

Australian Securities & Investments Commission



Form 388

Corporations Act 2001

294, 294B, 295, 298-301, 307, 308, 319, 321, 322

Corporations Regulations

1.0.08, 2M.3.01, 2M.3.03

Copy of financial statements and reports

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement

Company/scheme details

Company/scheme name

MT Evelyn & Districts Financial Services Pty

ACN/ARSN/PIN/ABN

93 096 782 240

Lodgement details

An image of this form will be available as part of the public register.

Who should ASIC contact if there is a query about this form?

ASIC registered agent number (if applicable)

28185

Firm/organisation

MARGARET SANK

Contact name/position description

MARGARET SANK

Telephone number (during business hours)

(03) 9736 2998

Email address (optional)

margisank@gmail.com

Postal address

31 SPRING ST

Suburb/City

MT Evelyn

State/Territory

VIC

Postcode

3796

1 Reason for lodgement of statement and reports

Tick appropriate box.

See Guide for definition of Tier 2 public company limited by guarantee

See Guide for definition of large proprietary company

See Guide for definition of small proprietary company

Dates on which financial year begins and ends

- ☒ A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking (A)
- ☐ A Tier 2 public company limited by guarantee (L)
- ☐ A registered scheme (B)
- ☐ Amendment of financial statements or directors' report (company) (C)
- ☐ Amendment of financial statements or directors' report (registered scheme) (D)
- ☐ A large proprietary company that is not a disclosing entity (H)
- ☐ A small proprietary company that is controlled by a foreign company for all or part of the period and where the company's profit or loss for the period is not covered by the statements lodged with ASIC by a registered foreign company, company, registered scheme, or disclosing entity (I)
- ☐ A small proprietary company, or a small company limited by guarantee that is requested by ASIC to prepare and lodge statements and reports (J)
- ☐ A prescribed interest undertaking that is a disclosing entity (K)

Financial year begins

0	1	0	7	1	0
[D]	[D]	[M]	[M]	[Y]	[Y]

to

Financial year ends

3	0	0	6	1	1
[D]	[D]	[M]	[M]	[Y]	[Y]

2 Details of large proprietary company

See Guide for definition of large and small proprietary companies.

If the company is a large proprietary company that is not a disclosing entity, please complete the following information as at the end of the financial year for which the financial statements relate:

A What is the consolidated revenue of the large proprietary company and the entities that it controls?

B What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

C How many employees are employed by the large proprietary company and the entities that it controls?

D How many members does the large proprietary company have?

3 Auditor's or reviewer's report

Tick one box and complete relevant section(s)

Were the financial statements audited or reviewed?

☒ Audited - complete B only

☐ Reviewed - complete A and B

☐ No

If no, is there a class or other order exemption current for audit/review relief?

☐ Yes

☐ No

A. Reviewed

Is the reviewer a registered company auditor, or member of The Institute of Chartered Accountants in Australia, CPA Australia Limited, or National Institute of Accountants and holds a practising certificate issued by one of those bodies?

☐ Yes

☐ No

B. Audited or Reviewed

Is the opinion/conclusion in the report:

Modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

☐ Yes

☒ No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

☐ Yes

☒ No

4 Details of current auditor or auditors

Notes:

- Registered schemes must advise ASIC of the appointment of an auditor on a Form 5137 *Appointment of scheme auditor* within 14 days of the appointment of the auditor.
- A public company limited by guarantee may, in some circumstances, have their accounts reviewed. These companies are still required to have an auditor and these details must be provided.

Auditor registration number (for individual auditor or authorised audit company)

Family name

Given name

or

Company name

RICHMOND SINNOTT & DELAHUNTY

ACN/ABN

60 616 244 309

or

Firm name (if applicable)

Office, unit, level

LEVEL 2,

Street number and Street name

10-16 FOREST ST

Suburb/City

BENDIGO

State/Territory

VIC

Postcode

3550

Country (if not Australia)

Date of appointment

11/05/01
[D] [M] [Y]

A company may have two appointed auditors, provided that both auditors were appointed on the same date. Otherwise, an appointed auditor must resign, be removed or otherwise ceased before a subsequent appointment may be made.

Auditor registration number (for individual auditor or authorised audit company)

Family name

Given name

or

Company name

ACN/ABN

or

Firm name (if applicable)

Office, unit, level

Street number and Street name

Suburb/City

State/Territory

Postcode

Country (if not Australia)

5 Statements and reports to be attached to this form

Financial statements for the year (as required by s295(2) and accounting standards)

- Statement of comprehensive income, may also include a separate income statement for the year
- Statement of financial position as at the end of the year
- Statement of cash flows for the year
- Statement of changes in equity.

OR

If required by accounting standards — the consolidated statements of comprehensive income/income statement, financial position, cash flows and changes in equity.

Notes to financial statements (see s295(3))

- Disclosures required by the regulations
- Notes required by the accounting standards
- Any other information necessary to give a true and fair view (see s297).

The signed directors' declaration about the statements and notes (see s295(4)).

The signed directors' report for the year, including the copy of the auditor's or reviewer's independence declaration (see s298 to s300A).

Signed auditor's report or, where applicable, reviewer's report (see s301, s307 to s308).

Concise report (if any) (see s319).

Signature

See Guide for details of signatory.

I certify that the attached documents marked (7) are a true copy of the original reports required to be lodged under s319 of the Corporations Act 2001.

Name

MARGARET SANIK

Signature

Margaret Sanik

Capacity

- ☐ Director
- ☒ Company secretary

Date signed

22/09/11

[D] [D] [M] [M] [Y] [Y]

Lodgement

Send completed and signed forms to:
Australian Securities and Investments Commission,
PO Box 4000, Gippsland Mail Centre VIC 3841.

Or lodge the form electronically by:

- visiting the ASIC website www.asic.gov.au
- using Standard Business Reporting enabled software. See www.sbr.gov.au for more details.

For more information

Web www.asic.gov.au

Need help? www.asic.gov.au/question

Telephone 1300 300 630



**Richmond
Sinnott &
Delahunty**

Chartered Accountants

5 September 2011

The Directors
Mt Evelyn & Districts Financial Services Limited
PO Box 451
MT EVELYN VIC 3796

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Mt Evelyn & Districts Financial Services Limited for the year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Philip Delahunty
Partner
Richmond Sinnott & Delahunty



**Richmond
Sinnott &
Delahunty**

Chartered Accountants

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF MT EVELYN & DISTRICTS
FINANCIAL SERVICES LIMITED**

SCOPE

The financial report comprises the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Mt Evelyn & Districts Financial Services Limited, for the year ended 30 June 2011.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

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

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Partners: Kenneth J Richmond • Warren J Sinnott • Philip P Delahunty • Brett A Andrews
Level 2, 10-16 Forest Street, Bendigo 3550. PO Box 30 Bendigo 3552
Ph: 03 5443 1177 Fax: 03 5444 4344 Email: rsd@rsdadvisors.com.au
ABN 60 616 244 309

Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

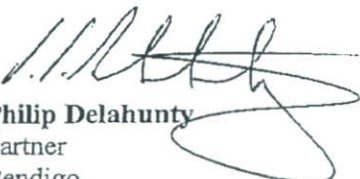
AUDIT OPINION

In our opinion, the financial report of Mt Evelyn & Districts Financial Services Limited is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

RICHMOND SINNOTT & DELAHUNTY

Chartered Accountants


Philip Delahunty
Partner
Bendigo

Date: 5 September 2011

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Mt Evelyn & Districts

Financial Services Limited

A.B.N. 93 096 782 240

Financial Statements

for the year ended

30 June 2011



Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Directors' Report

Your Directors submit the financial report 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 are:

Janette Christine Simmons
 Director
 Manager
 Director since 11 May 2001

Margaret Calder Sank
 Treasurer and Company Secretary
 Accountant
 Director since 11 May 2001
 Appointed Company Secretary 21 June 2011

James Justin Chapman
 Secretary
 Manager
 Director since 19 December 2007
 Resigned 21 June 2011

Jillian Lorraine Rule
 Chairman
 Retailer
 Director since 11 May 2001

Craig Keithley
 Director
 Police Officer
 Director since 28 May 2002

Gai Williams
 Director
 Pharmacist
 Director since 26 August 2009

Gareth Little-Hales
 Director
 Environmental Health Officer
 Director since 30 October 2008

Albert Buitenhuis
 Director
 Horticulturist
 Director since 18 November 2004
 Resigned 24 August 2010

Iain Warren Fraser
 Director
 Police Officer
 Director since 24 August 2010

Warwick Bayliss
 Director
 Company Director
 Director since 1 March 2011

Georgia Miriam Donovan
 Director
 Administrator
 Director since 31 May 2011

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

No Directors have material interests in contracts or proposed contracts with the Company.

Principal activities

The principal activities of the Company during the course of the financial year were in providing community banking 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.

Review of Operations

The profit of the Company for the financial year after provision for income tax was \$44,785 (2010: \$154,918).



Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Directors' Report

Dividends	Year Ended 30 June 2011	
	Cents Per Share	\$
Dividends paid in the year:		
- Final dividend for the year ended 30 June 2010	2.5	73,502

Significant changes in the state of affairs

The Company opened their second branch site in Montrose during the year.

In order to secure the premises from which to operate the Montrose branch, the Company signed an agreement on 17 August 2010 to purchase premises along with the associated business. A lease agreement has been entered into while awaiting settlement of the property due in 2012.

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

Significant events after the balance date

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 providing banking services to the community.

Remuneration Report

Other than stated below 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. 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.

Prior to 1 November 2008 no directors' fees were paid as the positions were held on a voluntary basis. Monthly payment of directors commenced on 1 December 2008 in arrears. Directors will only receive payments after six months of service.

Director Remuneration for the year ended 30 June 2011:

	<u>Primary Benefits</u>	<u>Primary Benefits</u>
	<u>Salary & Fees</u>	<u>Salary & Fees</u>
	<u>2011</u>	<u>2010</u>
	<u>\$</u>	<u>\$</u>
Margaret Calder Sank	13,371	5,113
Janette Christine Simmons	2,090	2,045
Jillian Lorraine Rule	23,006	9,008
Gareth Little-Hales	2,090	2,045
Gai Williams	5,225	1,306
Craig Keithley	2,090	2,045
Albert Buitenhuis (resigned 24 August 2010)	697	5,113
James Justin Chapman (resigned 21 June 2011)	5,225	2,045
Iain Warren Fraser (appointed 24 August 2010)	523	-
Warwick Bayliss (appointed 1 March 2011)	-	-
Georgia Donovan (appointed 31 May 2011)	-	-

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Directors' Report

Indemnification and Insurance of Directors and Officers

The Company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company also has Officers Insurance for the benefit of Officers of the Company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

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 during the year were:

Director	Board Meetings #
Margaret Calder Sank	8 (12)
Janette Christine Simmons	9 (12)
Jillian Lorraine Rule	12 (12)
Gareth Little-Hales	12 (12)
Gai Williams	12 (12)
Craig Keithley	12 (12)
Albert Buitenhuis (resigned 24 August 2010)	1 (2)
James Justin Chapman (resigned 21 June 2011)	7 (11)
Iain Warren Fraser (appointed 24 August 2010)	9 (10)
Warwick Bayliss (appointed 1 March 2011)	4 (4)
Georgia Donovan (appointed 31 May 2011)	1 (1)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

Company Secretary

Margi Sank took over the role of Company Secretary on 21 June 2011 which was previously held by James Chapman. She has been a director of the Company since incorporation on May 2001 and held the position of Company Secretary for the Company's first two years of operation. Margi has over 30 years of experience in running an accounting practice and has extensive skills in advising small and medium sized enterprises. She hold a Bachelor of Business and is a Certified Practicing Accountant, a Registered Tax Agent and has held membership of other professional and community organisations.

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 Margi Sank, Jill Rule, David Watt, James Chapman (resigned) and Georgia Donovan;
- (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.

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Directors' Report

Non Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 5 to the financial statements.

The directors have considered the non-audit services provided during the year by the auditor and are satisfied the provision of these services is compatible with the general standards of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- (a) all non audit services have been reviewed to ensure they do not impact the integrity and objectivity of the auditor; and
- (b) none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants as they did not involve reviewing the auditors own work, acting in management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor Independence Declaration

The directors received the following declaration from the auditor of the Company:



**Richmond
Sinnott &
Delahunty**

Level 2, 10-16 Forest Street
PO Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail: rsd@rsdadvisors.com.au

Chartered Accountants

Auditor's Independence Declaration

In relation to our audit of the financial report of Mt Evelyn & Districts Financial Services Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Philip Delahunty
Partner
Richmond Sinnott & Delahunty
5 September 2011

Signed in accordance with a resolution of the Board of Directors at Mt Evelyn, Victoria on 5 September 2011.



Jillian Lorraine Rule

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Statement of Comprehensive Income
For the year ended 30 June 2011

	<u>Notes</u>	2011 \$	2010 \$
Revenue from continuing operations	2	1,550,001	1,276,410
Employee benefits expense	3	(743,646)	(495,216)
Depreciation and amortisation expense	3	(67,024)	(33,886)
Finance costs	3	(33)	(16)
Charitable donations and sponsorship		(221,137)	(273,894)
Other expenses		<u>(452,897)</u>	<u>(251,656)</u>
Profit before income tax expense		65,264	221,742
Income tax expense	4	<u>20,479</u>	<u>66,824</u>
Profit after income tax expense		44,785	154,918
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u><u>44,785</u></u>	<u><u>154,918</u></u>
Earnings per share (cents per share)			
- basic for profit for the year	24	1.52	8.51
- diluted for profit for the year	24	1.52	8.51

The accompanying notes form part of these financial statements



Mt Evelyn & Districts Financial Services Limited

A.B.N 93 096 782 240

Statement of Financial Position

As at 30 June 2011

	<u>Notes</u>	2011 \$	2010 \$
Current Assets			
Cash and cash equivalents	6	909,732	1,258,889
Receivables	7	157,766	133,379
Other assets	8	6,573	4,819
Current tax receivable	4	2,972	-
Total Current Assets		<u>1,077,043</u>	<u>1,397,087</u>
Non-Current Assets			
Property, plant and equipment	9	1,066,745	437,777
Deferred tax assets	4	27,147	21,619
Intangible assets	10	86,375	33,692
Total Non-Current Assets		<u>1,180,267</u>	<u>493,088</u>
Total Assets		<u>2,257,310</u>	<u>1,890,175</u>
Current Liabilities			
Payables	11	460,560	51,607
Current tax payable	4	-	31,751
Loans and borrowings	12	260	240
Provisions	13	87,789	69,159
Total Current Liabilities		<u>548,609</u>	<u>152,757</u>
Non-Current Liabilities			
Other liabilities	14	2,500	2,500
Total Non-Current Liabilities		<u>2,500</u>	<u>2,500</u>
Total Liabilities		<u>551,109</u>	<u>155,257</u>
Net Assets		<u>1,706,201</u>	<u>1,734,918</u>
Equity			
Share capital	15	1,527,561	1,527,561
Retained earnings	16	178,640	207,357
Total Equity		<u>1,706,201</u>	<u>1,734,918</u>

The accompanying notes form part of these financial statements



Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Statement of Cash Flows
For the year ended 30 June 2011

	<u>Notes</u>	2011 \$	2010 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		1,581,081	1,313,493
Cash payments in the course of operations		(1,460,270)	(1,089,158)
Interest paid		(33)	(16)
Interest received		32,952	15,650
Income tax paid		(60,730)	(51,352)
Net cash flows from operating activities	17b	93,000	188,617
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(284,630)	(15,708)
Payments for intangible assets		(84,045)	(18,795)
Net cash flows used in investing activities		(368,675)	(34,503)
Cash Flows From Financing Activities			
Proceeds from borrowings		20	15
Dividend paid		(73,502)	(68,846)
Proceeds from share issue		-	832,551
Net cash flows from / (used in) financing activities		(73,482)	763,720
Net increase / (decrease) in cash held		(349,157)	917,834
Cash and cash equivalents at start of year		1,258,889	341,055
Cash and cash equivalents at end of year	17a	909,732	1,258,889

The accompanying notes form part of these financial statements



Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Statement of Changes in Equity
for the year ended 30 June 2011

	<u>Notes</u>	2011 \$	2010 \$
SHARE CAPITAL			
Balance at start of year		1,527,561	695,010
Issue of share capital		-	832,551
Share issue costs		-	-
Balance at end of year		<u><u>1,527,561</u></u>	<u><u>1,527,561</u></u>
RETAINED EARNINGS			
Balance at start of year		207,357	121,285
Profit after income tax expense		44,785	154,918
Dividends paid	23	<u>(73,502)</u>	<u>(68,846)</u>
Balance at end of year		<u><u>178,640</u></u>	<u><u>207,357</u></u>

The accompanying notes form part of these financial statements



Mt Evelyn & Districts Financial Services Limited**A.B.N 93 096 782 240****Notes to the Financial Statements****for the year ended 30 June 2011****1. Basis of preparation of the Financial Report****(a) Basis of preparation**

Mt Evelyn & Districts Financial Services Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2011 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing community banking services.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 5 September 2011.

(b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report. These changes are not expected to have a material impact on the Company's financial statements.

(c) Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2010 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Notes to the Financial Statements
for the year ended 30 June 2011

1. Basis of preparation of the Financial Report (continued)

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

<u>Class of Asset</u>	<u>Depreciation Rate</u>
Buildings	2.5%
Building improvements	2.5%
Plant & equipment	2.5 - 40%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater 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.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Notes to the Financial Statements
for the year ended 30 June 2011

1. Basis of preparation of the Financial Report (continued)

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 Statement of Financial Position. 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 ATO are classified as operating cash flows.

Employee Benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the reporting date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

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

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value.

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.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Receivables and Payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. 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.



Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Notes to the Financial Statements
for the year ended 30 June 2011

1. Basis of preparation of the Financial Report (continued)

Loans and Borrowings

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

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.

Share Capital

Issued and paid up capital is 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.

Comparative Figures

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

2. Revenue from continuing operations

	2011	2010
	\$	\$
Operating activities		
- services commissions	1,517,049	1,260,760
Non-operating activities:		
- interest received	32,952	15,650
	<u>1,550,001</u>	<u>1,276,410</u>

3. Expenses

Employee benefits expense		
- wages and salaries	672,962	441,900
- superannuation costs	68,293	48,510
- workers' compensation costs	1,884	1,533
- other costs	507	3,273
	<u>743,646</u>	<u>495,216</u>

Mt Evelyn & Districts Financial Services Limited**A.B.N 93 096 782 240****Notes to the Financial Statements
for the year ended 30 June 2011**

3. Expenses (continued)	2011	2010
	\$	\$
Depreciation of non-current assets:		
- buildings	6,159	6,159
- building improvements	3,649	1,466
- plant and equipment	25,854	11,709
Amortisation of non-current assets:		
- intangibles	31,362	14,552
	<u>67,024</u>	<u>33,886</u>
Finance costs		
- Interest paid	33	16
Bad debts	8,542	4,728
4. Income Tax Expense		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit from ordinary activities at 30%	19,579	66,522
Add tax effect of:		
- Non-deductible expenses/temporary differences	6,428	208
<i>Current income tax expense</i>	<u>26,007</u>	<u>66,730</u>
Origination and reversal of temporary differences	(5,528)	94
<i>Deferred income tax expense/(benefit)</i>	<u>(5,528)</u>	<u>94</u>
Income tax expense	<u>20,479</u>	<u>66,824</u>
Deferred tax assets		
Future income tax benefits arising from temporary differences are recognised at reporting date as realisation of the benefit is regarded as probable.	27,147	21,619
Tax liabilities/(asset)		
Current tax payable/(receivable)	<u>(2,972)</u>	<u>31,751</u>
5. Auditors' Remuneration		
Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:		
- Audit or review of the financial report of the Company	3,900	3,900
- Share registry services	4,485	5,722
- Company valuation services	-	1,500
- Prospectus services	-	2,500
	<u>8,385</u>	<u>13,622</u>
6. Cash and Cash Equivalents		
Cash at bank and on hand	<u>909,732</u>	<u>1,258,889</u>



Mt Evelyn & Districts Financial Services Limited**A.B.N 93 096 782 240****Notes to the Financial Statements
for the year ended 30 June 2011**

7. Receivables	2011	2010
	\$	\$
Commission Receivable	141,571	122,596
Interest Receivable	16,064	10,783
Sundry Receivable	131	-
	<u>157,766</u>	<u>133,379</u>
8. Other assets		
Prepayments	<u>6,573</u>	<u>4,819</u>
9. Property, Plant and Equipment		
Land at cost	<u>118,611</u>	<u>118,611</u>
<i>Buildings</i>		
At cost	703,928	253,903
Less accumulated depreciation	<u>(51,835)</u>	<u>(45,677)</u>
	<u>652,093</u>	<u>208,226</u>
<i>Building improvements</i>		
At cost	195,663	58,641
Less accumulated depreciation	<u>(12,212)</u>	<u>(8,563)</u>
	<u>183,451</u>	<u>50,078</u>
<i>Plant and equipment</i>		
At cost	257,434	180,923
Less accumulated depreciation	<u>(144,844)</u>	<u>(120,061)</u>
	<u>112,590</u>	<u>60,862</u>
Total written down amount	<u>1,066,745</u>	<u>437,777</u>
Movements in carrying amounts		
<i>Buildings</i>		
Carrying amount at beginning of year	208,226	208,385
Additions	450,026	6,000
Disposals	-	-
Depreciation expense	<u>(6,159)</u>	<u>(6,159)</u>
Carrying amount at end of year	<u>652,093</u>	<u>208,226</u>
<i>Building improvements</i>		
Carrying amount at beginning of year	50,078	51,544
Additions	137,022	-
Disposals	-	-
Depreciation expense	<u>(3,649)</u>	<u>(1,466)</u>
Carrying amount at end of year	<u>183,451</u>	<u>50,078</u>
<i>Plant and equipment</i>		
Carrying amount at beginning of year	60,862	62,863
Additions	77,582	9,708
Disposals	-	-
Depreciation expense	<u>(25,854)</u>	<u>(11,709)</u>
Carrying amount at end of year	<u>112,590</u>	<u>60,862</u>



Mt Evelyn & Districts Financial Services Limited**A.B.N 93 096 782 240****Notes to the Financial Statements****for the year ended 30 June 2011**

	2011	2010
	\$	\$
10. Intangible Assets		
<i>Preliminary Costs</i>		
At cost	126,136	21,295
Less accumulated amortisation	(54,623)	(4,759)
	<u>71,513</u>	<u>16,536</u>
<i>Franchise Renewal Fees</i>		
At cost	61,467	51,467
Less accumulated amortisation	(46,605)	(34,311)
	<u>14,862</u>	<u>17,156</u>
	<u>86,375</u>	<u>33,692</u>
11. Payables		
Trade creditors	20,236	18,393
Other creditors and accruals	440,324	33,214
	<u>460,560</u>	<u>51,607</u>
12. Loans and Borrowings		
<i>Current</i>		
Bank Loan	<u>260</u>	<u>240</u>
The loan has a variable interest rate with a term of 15 years. It is secured by a charge over the land and buildings for which the loan was incurred.		
13. Provisions		
Employee benefits	<u>87,789</u>	<u>69,159</u>
Movement in employee benefits		
Opening balance	69,159	69,618
Additional provisions recognised	39,136	33,992
Amounts utilised during the year	(20,506)	(34,451)
Closing balance	<u>87,789</u>	<u>69,159</u>
14. Other liabilities		
<i>Non Current</i>		
Shire loan	<u>2,500</u>	<u>2,500</u>

The loan is non-interest bearing and does not have a specific repayment period.

Mt Evelyn & Districts Financial Services Limited
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Notes to the Financial Statements
for the year ended 30 June 2011

15. Share Capital	2011	2010
	\$	\$
1,527,561 shares fully paid of \$1	1,527,561	1,527,561
7,500 shares issued for \$0	-	-
1,405,020 bonus shares*	-	-
	<u>1,527,561</u>	<u>1,527,561</u>

Equity comprises 1,527,561 fully paid shares of which 832,551 were issued during the year ended 30 June 2011. In recognition for shareholders who contributed to pre-incorporation funds to enable the feasibility study to be completed, 7,500 shares were issued with no consideration paid by the shareholders at the rate of one additional share for each \$1 contributed.

* A bonus share issue on a 2:1 basis (1,405,020 shares) was issued to all existing shareholders on 3 December 2009.

16. Retained Earnings

Balance at the beginning of the financial year	207,357	121,285
Profit after income tax	44,785	154,918
Dividends paid	(73,502)	(68,846)
Balance at the end of the financial year	<u>178,640</u>	<u>207,357</u>

17. Statement of Cash Flows

(a) Cash and cash equivalents

Cash assets	<u>909,732</u>	<u>1,258,889</u>
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(b) Reconciliation of profit from ordinary activities after tax to net cash from operating activities

Profit from ordinary activities after income tax	44,785	154,918
Non cash items		
- Depreciation	35,662	19,334
- Amortisation	31,362	14,552
Changes in assets and liabilities		
- (Increase) / decrease in receivables/other assets	(26,141)	(25,922)
- Increase / (decrease) in payables	28,953	10,722
- Increase / (decrease) in provisions	18,630	(459)
- Increase / (decrease) in tax payable	(34,723)	15,378
- (Increase) / decrease in deferred tax asset	(5,528)	94
Net cashflows from operating activities	<u>93,000</u>	<u>188,617</u>

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Notes to the Financial Statements
for the year ended 30 June 2011

18. Related Party Disclosures

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

Margaret Calder Sank
 Janette Christine Simmons
 Jillian Lorraine Rule
 Gareth Little-Hales
 Gai Williams
 Craig Keithley
 Albert Buitenhuis (resigned 24 August 2010)
 James Justin Chapman (resigned 21 June 2011)
 Iain Warren Fraser (appointed 24 August 2010)
 Warwick Bayliss (appointed 1 March 2011)
 Georgia Donovan (appointed 31 May 2011)

Other than detailed below no director or related entity has entered into a material contract with the Company.

Prior to 1 November 2008 no directors' fees were paid as the positions were held on a voluntary basis. Monthly payment of directors commenced on 1 December 2008 in arrears. Directors will only receive payments after six months of service.

Director Remuneration for the year ended 30 June 2011:

	<u>Primary Benefits</u> Salary & Fees 2011 \$	<u>Primary Benefits</u> Salary & Fees 2010 \$
Margaret Calder Sank	13,371	5,113
Janette Christine Simmons	2,090	2,045
Jillian Lorraine Rule	23,006	9,008
Gareth Little-Hales	2,090	2,045
Gai Williams	5,225	1,306
Craig Keithley	2,090	2,045
Albert Buitenhuis (resigned 24 August 2010)	697	5,113
James Justin Chapman (resigned 21 June 2011)	5,225	2,045
Iain Warren Fraser (appointed 24 August 2010)	523	-
Warwick Bayliss (appointed 1 March 2011)	-	-
Georgia Donovan (appointed 31 May 2011)	-	-

Directors shareholdings	2011	Movement	2010
Margaret Calder Sank	25,003	-	25,003
Janette Christine Simmons	8,690	-	8,690
Jillian Lorraine Rule	83,628	-	83,628
Gareth Little-Hales	1,500	-	1,500
Gai Williams	26,500	-	26,500
Craig Keithley	3,000	-	3,000
Albert Buitenhuis (resigned 24 August 2010)	23,000	-	23,000
James Justin Chapman (resigned 21 June 2011)	-	-	-
Iain Warren Fraser (appointed 24 August 2010)	3,500	-	3,500
Warwick Bayliss (appointed 1 March 2011)	20,000	-	20,000
Georgia Donovan (appointed 31 May 2011)	-	-	-

The was no movement in shares held during the year. Other than stated below, each share held has a paid up value of \$1 and is fully paid.



Mt Evelyn & Districts Financial Services Limited**A.B.N 93 096 782 240****Notes to the Financial Statements
for the year ended 30 June 2011****18. Related Party Disclosures (continued)**

The following directors shares were issued for \$0.

Janette Christine Simmons	938	938
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19. Subsequent Events

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

20. Contingent Liabilities and Assets

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

21. Segment Reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Mt Evelyn, Victoria.

22. Corporate Information

Mt Evelyn & Districts Community Financial Services Limited is a Company limited by shares incorporated in Australia. The Company was listed on the Bendigo Stock Exchange on 18 August 2006.

The registered office and principal place of business is:

<u>Registered office</u>	<u>Principal place of business</u>
37 Wray Crescent Mt Evelyn Victoria 3796	37 Wray Crescent Mt Evelyn Victoria 3796

23. Dividends paid or provided for on ordinary shares

	2011	2010
	\$	\$
(a) Dividends paid during the year		
(i) Previous year final		
Franked dividends - 2.5 cents per share (2010: 9.8 cents per share)	73,502	68,846
	<u>73,502</u>	<u>68,846</u>
(b) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year	120,824	113,442
- Franking credits that will arise from the payment / (refund) of income tax payable as at the end of the financial year	2,972	31,751
	<u>123,796</u>	<u>145,193</u>

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

Mt Evelyn & Districts Financial Services Limited**A.B.N 93 096 782 240****Notes to the Financial Statements
for the year ended 30 June 2011****24. Earnings per share****2011****2010****\$****\$**

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit after income tax expense

44,785

154,918

Weighted average number of ordinary shares for basic and diluted earnings per share

2,940,081

1,821,296



Mt Evelyn & Districts Financial Services Limited**A.B.N 93 096 782 240****Notes to the Financial Statements****For the year ended 30 June 2011****25. Financial risk management**

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	Carrying Amount	
	2011	2010
	\$	\$
Cash assets	909,732	1,258,889
Receivables	157,766	133,379
	<u>1,067,498</u>	<u>1,392,268</u>

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables are due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2010: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Mt Evelyn & Districts Financial Services Limited**A.B.N 93 096 782 240****Notes to the Financial Statements****For the year ended 30 June 2011****25. Financial risk management (continued)**

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	over 1 to 5 years \$	more than 5 years \$
30 June 2011					
Payables	460,560	(460,560)	(460,560)	-	-
Other liabilities	2,500	(2,500)	-	-	(2,500)
Loans and borrowings	260	(260)	(260)	-	-
	<u>463,320</u>	<u>(463,320)</u>	<u>(460,820)</u>	<u>-</u>	<u>(2,500)</u>
30 June 2010					
Payables	51,607	(51,607)	(51,607)	-	-
Other liabilities	2,500	(2,500)	-	-	(2,500)
Loans and borrowings	240	(240)	(240)	-	-
	<u>54,347</u>	<u>(54,347)</u>	<u>(51,847)</u>	<u>-</u>	<u>(2,500)</u>

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest Rate Risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular board meetings.

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying Amount	
	2011	2010
	\$	\$
Fixed rate instruments		
Financial assets	287,590	277,425
Financial liabilities	-	-
	<u>287,590</u>	<u>277,425</u>
Variable rate instruments		
Financial assets	622,142	981,464
Financial liabilities	(260)	(240)
	<u>621,882</u>	<u>981,224</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Mt Evelyn & Districts Financial Services Limited**A.B.N 93 096 782 240****Notes to the Financial Statements****For the year ended 30 June 2011****25. Financial risk management (continued)***Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2010 there was also no impact. As at both dates this assumes all other variables remain constant.

(d) Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The Company does not have any unrecognised financial instruments at year end.

(e) 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 Statement of Financial Position.

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.

Mt Evelyn & Districts Financial Services Limited**A.B.N 93 096 782 240****Directors' Declaration**

In accordance with a resolution of the directors of Mt Evelyn & Districts Financial Services Limited, I 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 their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia, International Financial Reporting Standards and Corporations Regulations 2001; 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; and
- (c) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2011.



Jillian Lorraine Rule

Signed on 5 September 2011.

