

annual report 2010



Goodwood/Highgate Community

Financial Services Ltd

ABN 54 112 676 294

Goodwood **Community Bank®** Branch

Contents

Chairman's report	2-3
Manager's report	4-5
Directors' report	6-11
Auditor's independence declaration	12
Financial statements	13-16
Notes to the financial statements	17-35
Directors' declaration	36
Independent audit report	37-38

Chairman's report

For year ending 30 June 2010

The Goodwood Highgate Community Financial Service (GHCFC) or Goodwood **Community Bank**[®] Branch holds a franchise of Bendigo and Adelaide Bank Ltd. Thanks to a lot of hard work and personal commitment by staff and the Board, the GHCFC has been achieving a minor profit. That is an excellent effort after five years of operations, especially as it took almost five years of community activism led by the now legendary founding chairperson Ken Bridge, to get the branch established.

I note with regret the resignation of Paula Stacey-Thomas from the Board. They say give a busy person a job and it will get done. With Paula that was always true. However, and sensibly even, Paula has a limit and she resigned to concentrate on the Goodwood Traders Association, her business, her children and family; a demanding load in anyone's experience. Her enthusiasm is going to be sadly missed.

I also pay tribute to founding Board member Susan Straschko who has also stood down. Like Paula, there was no stone left unturned when Susan was on the task. This has extended to setting up our Highgate Agency. Susan was particularly good at picking up and dropping off the gas cylinders for the Banks Balloons - such a necessary part of any of our community activities. Graham Pitman also leaves us. Another founding member stalwart of the Organ Society based at the Capri and founding banking customer, Graham was always there. He reserved his comment to critical matters.

Graham, like Susan, in leaving the **Community Bank**[®] Company is symbolising a change of the guard as the branch matures and seeks to stabilise itself moving from growth on a low base to consolidation on a substantial footing.

I would like to thank all the other Board Members and look forward to welcoming in the new blood. In a franchise business such as ours, being able to be flexible and alert to taking advantage of change is a vital asset. Franchises such as Goodwood has extended the reach of the Bendigo approach; so much so that other banks are reintroducing Managers with faces and identities in order to compete with the franchised Bendigo.

The staff of the branch is exemplary. The Manager, Annette, has generated an effective and efficient team imbued with the community concept. Their commitment and work makes the **Community Bank**[®] branch. The story of our past year has been outlined in the Managers report, I urge you to read it in depth as it tells a very good story of locals making it happen and a local business (the **Community Bank**[®] branch doing it well in a tough marketplace).

I would also like to thank the shareholders for their patience and commitment; we are all but there. The branch is a profitable concern. This is despite the biggest crisis in the financial system since the Great Depression. The Board is mindful of the stoicism of the shareholders and is endeavouring to divine a dividend if at all prudent.

Chairman's report continued

Finally I will make special mention of Anna, the Regional Manager and her corporate group. She walks a tight rope between the corporate and the franchised world of Bendigo. I am sure she must sometimes wonder what she did wrong in her past life.

The future promises great things but we cannot control or predict what will happen. Our **Community Bank®** branch however is prepared for most events. It is well run and well positioned. Importantly it is flexible and committed to its community. Our grants and sponsorships are part of making that future by keeping the community viable and by fulfilling the mission of all those who made pledges to set up the branch those ten long years ago.

A handwritten signature in black ink, consisting of a stylized 'M' followed by a long, sweeping horizontal line that curves slightly upwards at the end.

Michael Keenan
Chairman

Manager's report

For year ending 30 June 2010

In 2010 we achieved a significant milestone - we celebrated our fifth birthday on 4 August 2010. We were in profit and this is the icing on the cake. The road has been hard at times, especially during the Global Financial Crisis (GFC) however we weathered each and every challenge that was given to us. We have had staff changes such that whilst I am moving into my fifth year, Gina is the only original member of the bank who has been here for all five years.

We have an enthusiastic and committed team going forward into 2011. In celebration of all that is good about our **Community Bank®** branch, we had a sausage sizzle and party for past staff, Board members etc and it was fantastic to see so many of our regular and new supporters. An excellent day was had by all.

Reflecting on the past year (2009/2010), with the GFC and other financial changes, we have been challenged to retain the excellent results of 2008/2009. I can report that not only have we continued to maintain our business but we have also succeeded in and growing the bank business by 16%. Now we have 2,541 customers on our books and Goodwood **Community Bank®** Branch has a consistent upward trend towards achieving sustainable profits.

The branch staff and Board work as a team in our community activities. Our most important is the Goodwood **Community Bank®** Branch market day at the Adelaide Showground Farmers Market. The branch sponsors the market and this is our day to show our support in person. It is a day that is enjoyed by all and gives us an opportunity to meet with the wider community. The children love Piggy and the free show bags that are given out.

The branch sponsorship is broad and reflects the Board's policy of responding to our unique inner city location by providing help to many rather than a typical rural bank's one off block buster project.

We have been involved in the St. Thomas Gala Fair day, Millswood Bowls Club, Veteran Car Club and the Goodwood Saints Football Club. An ongoing project has been the work with the Goodwood Primary School and Unley Council in the development of an enviroloo and community garden. This partnership is an environmental and community based project for and by in our community.

These community sponsorships and activities, and many more small contributions, bring our total contribution to the community through our sponsorship programs to over \$56,000. This is what we are about - helping the community and thereby building the bank's recognition and support and business.

Manager's report continued

The Highgate Agency, established in 2009, has continued to grow slowly. The Agency is an important part of our commitment to shareholders and supporters. Importantly, we brought a **Community Bank®** branch service to the Highgate area and it will achieve higher growth when fully supported by the Fullarton/Highgate/Myrtle communities. To garner this support we will rely on the branch's recognition and its capacity to meet the local needs. To further these aims we have begun to work closely with the Agency to increase our profile through the eastern Unley community and we anticipate seeing the difference in 2010/2011.

In closing I would like to recognise the work of our existing and new supporters, the leadership provided by the Board and the satisfaction we all have in providing a sustainable business that is committed to our community.



Annette Seeliger
Branch Manager

Directors' report

For the financial year ended 30 June 2010

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

Directors

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

Anthony Michael Keenan

Chair/Secretary

Age: 55

Occupation: Executive Officer

Holds B.A., Dip. Ed., B.Ed., Executive Officer, Club One (SA) Ltd; Registered Industrial Advocate; Councillor and then Mayor Unley 1982-2006. Co-Director, Cognition (psychology practice).

Interests in shares: Nil

Diana Jukes

Treasurer

Age: 52

Occupation: Financial Manager

Employed with the local farmer's market and has lived in Goodwood for more than 20 years. Holds a Bachelor of Economics from Adelaide University.

Interests in shares: Nil

Timothy Maxwell Campbell

Secretary

Age: 60

Occupation: Barrister and Solicitor

Principal of Campbell Law and Chartered Accountant with over 30 years experience in business, local government bodies and community groups.

Interests in shares: Nil

Mark Kennion Brindal (Appointed 20 August 2009)

Director

Age: 62

Occupation: PHD Student (University of Adelaide)

Education administration, former Member for Unley, Former Government Minister, Justice of the Peace.

Interests in shares: Nil

Graham Ralph Pitman

Director

Age: 81

Occupation: Retired Banker

Former manager of BankSA Highgate.

Interests in shares: 1,001

Susan Patricia Straschko

Director

Age: 54

Occupation: Pharmacy co-owner

Owner-operator of Highgate Pharmacy and Newsagency, Member of Highgate Village Traders Association. Representative on the Unley Street Life Trust.

Interests in shares: 10,001

Directors' report continued

Paula Stacey-Thomas (Resigned 20 May 2010)

Director

Age: 36

Occupation: Chiropractor

Practicing chiropractor for over 12 years with own clinic established in Goodwood for 10 years. Member for 6 years on the Chiropractors Association of Australia. Honoured as National Chiropractor of the year in 2006.

Interests in shares: 1,500

Jane Elizabeth Zadow

Director

Age: 54

Occupation: General Manager, Corporate Services Winemakers' Federation of Australia Inc.

Chartered Accountant with 7 years experience in major professional accounting firm followed by more than 15 years general banking and commercial experience.

Interests in shares: Nil

Pamela Anne Dale

Director

Age: 55

Occupation: Team Leader, Community Centres, City of Unley

Employed by Unley Council and Goodwood Community Services Inc for over 20 years. Co-publisher Darwin Community Newspaper, Tourist Resort Manager and holds an Advanced Diploma in Community Service Management.

Interests in shares: 2,001

Rufus Luke Salaman

Director

Age: 68

Occupation: Building Inspector

Migrated from the UK in 1966. Has lived in Unley for over 36 years. Employed by Herriot Consulting (Engineers). Councillor of the City of Unley. Councillor for Parkside Ward and Member of Australian Institute of Building; Australian Institute of Building Surveyors and holds an Associate Diploma in Building Technology.

Interests in shares: 800

Diana Anthea Swanson

Director

Age: 50

Occupation: Marketing and Fundraising Manager, Royal Society for the Blind

Extensive background in sales and marketing holding senior roles in companies including McDonald's Family Restaurants, Orlando Wyndham (Pernod Ricard), National Foods, Detmold Packaging and Southcorp. Holds a Bachelor of Arts from Flinders University.

Mark Lytton Goldsworthy

Director

Age: 51

Occupation: Real Estate

Extensive background in marketing and sales.

Excellent knowledge of the local community. Active local resident and volunteer coach of junior sporting teams.

Interests in shares: Nil

Directors were in office for this entire year unless otherwise stated.

No directors have material interests in contracts or proposed contracts with the company.

Directors' report continued

Company Secretary

The company secretary role is shared by Anthony Michael Keenan and Timothy Maxwell Campbell. Anthony was appointed to the position of secretary on 12 December 2007 and Timothy was appointed 28 May 2008.

Anthony holds B.A., Dip. Ed., B.Ed., Executive Officer, Club one (SA) Ltd; Registered Industrial Advocate; Registered Teacher; Chair, Goodwood Community Services; Councillor and then Mayor Unley 1982-2006. Co-Director, Cognition (psychology practice).

Timothy is the principal of Campbell Law and Chartered Accountant with over 30 years experience in business, local government bodies and community groups.

Principal Activities

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

There has been no significant changes in the nature of these activities during the year.

Operating Results

Operations have continued to perform in line with expectations. The profit/(loss) of the company for the financial year after provision for income tax was:

	Year ended 30 June 2010 \$	Year ended 30 June 2009 \$
	10,039	(63,099)

Remuneration Report

No director receives remuneration for services as a company director or committee member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified executives whose remuneration requires disclosure.

Dividends

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

Directors' report continued

Significant Changes in the State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Matters Subsequent to the End of the Financial Year

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

Likely Developments

The company will continue its policy of facilitating banking services to the community.

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors' Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 19 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and Insurance of Directors and Officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors' report continued

Directors Meetings

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

	Board Meetings Attended		Committee Meetings Attended					
			Audit #		Marketing		HR & Governance	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Anthony Michael Keenan	13	12	-	-	8	2	3	3
Diana Jukes	13	13	-	-	-	-	-	-
Timothy Maxwell Campbell	13	12	-	-	-	-	3	3
Mark Kennion Brindal	12	12	-	-	-	-	-	-
Graham Ralph Pitman	13	12	-	-	-	-	-	-
Susan Patricia Straschko	13	12	-	-	8	4	-	-
Paula Stacey-Thomas	12	10	-	-	8	5	-	-
Rufus Luke Salaman	13	8	-	-	-	-	-	-
Jane Elizabeth Zadow	13	10	-	-	-	-	-	-
Diana Anthea Swanson	13	10	-	-	8	5	-	-
Pamela Anne Dale	13	10	-	-	-	-	3	3
Mark Lytton Goldsworthy	13	10	-	-	8	4	-	-

the audit committee did not meet during the financial year however met in May 2009 and July 2010

Non Audit Services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Directors' report continued

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 12.

Signed in accordance with a resolution of the board of directors at Goodwood, South Australia on 14 November 2010.



Anthony Michael Keenan,
Chair



Timothy Maxwell Campbell,
Secretary

Auditor's independence declaration



PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

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

I declare, that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2010 there have been:

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

DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 14th day of November 2010

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenues from ordinary activities	4	492,236	384,994
Employee benefits expense		(251,695)	(225,192)
Charitable donations, sponsorship, advertising and promotion		(21,569)	(9,199)
Occupancy and associated costs		(53,125)	(55,290)
Systems costs		(22,930)	(22,994)
Depreciation and amortisation expense	5	(29,944)	(17,629)
Finance costs	5	(17,485)	(18,610)
General administration expenses		(85,449)	(99,179)
Profit/(loss) before income tax (expense)/credit		10,039	(63,099)
Income tax (expense)/credit	6	-	-
Profit/(loss) after income tax (expense)/credit		10,039	(63,099)
Total comprehensive income for the year		10,039	(63,099)
Earnings per share (cents per share)		c	c
- basic for profit for the year	21	1.23	(7.72)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet as at 30 June 2010

	Note	2010 \$	2009 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	-	10
Trade and other receivables	8	41,314	6,000
Total Current Assets		41,314	6,010
Non-Current Assets			
Property, plant and equipment	9	199,165	217,109
Intangible assets	10	-	12,000
Total Non-Current Assets		199,165	229,109
Total Assets		240,479	235,119
LIABILITIES			
Current Liabilities			
Trade and other payables	11	21,161	9,335
Borrowings	12	145,290	173,944
Provisions	13	12,252	6,791
Total Current Liabilities		178,703	190,070
Non-Current Liabilities			
Provisions	13	6,688	-
Total Non-Current Liabilities		6,688	-
Total Liabilities		185,391	190,070
Net Assets		55,088	45,049
Equity			
Issued capital	14	802,691	802,691
Accumulated losses	15	(747,603)	(757,642)
Total Equity		55,088	45,049

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of Changes in Equity for the year ended 30 June 2010

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2008	802,691	(694,543)	108,148
Total comprehensive income for the year	-	(63,099)	(63,099)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2009	802,691	(757,642)	45,049
Balance at 1 July 2009	802,691	(757,642)	45,049
Total comprehensive income for the year	-	10,039	10,039
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2010	802,691	(747,603)	55,088

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of Cashflows for the year ended 30 June 2010

	Note	2010 \$	2009 \$
Cash Flows From Operating Activities			
Receipts from customers		453,140	384,994
Payments to suppliers and employees		(407,813)	(406,642)
Interest paid		(16,683)	(18,610)
Net cash provided by/(used in) operating activities	16	28,644	(40,258)
Net increase/(decrease) in cash held		28,644	(40,258)
Cash and cash equivalents at the beginning of the financial year		(173,934)	(133,676)
Cash and cash equivalents at the end of the financial year	7(a)	(145,290)	(173,934)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standard Boards and the Corporations Act 2001.

Compliance with IFRS

These financial statements and notes comply with IFRS International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Financial statement presentation

The company has applied revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The company has elected to present all items of income and expense recognised in the period in a single statement of comprehensive income.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

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

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at Goodwood South Australia.

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

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

Bendigo Bank provides significant assistance in establishing and maintaining the **Community Bank®** branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch;
- training for the branch manager and other employees in banking, management systems and interface protocol;
- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

c) Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

d) Employee Entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

d) Employee Entitlements (continued)

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

e) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

f) Trade Receivables and Payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

g) Property, Plant and Equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements	40 years
- plant and equipment	2.5 - 40 years
- furniture and fittings	4 - 40 years

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment Terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

j) Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

k) Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities

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

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

n) Contributed Equity

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

o) Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Notes to the financial statements continued

Note 2. Financial Risk Management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the board of directors.

(i) Market risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(vi) Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the balance sheet.

Notes to the financial statements continued

Note 2. Financial Risk Management (continued)

(vi) Capital management (continued)

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the distribution limit.

- (i) the distribution limit is the greater of:
 - (a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period; and
- (ii) the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2010 can be seen in the statement of comprehensive income.

There were no changes in the company's approach to capital management during the year.

Note 3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Notes to the financial statements continued

Note 3. Critical Accounting Estimates and Judgements (continued)

Taxation (continued)

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Notes to the financial statements continued

Note 3. Critical Accounting Estimates and Judgements (continued)

Impairment of assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

	2010 \$	2009 \$
--	------------	------------

Note 4. Revenue from Ordinary Activities

Operating activities:

- services commissions	492,236	384,994
Total revenue from operating activities	492,236	384,994
Total revenues from ordinary activities	492,236	384,994

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	14,344	-
- leasehold improvements	3,600	6,371

Amortisation of non-current assets:

- franchise agreement	12,000	11,258
	29,944	17,629

Finance costs:

- interest paid	17,485	18,610
Bad debts	1,192	2,801

Notes to the financial statements continued

	Note	2010 \$	2009 \$
--	------	------------	------------

Note 6. Income Tax Expense

The components of tax expense comprise:

- Current tax		-	-
		-	-

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

Operating profit/(loss)		10,039	(63,099)
Prima facie tax on profit from ordinary activities at 30%		3,012	(18,930)
Add tax effect of:			
- non-deductible expenses		3,600	113
- timing difference expenses		4,265	3,377
- other deductible expenses		-	(1,511)
		10,877	(16,951)
Tax losses brought to account		(10,877)	16,951
		-	-

Income tax losses:

Future income tax benefits arising from tax losses are not recognised at reporting date as realisation of the benefit is not regarded as virtually certain.

Future income tax benefit carried forward is:	196,863	207,740
--	----------------	----------------

Note 7. Cash and Cash Equivalents

Cash at bank and on hand	-	10
	-	10

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

Note 7.(a) Reconciliation of cash

Cash at bank and on hand		-	10
Bank overdraft	12	(145,290)	(173,944)
		(145,290)	(173,934)

Notes to the financial statements continued

	2010 \$	2009 \$
Note 8. Trade and Other Receivables		
Trade receivables	39,096	-
Prepayments	2,218	6,000
	41,314	6,000

Note 9. Property, Plant and Equipment

Leasehold improvements

At cost	143,989	242,352
Less accumulated depreciation	(17,952)	(25,243)
	126,037	217,109

Plant and equipment

At cost	98,363	-
Less accumulated depreciation	(25,235)	-
	73,128	-
Total written down amount	199,165	217,109

Movements in carrying amounts:

Leasehold improvements

Carrying amount at beginning	217,109	223,480
Reclassification to plant and equipment	(87,472)	-
Less: depreciation expense	(3,600)	(6,371)
Carrying amount at end	126,037	217,109

Plant and equipment

Carrying amount at beginning	-	-
Reclassification from leasehold improvements	87,472	-
Less: depreciation expense	(14,344)	-
Carrying amount at end	73,128	-
Total written down amount	199,165	217,109

Notes to the financial statements continued

	2010 \$	2009 \$
--	------------	------------

Note 10. Intangible Assets

Franchise fee

At cost	60,000	60,000
Less: accumulated amortisation	(60,000)	(48,000)
Total written down amount	-	12,000

The renewal date for the franchise fee is 4 August 2010.

Note 11. Trade and Other Payables

Trade creditors	1,096	1,559
Other creditors & accruals	20,065	7,776
	21,161	9,335

Note 12. Borrowings

Current:

Bank overdrafts	145,290	173,944
	145,290	173,944

The bank overdraft has an approved limit of \$270,000. Interest is recognised at an average rate of 9.94% (2009: 11.23%). The loans are secured by a fixed and floating charge over the company's assets.

Note 13. Provisions

Current:

Provision for annual leave	12,252	6,791
-----------------------------------	---------------	--------------

Non-Current:

Provision for long service leave	6,688	-
Number of employees at year end	4	6

Notes to the financial statements continued

	2010 \$	2009 \$
Note 14. Contributed Equity		
817,010 Ordinary shares fully paid (2009: 817,010)	817,810	817,810
Less: equity raising expenses	(15,119)	(15,119)
	802,691	802,691

Rights attached to shares

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank®** have the same ability to influence the operation of the company.

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act.

Notes to the financial statements continued

Note 14. Contributed Equity (continued)

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the “10% limit”).

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member’s associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

	2010 \$	2009 \$
--	------------	------------

Note 15. Accumulated Losses

Balance at the beginning of the financial year	(757,642)	(694,543)
Net profit/(loss) from ordinary activities after income tax	10,039	(63,099)
Balance at the end of the financial year	(747,603)	(757,642)

Notes to the financial statements continued

	2010 \$	2009 \$
--	------------	------------

Note 16. Statement of Cashflows

Reconciliation of profit/(loss) from ordinary activities after tax to net cash provided by/(used in) operating activities

Profit/(Loss) from ordinary activities after income tax	10,039	(63,099)
Non cash items:		
- depreciation	17,944	6,371
- amortisation	12,000	11,258
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(35,314)	5,629
- increase/(decrease) in payables	11,826	(38)
-increase/(decrease) in provisions	12,149	(379)
Net cashflows provided by/(used in) operating activities	28,644	(40,258)

Note 17. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments

- not later than 12 months	34,422	34,422
- between 12 months and 5 years	143,425	-
- greater than 5 years	-	-
	177,847	34,422

The branch premises lease is a non-cancellable lease currently in its second five-year term with one further option to extend available in mid 2015. Rent payable monthly and increases annually by CPI.

Note 18. Auditors' Remuneration

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

- audit & review services	1,200	4,820
- non audit services	1,308	2,410
	2,508	7,230

Notes to the financial statements continued

Note 19. Director and Related Party Disclosures

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

Anthony Michael Keenan
Diana Jukes
Timothy Maxwell Campbell
Mark Kennion Brindal
Graham Ralph Pitman
Susan Patricia Straschko
Paula Stacey-Thomas
Rufus Luke Salaman
Jane Elizabeth Zadow
Diana Anthea Swanson
Pamela Anne Dale
Mark Lytton Goldsworthy

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

Director Timothy Campbell provides the company with share registry maintenance services. This service is performed free of charge to the company.

Directors Shareholdings	2010	2009
Anthony Michael Keenan	-	-
Diana Jukes	-	-
Timothy Maxwell Campbell	-	-
Mark Kennion Brindal	-	-
Graham Ralph Pitman	1,001	1,001
Susan Patricia Straschko	10,000	10,000
Paula Stacey-Thomas	1,500	1,500
Rufus Luke Salaman	800	800
Jane Elizabeth Zadow	-	-
Diana Anthea Swanson	-	-
Pamela Anne Dale	2,001	2,001
Mark Lytton Goldsworthy	-	-

There was no movement in directors shareholdings during the year.

Notes to the financial statements continued

Note 20. Key Management Personnel Disclosures

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

	2010 \$	2009 \$
--	------------	------------

Note 21. Earnings Per Share

(a) Profit attributable to the ordinary equity holders of the company
used in calculating earnings per share

10,039	(63,099)
--------	----------

	2010 Number	2009 Number
--	----------------	----------------

(b) Weighted average number of ordinary shares used as the denominator
in calculating basic earnings per share

817,010	817,010
---------	---------

Note 22. Events Occurring After the Balance Sheet Date

The franchise agreement was renewed after balance date on the 4th August 2010. The total amount payable for the franchise renewal will be paid in two annual instalments.

Note 23. Contingent Liabilities

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

Note 24. Segment Reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Goodwood South Australia pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 25. Registered Office/Principal Place of Business

The registered office and principal place of business is:

Registered Office
97 Goodwood Road,
Goodwood SA 5034

Principal Place of Business
97 Goodwood Road,
Goodwood SA 5034

Notes to the financial statements continued

Note 26. Financial Instruments

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest Rate Risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate		
			1 year or less		Over 1 to 5 years		Over 5 years						
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 %	2009 %	
Financial Assets													
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	10	0.00	0.00
Receivables	-	-	-	-	-	-	-	-	-	39,096	-	N/A	N/A
Financial Liabilities													
Interest bearing liabilities	145,290	173,945	-	-	-	-	-	-	-	-	-	9.94	11.23
Payables	-	-	-	-	-	-	-	-	-	14,502	9,373	N/A	N/A

Directors' declaration

In accordance with a resolution of the directors of Goodwood-Highgate Community Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

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



Anthony Michael Keenan,
Chair



Timothy Maxwell Campbell,
Secretary

Signed on the 14th of November 2010.

Independent audit report



PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

INDEPENDENT AUDITOR'S REPORT

To the members of Goodwood-Highgate Community Financial Services Limited

We have audited the accompanying financial report of Goodwood-Highgate Community Financial Services Limited, which comprises the balance sheet as at 30 June 2010, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the Directors' Declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

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

Independent audit report continued

Independence

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion on the Financial Report

In our opinion:

- 1) The financial report of Goodwood-Highgate Community Financial Services Limited is in accordance with the Corporations Act 2001 including giving a true and fair view of the company's financial position as at 30 June 2010 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- 2) The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Goodwood-Highgate Community Financial Services Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.



DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 14th day of November 2010

Goodwood **Community Bank**® Branch
97 Goodwood Road, Goodwood SA 5034
Phone: (08) 8357 7702

Franchisee: Goodwood/Highgate Community Financial Services Ltd
97 Goodwood Road, Goodwood SA 5034
Phone: (08) 8357 7702
ABN: 54 112 676 294

www.bendigobank.com.au/goodwood
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879.
(BMPAR10028) (08/10)