

Goodwood/Highgate
Community Financial Services Ltd
ABN 54 112 676 294

annual report 2011



Goodwood **Community Bank®** Branch

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Chairman's report

For year ending 30 June 2011

The 2010/11 financial year has been one of solid and steady growth. Not all our targets have been met but we aimed high. Overall, on and off balance sheet, Goodwood/Highgate Community Financial Services Ltd has achieved a 20 per cent growth. Our loan portfolio did not grow as much as we had anticipated whilst deposits exceeded expectation. Gross income grew 21 per cent and customers by 52 per cent - all while the costs remained at about last year's rate.

Given the ongoing impacts of the Global Financial Crisis, Goodwood/Highgate Community Financial Services Ltd is performing well.

We have performed well because our customers and shareholders are committed to supporting a banking model that supports our community. In addition, our loyal and devoted staff, led by Annette Seeliger, are a key to popularity and profile. They are efficient, effective and always there to assist.

The Board members have an impressive array and variety of talent. In keeping with the adage give a job to a busy person and it will get done, so it is with the Board. Everyone is engaged in demanding careers and activities and yet makes the commitment to find time to oversee Goodwood **Community Bank**[®] Branch and the Highgate Agency and its many needs.

In its strategic vision, the **Community Bank**[®] branch recognises that:

We are an emotional investment by our community, and to serve them better, our community needs to continually renewed and brought into focus.

And so the Board has planned, and Goodwood **Community Bank**[®] Branch deliver:

A **Community Bank**[®] branch that is an authentic part of its community and that will have a sustainable yield for its shareholders, traders and community in terms of return on investment and good for our community.

To this end Goodwood **Community Bank**[®] Branch spreads its community contributions and contacts throughout the local area. We strive to be part of our community in as many ways as their expressions of community life; school life, the Millswood Bowls Club, the Showgrounds Farmer's Market and the Saints Football Club. We always seek to build as a partnership and improve the lives of people in our local community.

Next year the **Community Bank**[®] branch will continue to grow because it's a relevant part of our community, has talented staff who are led by a Board that is committed to its vision for local people.



Michael Keenan
Chairman

Manager's report

For year ending 30 June 2011

It is my pleasure to report that despite the volatile economic climate, Goodwood **Community Bank**[®] Branch has grown its business by 20%.

A key ingredient in this growth has been the increase in our foot traffic into the branch which has substantially contributed to the retention of existing customers and a solid growth which has seen the branch achieve more than 2,665 clients.

This foot traffic and other customers have been attracted by the community ethos of Goodwood **Community Bank**[®] Branch. Our branch team are enthusiastic, committed and stable, which has helped in building rapport with the community. Joanne Lord is our new full-time Customer Service Officer, replacing John Tsianos, and has proven to be an asset to our branch with her personality and quick learning skills.

I am most pleased to say that Goodwood **Community Bank**[®] Branch staff and Board work as a team in our community activities. The most important event in the year was the Goodwood **Community Bank**[®] Branch Market Day at the Adelaide Showground Farmers Market which was held on Sunday 26 June 2011. The branch sponsors the market and it is a great opportunity for the community to meet our staff and find out the benefits of banking with their local **Community Bank**[®] branch. It is a day that is enjoyed by all. The children love Piggy and the free showbags, this year made by the staff.

Goodwood **Community Bank**[®] Branch's sponsorship is broad and reflects the Board's policy of responding to our unique inner city location by providing help to many small active groups rather than a one-off 'blockbuster' project.

New sponsorships this year include the Goodwood Indians Baseball Club who has reciprocated with club members and supporters joining Goodwood **Community Bank**[®] Branch.

These community sponsorships and activities, and many more small contributions, bring our total contribution to the community through our sponsorship programs to more than \$72,025.27.

Feedback from all recipients confirms our strategy that clubs need only to be given a start and the money they receive is multiplied many times by voluntary effort and other contributions. Goodwood **Community Bank**[®] Branch similarly grows in recognition with this growth in activity and success – and through this partnership, the community grows stronger and more inclusive.

An important strategy adopted by Goodwood **Community Bank**[®] Branch at its planning day was to further expand into the Fullarton/Myrtle Bank areas. In conjunction with our Highgate agency, Goodwood **Community Bank**[®] Branch is furthering its sponsorships and forging partnerships with significant community bodies, the local school and the traders group.

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

It would be remiss not to thank the shareholders who made a community investment into Goodwood **Community Bank**[®] Branch, who have been patiently making sure we can grow to the point where they can see their investment return individual as well as community dividends.



Annette Seeliger
Branch Manager

Directors' report

For the financial year ended 30 June 2011

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

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

Age: 56

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

Timothy Maxwell Campbell

Secretary

Age: 61

Occupation: Barrister and Solicitor

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

Interests in shares: 1,000

Jane Elizabeth Zadow

Director

Age: 55

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

Diana Jukes

Treasurer

Age: 53

Occupation: Financial Manager

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

Interests in shares: Nil

Mark Kennion Brindal

Director

Age: 63

Occupation: Phd Student (University of Adelaide)

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

Interests in shares: Nil

Susan Patricia Straschko

Director

Age: 55

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

Directors (continued)

Diana Anthea Swanson

Director

Age: 51

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.

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

Graham Ralph Pitman

Director - (Resigned 26 November 2010)

Age: 82

Occupation: Retired Banker
Former manager of BankSA Highgate.

Interests in shares: 1,001

Rufus Luke Salaman

Director

Age: 69

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

Mark Lytton Goldsworthy

Director

Age: 52

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.

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; Councillor and then Mayor Unley 1982-2006. Co-Director, Cognition (psychology practice)

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

Directors' report continued

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 of the company for the financial year after provision for income tax was:

	Year ended 30 June 2011 \$	Year ended 30 June 2010 \$
	256,778	10,039

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.

	Year Ended 30 June 2011	
Dividends	Cents	\$
Final dividends recommended:	2.00	16,356

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' report continued

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 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					
	Eligible	Attended	Marketing		Human Resources		Audit	
			Eligible	Attended	Eligible	Attended	Eligible	Attended
Anthony Michael Keenan	12	12	3	1	1	1	1	1
Diana Jukes	12	12	-	-	-	-	-	-
Timothy Maxwell Campbell	12	11	-	-	1	1	1	1
Mark Kennion Brindal	12	11	-	-	-	-	-	-
Graham Ralph Pitman	5	5	-	-	-	-	-	-
Susan Patricia Straschko	12	11	3	3	-	-	-	-
Jane Elizabeth Zadow	12	7	-	-	-	-	1	1
Rufus Luke Salaman	12	12	-	-	-	-	-	-
Diana Anthea Swanson	12	11	3	3	-	-	-	-
Mark Lytton Goldsworthy	12	11	3	3	-	-	-	-
Pamela Anne Dale	12	10	-	-	1	1	-	-

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.

Directors' report continued

Non Audit Services (continued)

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.

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 9.

Signed in accordance with a resolution of the board of directors at Goodwood, South Australia on 8 September 2011.



Anthony Michael Keenan, Chairman

Auditor's independence declaration



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 2011 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.

A handwritten signature in black ink, appearing to read 'David Hutchings'.

DAVID HUTCHINGS

ANDREW FREWIN & STEWART
61-65 Bull Street Bendigo 3550

8 September 2011

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

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Financial statements

Statement of Comprehensive Income for the Year Ended 30 June 2011

	Note	2011 \$	2010 \$
Revenues from ordinary activities	4	583,644	492,236
Employee benefits expense		(277,334)	(251,695)
Charitable donations, sponsorship, advertising and promotion		(30,805)	(21,569)
Occupancy and associated costs		(50,646)	(53,125)
Systems costs		(23,644)	(22,930)
Depreciation and amortisation expense	5	(30,122)	(29,944)
Finance costs	5	(7,970)	(17,485)
General administration expenses		(80,656)	(85,449)
Profit before income tax credit		82,467	10,039
Income tax credit	6	174,311	-
Profit after income tax credit		256,778	10,039
Total comprehensive income for the year		256,778	10,039
Earnings per share (cents per share)		c	c
- basic for profit for the year	22	31.43	1.23

The accompanying notes form part of these financial statements.

Financial statements continued

Balance Sheet as at 30 June 2011

	Note	2011 \$	2010 \$
ASSETS			
Current Assets			
Trade and other receivables	7	45,674	41,314
Total Current Assets		45,674	41,314
Non-Current Assets			
Property, plant and equipment	8	181,770	199,165
Intangible assets	9	56,696	-
Deferred tax assets	10	174,311	-
Total Non-Current Assets		412,777	199,165
Total Assets		458,451	240,479
LIABILITIES			
Current Liabilities			
Trade and other payables	11	58,752	21,161
Borrowings	12	58,132	145,290
Provisions	13	32,876	12,252
Total Current Liabilities		149,760	178,703
Non-Current Liabilities			
Provisions	13	13,181	6,688
Total Non-Current Liabilities		13,181	6,688
Total Liabilities		162,941	185,391
Net Assets		295,510	55,088
Equity			
Issued capital	14	802,691	802,691
Accumulated losses	15	(507,181)	(747,603)
Total Equity		295,510	55,088

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of Changes in Equity for the Year Ended 30 June 2011

	Issued Capital \$	Retained Earnings \$	Total Equity \$
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
Balance at 1 July 2010	802,691	(747,603)	55,088
Total comprehensive income for the year	-	256,778	256,778
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(16,356)	(16,356)
Balance at 30 June 2011	802,691	(507,181)	295,510

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of Cashflows for the Year Ended 30 June 2011

	Note	2011 \$	2010 \$
Cash Flows From Operating Activities			
Receipts from customers		580,224	453,140
Payments to suppliers and employees		(452,760)	(407,813)
Interest paid		(7,970)	(16,683)
Net cash provided by operating activities	16	119,494	28,644
Cash Flows From Investing Activities			
Payments for intangible assets		(32,336)	-
Net cash used in investing activities		(32,336)	-
Net increase in cash held		87,158	28,644
Cash and cash equivalents at the beginning of the financial year		(145,290)	(173,934)
Cash and cash equivalents at the end of the financial year	12(a)	(58,132)	(145,290)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2011

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 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.

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.

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

Adoption of new and revised Accounting Standards (continued)

- 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.

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.

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

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, 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 and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited 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)

b) Revenue (continued)

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business (ie ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (ie ‘commission business’). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank®** partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank®** companies remain balanced.

The third source of revenue is a proportion of the fees and charges (ie, what are commonly referred to as ‘bank fees and charges’) charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

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.

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

c) Income Tax (continued)

Deferred tax (continued)

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.

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.

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

g) Property, Plant and Equipment (continued)

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.

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.

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

k) Financial Instruments (continued)

Classification and subsequent measurement (continued)

(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.

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.

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

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.

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.

Notes to the financial statements continued

Note 2. Financial Risk Management (continued)

(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.

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 2011 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.

Notes to the financial statements continued

Note 3. Critical Accounting Estimates and Judgements (continued)

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.

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.

	2011 \$	2010 \$
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Note 4. Revenue from Ordinary Activities

Operating activities:

- services commissions	583,644	492,236
Total revenue from operating activities	583,644	492,236

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	14,575	14,344
- leasehold improvements	2,820	3,600

Amortisation of non-current assets:

- franchise agreement	944	12,000
- franchise renewal fee	11,783	-
	30,122	29,944

Finance costs:

- interest paid	7,970	17,485
Bad debts	456	1,192

Notes to the financial statements continued

	Note	2011 \$	2010 \$
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Note 6. Income Tax Credit

The components of tax expense comprise:

- Future income tax benefit attributed to losses previously not brought to account		(196,863)	-
- Movement in deferred tax		(10,553)	-
- Recoup of prior year tax loss		33,105	-
		(174,311)	-

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

Operating profit		82,467	10,039
Prima facie tax on profit from ordinary activities at 30%		24,740	3,012
Add tax effect of:			
- non-deductible expenses		3,818	3,600
- timing difference expenses		4,547	4,265
- other deductible expenses		-	-
		33,105	10,877
Movement in deferred tax		(196,863)	-
Recoup of prior year tax loss		(10,553)	-
Tax losses not brought to account		-	(10,877)
	10	(174,311)	-

Income tax losses:

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

Future income tax benefit carried forward is:	-	196,863
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Note 7. Trade and Other Receivables

Trade receivables	45,674	39,096
Prepayments	-	2,218
	45,674	41,314

Notes to the financial statements continued

	2011 \$	2010 \$
Note 8. Property, Plant and Equipment		
Plant and equipment		
At cost	143,989	143,989
Less accumulated depreciation	(20,404)	(17,952)
	123,585	126,037
Leasehold improvements		
At cost	98,116	98,363
Less accumulated depreciation	(39,931)	(25,235)
	58,185	73,128
Total written down amount	181,770	199,165
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	126,037	217,109
Additions	-	(87,472)
Less: depreciation expense	(2,792)	(3,600)
Carrying amount at end	123,245	126,037
Leasehold improvements		
Carrying amount at beginning	73,128	-
Reclassification from leasehold improvements	-	87,472
Disposals	-	(14,344)
Less: depreciation expense	(14,603)	-
Carrying amount at end	58,525	73,128
Total written down amount	181,770	199,165

Note 9. Intangible Assets

Franchise fee

At cost	71,570	60,000
Less: accumulated amortisation	(60,944)	(60,000)
	10,626	-

Notes to the financial statements continued

	2011 \$	2010 \$
Note 9. Intangible Assets (continued)		
Renewal processing fee		
At cost	57,853	-
Less: accumulated amortisation	(11,783)	-
	46,070	-
Total written down amount	56,696	-

Note 10. Tax

Non-Current:

Deferred tax assets

- accruals	1,643	-
- employee provisions	8,910	-
- tax losses carried forward	163,758	-
Net deferred tax asset	174,311	-
Movement in deferred tax charged to statement of comprehensive income	(174,311)	-

Note 11. Trade and Other Payables

Trade creditors	38,183	1,096
Other creditors and accruals	20,569	20,065
	58,752	21,161

Note 12. Borrowings

Current:

Bank overdrafts	58,132	145,290
	58,132	145,290

Note 12.(a) Reconciliation of cash

Bank overdraft	(58,132)	(145,290)
	(58,132)	(145,290)

Notes to the financial statements continued

	2011 \$	2010 \$
Note 13. Provisions		
Current:		
Provision for dividends	16,356	-
Provision for annual leave	16,520	12,252
	32,876	12,252
Non-Current:		
Provision for long service leave	13,181	6,688
Number of employees at year end	4	4

Note 14. Contributed Equity

817,010 Ordinary shares fully paid (2010: 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).

Notes to the financial statements continued

Note 14. Contributed Equity (continued)

Rights attached to shares (continued)

(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.

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 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.

	2011 \$	2010 \$
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Note 15. Accumulated Losses

Balance at the beginning of the financial year	(747,603)	(757,642)
Net profit from ordinary activities after income tax	256,778	10,039
Dividend provided for in 2011	(16,356)	-
Balance at the end of the financial year	(507,181)	(747,603)

Notes to the financial statements continued

	2011 \$	2010 \$
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Note 16. Statement of Cashflows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	256,778	10,039
Non cash items:		
- depreciation	17,395	17,944
- amortisation	12,727	12,000
Changes in assets and liabilities:		
- increase in receivables	(4,360)	(35,314)
- increase in other assets	(174,311)	-
- increase in payables	504	11,826
-increase in provisions	10,761	12,149
Net cashflows provided by operating activities	119,494	28,644

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	109,003	143,425
- greater than 5 years		
	143,425	177,847

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 and review services	5,000	1,200
- non audit services	1,820	1,308
	6,820	2,508

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
Jane Elizabeth Zadow
Rufus Luke Salaman
Diana Anthea Swanson
Mark Lytton Goldsworthy
Pamela Anne Dale

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	2011	2010
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
Jane Elizabeth Zadow	-	-
Rufus Luke Salaman	800	800
Diana Anthea Swanson	-	-
Mark Lytton Goldsworthy	-	-
Pamela Anne Dale	2,001	2,001

There was no movement in directors shareholdings during the year.

Notes to the financial statements continued

	2011 \$	2010 \$
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Note 20. Dividends Paid or Provided

b. Dividends proposed and recognised as a liability

Current year final dividend		
100% (2010: 100%) unfranked dividend - 2 cents (2010:Nil) per share	16,356	-

The tax rate at which dividends have been unfranked is 30% (2010: 30%).

Dividends proposed will be unfranked at a rate of 30% (2010: 30%).

Note 21. 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.

Note 22. Earnings Per Share

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	256,778	10,039
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	817,010	817,010

Note 23. Events Occurring After the Balance Sheet Date

There have been no events after the end of the financial year that would materially affect the financial statements.

Note 24. Contingent Liabilities

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

Note 25. 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.

Notes to the financial statements continued

Note 26. Registered Office/Principal Place of Business

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
97 Goodwood Road,	97 Goodwood Road,
Goodwood SA 5034	Goodwood SA 5034

Note 27. 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					
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 %	2010 %
Financial Assets												
Receivables	-	-	-	-	-	-	-	-	45,674	39,096	N/A	N/A
Financial Liabilities												
Interest bearing liabilities	58,132	145,290	-	-	-	-	-	-	-	-	6.93	9.94
Payables	-	-	-	-	-	-	-	-	53,276	14,502	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 2011 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 AASB124 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, Chairman

Signed on the 8th of September 2011.

Independent audit report



Independent Auditor's Report To The Members Of Goodwood/Highgate Community Financial Services Limited

Report on the Financial Report

We have audited the accompanying financial report of Goodwood/Highgate Community Financial Services Limited, which comprises the balance sheet as at 30 June 2011, 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 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

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

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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 2011 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards 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 2011. 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 2011, complies with section 300A of the Corporations Act 2001.



DAVID HUTCHINGS

ANDREW FREWIN & STEWART
61-65 Bull Street Bendigo 3550

8 September 2011

BSX report

Share information

In accordance with Bendigo Stock Exchange listing rules the Company provides the following information as at 30 September 2011

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders
1 to 1,00	256
1,001 to 5,000	119
5,001 to 10,000	23
10,001 to 100,000	2
Total shareholders	400

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There are 3 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

The following table shows the 10 largest shareholders.

Shareholder	Number of shares	Percentage of capital
M & M Hassan ATF Australian Motors SA Pty Ltd Staff Fund	20,000	2.45%
Smart Business Centre	20,000	2.45%
Romaldi Construction Pty Ltd	20,000	2.45%
Alf Russo Construction Pty Ltd	10,000	1.22%
Conanda Pty Ltd	10,000	1.22%
Dr Peter Bell	10,000	1.22%
Efthalia Rovolopoulos	10,000	1.22%
I.N. Gambling Nominees Pty Ltd	10,000	1.22%
Larone Pty Ltd	10,000	1.22%
L Carthew & R Sykes	10,000	1.22%
	130,000	

BSX report continued

Registered office and principal administrative office

The registered office of the Company is located at:

97 Goodwood Road,
Goodwood SA 5034
Phone: (08) 8357 7702

The principal administrative office of the Company is located at:

97 Goodwood Road,
Goodwood SA 5034
Phone: (08) 8357 7702

Security register

The security register (share register) is kept at:

Campbell Law
L5 18-20 Grenfell Street,
Adelaide SA 5000
Phone: (08) 8410 1844

Company Secretary

Timothy Maxwell Campbell and Anthony Michael Keenan have been the Company Secretary of Goodwood/Highgate Community Financial Services Limited since Anthony 12 December 2007 and Timothy 28 May 2008.

Corporate governance

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

- (a) The establishment of an Audit committee. Members of the Audit committee are Anthony Michael Keenan, Timothy Maxwell Campbell and Jane Zadow
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 3A

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its Annual Report.

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.
(BMPAR11045) (08/11)

