid	(10,539)	(10,398)
Interest received	2	2
<b>Net cash used in operating activities</b>	<b><u>(31,292)</u></b>	<b><u>(43,614)</u></b>
<b>Cash Flows From Investing Activities</b>		
Payments for property, plant and equipment	(3,010)	-
<b>Net cash used in investing activities</b>	<b><u>(3,010)</u></b>	<b><u>-</u></b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from borrowings	-	250,000
<b>Net cash provided by financing activities</b>	<b><u>-</u></b>	<b><u>250,000</u></b>
<b>Net increase/(decrease) in cash held</b>	<b>(34,302)</b>	<b>206,386</b>
Cash at the beginning of the financial year	(79,181)	(228,852)
<b>Cash at the end of the half-year</b>	<b><u>(113,483)</u></b>	<b><u>(22,466)</u></b>



**Cobden & District Community Finance Limited**  
**ABN 84 117 781 049**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2010**

**Note 1. Basis of Preparation of the Half-Year Financial Statements**

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, *AASB 134: Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

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 2010 and any public announcements made by the company during the

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.

Adoption of new and revised Accounting Standards

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

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

*AASB 101 Presentation of Financial Statements*

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

*Disclosure impact*

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

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

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

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

**Cobden & District Community Finance Limited**  
**ABN 84 117 781 049**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2010**

**Note 1. Basis of Preparation of the Half-Year Financial Statements (continued)**

Adoption of new and revised Accounting Standards (continued)

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

New Accounting Standards for application in future periods

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

- AASB 9: *Financial Instruments* and AASB 2009-11: *Amendments to Australian Accounting Standards arising from AASB 9* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013)
- AASB 2009-12: *Amendments to Australian Accounting Standards* [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)

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

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

On 22 February 2011 the company's Franchise partner Bendigo & Adelaide Bank Limited announced that commencing 1 April 2011 two income streams (Term Deposits greater than 90 days and Fixed Rate Home Loans) will have their trailing commission cut from 0.5% to 0.375%. Due to the current financial position of the company the Board will be given a supplementary commission equivalent to the 0.125% reduction in trailing commission for the period 1 April 2011 to 31 March 2012. Bendigo & Adelaide Bank Limited will then conduct a further review to determine whether the supplementary commission will continue from 1 April 2012. This reduction in commission rate is expected to have a material effect on the expected revenue and profits of the company in future financial periods. The Board estimates that the change will not be material in the 2011/12 year because of the compensation package provided but will continue to monitor budgets to ensure maximisation of returns to shareholders and the community. Further confirmation of the financial effect will be available in the 2011 Annual Report.

There have been no other 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.

**Cobden & District Community Finance Limited**  
**ABN 84 117 781 049**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2010**

**Note 4. Segment Reporting**

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited. The economic entity operates in two geographic areas being Cobden and Camperdown along with the surrounding districts, within Victoria.

**Note 5. Related Parties**

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2010 annual financial report.

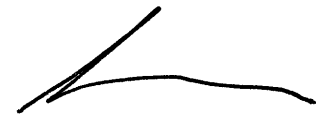
**Cobden & District Community Finance Limited**  
**ABN 84 117 781 049**  
**Directors' Declaration**

In the opinion of the directors of Cobden & District Community Finance 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 2010 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.



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**James Alfred Green , Chairman**

Dated this 28th day of February 2011.

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Cobden & Districts Community Finance Limited

### **Report on the Half Year Financial Report**

We have reviewed the accompanying half year financial report of Cobden & Districts Community Finance Limited, which comprises the balance sheet as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the half year then ended, selected explanatory notes and the directors' declaration.

### **Directors' Responsibility for the 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 an Interim 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 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 2010 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 Cobden & Districts Community Finance 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

## **Conclusion**

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 Cobden & Districts Community Finance Limited is not in accordance with the Corporations Act 2001 including:

Giving a true and fair view of the company's financial position at 31 December 2010 and of 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.



**GRAEME STEWART**

**ANDREW FREWIN & STEWART**

61-65 Bull Street, Bendigo, 3550

Dated this 28th day of February 2011