

annual report 2009



Maldon & District
Financial Services Limited
ABN 46 086 749 886

Maldon & District **Community Bank**[®] Branch

Contents

Directors' report	2-7
Financial statements	8-10
Notes to the financial statements	11-30
Directors' declaration	31
Independent audit report	32-33

Directors' report

For year ending 30 June 2009

1. Directors' report

Your Directors present their report on the Company and its controlled entities for the financial year ending 30 June 2009.

1.1 Director details

The names of Directors in office at any time during or since the end of the financial year are:

Mark Boyd-Graham (resigned 31/08/08)	Andrew C.R. Leckie (resigned 27/10/08)
Ian R. French	Sandra Nevill
Genevieve Barlow	Joy Nicholson
Andre J. Farley	Karly B. Smith
Gavin Hanlon	Peter G. Smith
Simon Morrison	Ronald J. Snep

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

1.2 Principal activities

The principal activities of the economic entity during the financial year were to:

- Manage a franchise of the Bendigo and Adelaide Bank Ltd, in the Maldon District.
- Provide a full array of banking services at competitive interest rates.
- Provide Community Enterprise products and services.
- Continue to conduct friendly, professional and personalised service.
- Provide ongoing encouragement and support to the Maldon & District **Community Bank**[®] Branch Manager, ensuring that the business focus is on creating strong relationships with the communities we support.
- Play an active role in enhancing the long-term economic and social prospects of the Maldon and District Community.
- Provide Community Grants and Sponsorships from the Maldon & District Financial Services profit share.
- Conduct strategy planning days to set short and long term business initiatives.

There were no significant changes in the nature of the economic entity's principal activities during the financial year.

Directors' report continued

1.3 Operating results

The consolidated profit and extraordinary items of the economic entity after providing for income tax and eliminating outside equity interests amounted to a net profit of \$16,295.

1.4 Review of operations

The Global Financial Crisis of 2008/2009 has not been easy for most businesses both locally and around the world – and banks have been no exception. Your Maldon and District **Community Bank**[®] Branch has, however, defied the trend and come through the past financial year bigger and stronger. Through the efforts of a capable and connected Manager and staff, our partners Bendigo and Adelaide Bank Ltd and backed by a talented and united Board of Directors our business has increased and our profitability remains steady.

24 April 2009 was the 10th anniversary of our banking operation in Maldon. The foresight and commitment of the original steering committee that brought banking services back to Maldon and the surrounding region has over and over again proved to be remarkably propitious and the benefits for our communities have been immense. Future generations will remember this foresight and the confidence with which our shareholders pledged to support the new business.

The continuing support of these communities means that at some time during the financial year 2009/2010 our one millionth dollar will be returned as a grant to one of our many hard working community groups. This will be a remarkable achievement and one of which we can all feel justifiably proud.

During the year a number of Board changes occurred. The Board's original and long serving chairman, Mark Boyd-Graham and then acting chairman, Andrew Leckie, retired from the Board and we welcomed journalist, Genevieve Barlow, and Coliban Water managing Director, Gavin Hanlon, as Directors. Over the past 10 years and now in to the future the Company has certainly been guided by a talented and capable Board, strong in governance and with great vision. I personally wish to thank and congratulate all past and present Directors for their support to our community Company.

Our ongoing partnership with our community continues unabated. Last year \$223,000 was distributed into our community through sponsorships and grants. We also remain committed to maintaining the Driver Training Program. My own son completed the program in January and the increase in his driving ability and confidence on the road has been notable.

The Company this year purchased a plot of land in High Street Maldon where our new bank branch will be built. Our vision is for a building that sits comfortably within the existing historic streetscape and one that will be a great exponent of modern low energy, low environmental impact design. Once again, your Company leads the way.

Directors' report continued

Finally, I wish to thank the staff of our Company. The front line of any business is the people that staff and operate the office. It has always been a pleasure to visit the bank in Maldon or the agencies at Newstead and Dunolly. We are fortunate to have such an enthusiastic, professional and capable banking team working for the benefit of our community.



Ronald Snep
Chairman

1.5 Directors' and Executive Officers' emoluments

Disclosure relating to Directors' and executive Officers' emoluments has been included in Note 6 of the financial report.

1.6 Director information

Ron Snep	Chairman & Director
Qualifications	Diploma of Science. Certificate of Professional writing.
Experience	Board member and Director since 2002. Wine Maker 25 years. Board Member Mt Alexander Sustainability Group 2008.
Sandra Nevill	Director & Deputy Chairperson
Experience	Board member since 2001, appointed Director 2001, Company Secretary for 2 years. 12 years experience in the Banking industry. 13 years experience in the Information Technology industry. Currently self- employed as a Business Analyst/ Consultant providing process improvement initiatives, system analysis and design.
Special responsibilities	Deputy Chair, Member of the Marketing Sub-Committee
Karly Smith	Director & Company Secretary
Qualifications	Bachelor of Arts (Honours)
Experience	Joined the Board in February 2007. Over ten years experience as a geographer, working in project management and research in corporate and academic organisations.
Special responsibilities	Newstead Representative
Joy Nicholson	Director & Company Treasurer
Experience	Board member and Director since February 2007. 25 years experience in training and documentation in the Information Technology industry. Currently: Retail proprietor in Maldon.
Special responsibilities	Company Treasurer

Directors' report continued

Ian French	Director
Qualifications	Senior Associate – Financial Services Institute of Australasia.
Experience	Board member since 1999, appointed Director 1999. Past Board member of various community groups. Presently partner of several local businesses. 40 years in all facets of Banking, extensive accounting experience and retail business management.
Peter Smith	Director
Qualifications	Attended Marcus Oldham Agriculture College 1977 –1979. Diploma Farm Management.
Experience	Director of “Woodstock Holdings” since 1981. Board member and Director since 1999, past Deputy Chairman 2004. Past Dunolly sub-committee representative and special projects. Farmer and Property Developer for 32 years.
Simon Morrison	Director
Experience	Board member and Director since 2006, appointed 2006. Farmer & Manager / Director of Eddington Engineering. Community member of Eddington CFA & Golf club.
Special responsibilities	Dunolly sub-committee representative and special projects
Andre Farley	Director
Experience	Board member since 2000, appointed Director 2000. Contract Business Operator.
Genevieve Barlow	Director
Experience	25 years in journalism covering politics, trade, agriculture, education, farming and food production. Currently running a freelance writing business.
Special Responsibilities	Marketing
Gavin Hanlon	Director
Qualifications	Bachelor of Applied Science (Soils), Master of Applied Science (Environmental Science) and Master of Business Administration. Fellow of Institute of Company Directors, Graduate Institute Company Directors. Currently completing the Williamson Community Leadership Program.
Experience	First year as a Director of the MDFSL. CEO of Statutory Authorities for seven years and is currently the Managing Director of Coliban Water Corporation. Previously a member of a numerous advisory Boards for universities and government, and member of the audit committee of a local government.
Andrew Leckie	Chairman & Director (resigned 27/10/08)
Qualifications	Bachelor of Arts – Deakin.
Experience	Board member and Director since 2001. Director of Pickford Heights since 1989. Small Business Management Retail and Wholesale.
Special Responsibilities	Member of Marketing Committee

Directors' report continued

Mark Boyd-Graham

Chairman and Director (Resigned 31/08/2008)

Experience

Appointed Chairman 1999. Director and Board member since 1999.

Director of Hastill Pty Ltd since 1984 with 22 years of service with the Company.

Owner Manager Café for 9 years and Winery 8 years. Currently Senior Manager

Bendigo and Adelaide Bank Ltd.

1.6 Meetings of Directors

During the financial year, there were 14 meetings of Directors (including committees of Directors) were held.

Attendances by each Director during the year were:

Directors	Commenced / resigned during the financial year	Number of meetings attended	Number of meetings eligible to attend
Mark Boyd-Graham	Resigned 31/08/08	2	2
Andrew Leckie	Resigned 27/10/08	5	5
Ronald Snep		14	14
Sandra Nevill		12	14
Karly Smith		11	14
Joy Nicholson		12	14
Ian French		12	14
Peter Smith		9	14
Andre Farley		7	14
Simon Morrison		11	14
Genevieve Barlow	Commenced 27/10/08	8	9
Gavin Hanlon	Commenced 27/10/08	8	9

2. Manager's report

Maldon & District **Community Bank**[®] Branch has again completed an outstanding year of trading, with the business growing from \$88 million in 2008 to its current book total of \$98 million. \$6.7 million of this growth came from lending products, which is a fantastic effort in the current economic climate.

Whilst our profit margin, primarily due to the squeeze on interest and loan margin during the financial year, will not be as lucrative as the previous year, the continued growth of the business is a direct result of the continued support from our local clients and shareholders.

The branch continues to be a major local contributor to a number of community driven initiatives and we take great pride in our involvement with granting, sponsorships of local user groups. The branch is extremely aware of the importance our local community plays in our success.

In the previous year we have seen Kim Lovett move to the Maryborough as Branch Manager. Whilst we will

Directors' report continued

miss Kim's experience and leadership, we are comforted in the knowledge that we are upskilling our staff to ensure they have the best opportunities in the future. We also welcome Debra Watson & Alisha Mulholland, both local girls, who have made their job transitions with ease and will become highly valued members of staff.

In closing, I'd like to thank the Board, RTC & Staff and most importantly the continued support of our local customers at Maldon, Dunolly & Newstead, who are the major contributors in our continued success.



Ben Rodda
Branch Manager

3. Proceedings on behalf of Maldon & District Financial Services Ltd

No person has applied for leave of Court to bring proceedings on behalf of the Maldon & District Financial Services Ltd or intervene in any proceedings to which the Maldon & District Financial Services Ltd is a party for the purpose of taking responsibility on behalf of the Maldon & District Financial Services Ltd for all or any part of those proceedings.

The Maldon & District Financial Services Ltd was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors.



Joy Nicholson
Director & Treasurer

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	2	945,062	938,329
Revenues - Mt Alexander community grants		11,071	9,767
Employee benefits expense		(319,672)	(291,760)
Administration, agency & occupancy costs		(256,460)	(230,609)
Depreciation & amortisation expense	3	(11,485)	(10,464)
Community sponsorship		(267,429)	(178,424)
Other expenses from ordinary activity		(66,670)	(65,416)
Expenses - Mt Alexander community grants		(10,510)	(10,523)
Profit from ordinary activities before income tax expense		23,907	160,899
Income tax expense relating to ordinary activities	4	(7,611)	(49,688)
Profit from ordinary activities after related income tax expense/(revenue)		16,295	111,211
Extraordinary revenue (expenditure) after income tax expense	5	-	-
Net profit / (loss)		16,295	111,211
Net profit attributable to Outside Equity Interest		-	-
Net profit attributable to members of the Maldon & District Financial Services Ltd		16,295	111,211
Increase in asset revaluation reserve		-	-
Increase in retained profits and reserves on adoption of revised Accounting Standard		-	-
Total revenues, expenses and valuation adjustments attributable to members of the Maldon & District Financial Services Ltd and recognised directly in equity		-	-
Total changes in equity other than those resulting from transactions with owners as owners		16,295	111,211

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Current assets			
Cash and cash equivalents	8	227,459	390,304
Trade & other receivables	9	91,198	93,657
Other assets	10	5,502	4,203
Total current assets		324,159	488,164
Non-current assets			
Property, plant and equipment	11	211,825	59,655
Intangible assets	12	9,628	1,628
Other assets	13	14,035	9,876
Total non-current assets		235,488	71,159
Total assets		559,648	559,324
Current liabilities			
Trade & other payables	14	258,758	241,838
Provisions	15	(2,254)	26,030
Other	16	25,061	25,061
Total current liabilities		281,565	292,930
Non-current liabilities			
Payables	17	-	5,833
Provisions	18	13,377	12,455
Total non-current liabilities		13,377	18,288
Total liabilities		294,941	311,218
Net assets		264,706	248,106
Equity			
Capital reserves	20	7,431	7,431
Retained profits	20	257,275	240,980
Total equity		264,706	248,411

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Receipts from members and non-members		921,823	907,499
Payments to suppliers and employees		(626,131)	(1,007,805)
Interest received	2a	25,699	21,557
Borrowing costs		-	-
Net cash flows from operating activities		321,391	(78,749)
Cash flows from investing activities			
Acquisition of property, plant and equipment	11a	(196,029)	(45,461)
Disposal of property, plant and equipment	11a	11,818	11,818
Lease payments		(6,478)	(6,478)
Term deposits		(174,304)	101,557
Net cash flows from investing activities		(364,992)	61,436
Net(decrease)/increase in cash		(43,602)	(17,313)
Add opening cash brought forward		(154,289)	(136,975)
Closing cash carried forward	14	(197,890)	(154,289)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Statement of significant accounting policies

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001.

The financial report covers the consolidated group of Maldon & District Financial Services Ltd and the controlled entities and Maldon & District Financial Services Ltd as an individual parent entity. Maldon & District Financial Services Ltd is an unlisted not-for-profit public Company limited by guarantee, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting policies

a. Principles of consolidation

A controlled entity is any entity that Maldon & District Financial Services Ltd has the power to control the financial and operating policies of the entity so as to obtain benefits from its activities. There are no controlled entities as at the report date.

All inter-Company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation (when appropriate).

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

b. Income tax

The consolidated group adopts the principles of tax-effect accounting.

In assessing its income tax liability, Maldon & District Financial Services Ltd applies standard income tax principles to its revenue and expenses. Due to the Australian Taxation Office's Interpretative Decision ATO ID 2002/93, and private ruling (Authorisation No. 42845) dated 22 July 2004, Maldon & District Financial Services Ltd is a taxable not-for-profit organisation.

Income tax expense is calculated on the operating result at current taxation rates for not-for-profit entities.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

b. Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available.

Maldon & District Financial Services Ltd and its wholly-owned Australian subsidiaries have not formed an income tax consolidated group under the Tax Consolidation System.

c. Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Grant revenue is recognised in the income statement when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the balance sheet as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

d. Inventories

Inventories are measured at the lower of cost and current replacement cost.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at date of acquisition.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

e. Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same classes of assets are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Buildings and leasehold improvements	2.5% - 7.50%
Computer equipment	37.5%
Furniture and fittings	1.0% - 10.0%
Leased assets	15.0%
Motor vehicles	12.5%
Plant and equipment	7.5% - 37.50%

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

e. Property, plant and equipment (continued)

Depreciation (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

f. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives where it is likely that the entity will obtain ownership of asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

g. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

g. Financial instruments (continued)

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iv. less any reduction for impairment.

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. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

h. Impairment of assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation reserve in respect of the same class to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

i. Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the net present value.

Contributions are made by the group to an employee superannuation fund and are charged as expenses when incurred.

j. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

k. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in Balance Sheet are shown inclusive of GST.

Cash flows are presented in the Cashflow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

l. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

m. Comparative figures

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

n. Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

o. Changes to accounting policies

Adoption of new and revised Accounting Standards:

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

At the date of authorisation of the financial report, the Directors anticipate that the adoption of Standards and Interpretations that were issued but not yet effective will have no material financial impact on the financial statements of the Company.

	Note	2009 \$	2008 \$
Note 2. Revenue			
Operating activities			
Maldon banking operations	2b	844,738	846,449
Agency income		72,704	68,267
Interest income	2a	25,699	21,557
Other income		1,922	2,056
		945,062	938,329
Non-operating activities			
Proceed on disposal of property, plant and equipment		-	-
Proceed on disposal of non-current investments		-	-
		-	-
Total revenue		945,062	938,329
a. Interest revenue from:			
Subsidiary corporations		-	-
Other related parties		-	-
Directors		-	-
Other parties		25,699	21,557
Total interest revenue		25,699	21,557

Notes to the financial statements continued

	2009 \$	2008 \$
Note 2. Revenue (continued)		
b. Maldon banking operations revenue from:		
Margin income	485,490	538,020
Trailers	161,738	119,115
Fees income	87,570	79,377
Other income	109,939	109,936
Total Maldon banking revenue	844,738	846,449

Note 3. Profit from ordinary activities

Profit from ordinary activities before income tax has been determined after

a. Expenses

Depreciation of non-current assets:

Buildings and improvements	309	222
Computer equipment	211	338
Furniture and fittings	1,687	1,476
Leased assets	-	-
Motor vehicles	4,924	4,348
Plant and equipment	2,354	2,080
Total depreciation	9,485	8,464

Amortisation:

Franchise fees	2,000	2,000
Total amortisation	2,000	2,000

Bad and doubtful debts:

Trade debtors	-	-
Related parties	-	-
Total bad and doubtful debts	-	-

Notes to the financial statements continued

	2009 \$	2008 \$
--	------------	------------

Note 3. Profit from ordinary activities (continued)

Interest expense:

Other related parties	25,061	25,061
Other parties	-	382
Total interest expense	25,061	25,443

b. Revenue and net gains

Net gain on disposal of non-current assets:

Property, plant and equipment	-	-
Investments	-	-
Foreign currency transaction gains	-	-

Note 4. Income tax

The prima facie tax on profit from ordinary activities

Prima facie tax on operating profit	7,172	48,270
Tax effect of permanent differences	2,872	1,418
Underprovision of previous year	-	-
Income tax expense/(revenue) attributable to ordinary activities	10,044	49,688

Note 23. Refers to the tax exempt status of the Maldon & District Financial Services Ltd.

Note 5. Extraordinary revenue (expenditure)

No extraordinary revenue or expenditure was incurred during the year ended 30 June 2009.

Notes to the financial statements continued

Note 6. Directors' remuneration

	Salary \$	Benefits \$	Superannuation \$
a. Directors' and Executives' remuneration			
Joy Nicholson (Treasurer)			
Directors remuneration	3,269	-	-
Sandra Lyn Nevill (Director)			
Directors remuneration	2,826	-	-
Karly Smith (Secretary)			
Directors remuneration	3,269	-	-
Ronald Snep (Director, Chairman)			
Directors remuneration	3,269	-	-

The service and performance criteria set to determine remuneration are included per Note (b). No other salaries or fees have been paid to executives or Directors unless specified above.

b. Remuneration practices

The Maldon & District Financial Services Ltd's policy for determining the nature and amount of emoluments of Board members and senior executives of the Maldon & District Financial Services Ltd is as follows:

The remuneration structure for executive Officers, including executive Directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Maldon & District Financial Services Ltd. The contracts for service between the Maldon & District Financial Services Ltd and specified Directors and executives are on a continuing basis the terms of which are not under review.

	2009 \$	2008 \$
--	------------	------------

Note 7. Auditors' remuneration

Remuneration of the Auditor of the parent entity for:

Auditing or reviewing the financial report	1,318	1,300
Other services	-	-
Services by related practice of Auditor	-	-

Notes to the financial statements continued

	2009 \$	2008 \$
Note 8. Cash and cash equivalents		
Cash on hand	200	133
Cash at bank	10,901	-
Cash at bank - Mt Alexander Community Grants	1,109	619
Deposits at call	215,249	389,553
	227,459	390,304

Note 9. Trade & other receivables

Current

Trade debtors	90,402	92,841
Trade/other debtors - Mt Alexander community grants	796	817
Income tax refundable	-	-
	91,198	93,657

Note 10. Other assets

Current

Prepaid expenses	5,502	4,203
-------------------------	--------------	--------------

Note 11. Property plant and equipment

Land - 79-81 High St, Maldon

At Cost	151,268	-
---------	---------	---

Buildings & improvements

At cost	10,205	8,882
Accumulated depreciation	(1,919)	(1,610)
Total buildings & improvements	8,286	7,272

Computer equipment

At cost	2,641	2,641
Accumulated depreciation	(2,290)	(2,079)
Total computer equipment	351	562

Notes to the financial statements continued

	2009 \$	2008 \$
Note 11. Property plant and equipment (continued)		
Plant and equipment		
At cost	41,407	35,814
Accumulated depreciation	(27,408)	(25,054)
Total plant and equipment	13,999	10,760
Motor vehicles		
At cost	39,395	39,395
Accumulated depreciation	(6,691)	(1,767)
Total motor vehicles	32,704	37,628
Furniture & fittings		
At cost	28,062	24,591
Accumulated depreciation	(22,845)	(21,158)
Total furniture & fittings	5,218	3,434
Total property, plant and equipment	211,825	59,655
a. Movement in non-current assets		
Land @ Cost		
Balance at the beginning of the year	-	-
Additions	150,568	-
Disposals	-	-
Balance at the end of the year	150,568	-
Buildings & improvements		
Balance at the beginning of the year	7,972	6,592
Additions	1,602	1,602
Disposals	-	-
Depreciation expense	(309)	(222)
Balance at the end of the year	9,265	7,972

Notes to the financial statements continued

	2009 \$	2008 \$
Note 11. Property plant and equipment (continued)		
Computer equipment		
Balance at the beginning of the year	900	900
Additions	2,226	-
Disposals	-	-
Depreciation expense	(211)	(338)
Balance at the end of the year	689	562
Plant and equipment		
Balance at the beginning of the year	10,759	8,375
Additions	4,464	4,464
Disposals	-	-
Depreciation expense	(2,354)	(2,080)
Balance at the end of the year	12,869	10,759
Leased assets		
Balance at the beginning of the year	-	-
Additions	-	-
Disposals	-	-
Depreciation expense	-	-
Balance at the end of the year	-	-
Motor vehicles		
Balance at the beginning of the year	37,628	22,681
Additions	39,395	39,395
Disposals	(11,818)	(11,818)
Profit/(Loss) on sale of motor vehicle	(8,282)	(8,282)
Depreciation expense	(4,924)	(4,348)
Balance at the end of the year	51,999	37,628

Notes to the financial statements continued

	2009 \$	2008 \$
Note 11. Property plant and equipment (continued)		
Furniture & fittings		
Balance at the beginning of the year	3,434	4,910
Additions	-	-
Disposals	-	-
Depreciation expense	(1,687)	(1,476)
Balance at the end of the year	1,747	3,434
Total balance at the end of the year	227,137	60,356

Note 12. Intangible assets

Franchise fees	70,000	60,000
Less franchise fees expensed	(60,372)	(58,372)
Total intangible assets	9,628	1,628

Note 13. Other assets

Non-current

Future Income Tax Benefits	14,035	9,876
-----------------------------------	---------------	--------------

Note 14. Trade & other payables

Current

Trade creditors and accruals	62,344	71,965
FBT payable	-	130
Overdraft account	197,890	154,289
Credit card facility	388	1,224
Operating lease liability	-	-
Finance lease liability	5,833	10,000
GST obligation	(7,698)	4,231
	258,758	241,838

Notes to the financial statements continued

	2009 \$	2008 \$
Note 15. Short-term provisions		
Provision for income tax	(35,660)	3,714
Community sponsorships	15,265	2,333
Employee entitlements	18,141	19,983
	(2,254)	26,030

Note 16. Other liabilities

Current

Interest due	25,061	25,061
Total other liabilities	25,061	25,061

Note 17. Trade & other payables

Non-current

Operating lease liability	-	-
Finance lease liability	-	5,833
	-	5,833

Note 18. Long-term provisions

Community sponsorships	-	-
Employee entitlements	13,377	12,455
	13,377	12,455

Note 19. Contributed equity

In accordance with the Association's Memorandum and Articles of Association, the Maldon & District Financial Services Ltd is limited by guarantee and does not have share capital. Each member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the Company.

As at 30 June 2009 the number of members was 76.

Notes to the financial statements continued

	2009 \$	2008 \$
Note 20. Reserves and retained profits		
Capital reserve		
Movement in reserves and retained profits	-	-
a. Capital reserve		
Balance at the beginning of the year	7,431	7,431
Balance at the end of the year	7,431	7,431
b. Retained profits		
Balance at the beginning of the year	240,980	129,769
Net profit / (loss)	16,295	111,211
Balance at the end of the year	257,275	240,980

Note 21. Expenditure commitments

Operating leases

Minimum payments

• Not later than one year	-	-
• Later than one year but not later than five years	-	-
• Later than five years	-	-

Hire purchase liabilities

Minimum payments

• Not later than one year	5,833	10,000
• Later than one year but not later than five years	-	5,833
• Later than five years	-	-

Note 22. Related party transactions

- a. Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.
- b. No Directors contracted with the Maldon & District Financial Services Ltd during the year.

Notes to the financial statements continued

Note 23. Tax status

The Maldon **Community Bank**[®] Branch was initially established to be a not-for-profit income tax exempt body, to provide both banking facilities and funding for community services to the Maldon district. The Australian Taxation Office has declared that the bank is not income tax exempt.

	2009	2008
	\$	\$

Note 24. Employee entitlements and superannuation commitments

As at 30 June 2009, the Company has employees and their superannuation obligations are as shown in the accounts.

Amounts outstanding are as below.

Employee entitlement

• Annual leave provision	12,275	14,616
• Annual leave loading provision	2,148	1,851
• Personal/Sick leave provision	11,762	13,597
• Long service leave provision	5,333	2,373
• Superannuation payable	-	-

Note 25. Subsequent events

There have been no significant events which have occurred subsequent to the 30 June 2009.

Note 26. Contingent liabilities

There are no known contingent liabilities as at the report date.

Note 27. Financial instruments

Financial risk management policies

The Boards overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

Notes to the financial statements continued

Note 27. Financial Instruments (continued)

Specific financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are credit risk, interest rate risk and liquidity risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the economic entity. The Company has adopted the policy of only dealing with creditworthy counterparts and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial losses from defaults.

Credit risk of trade receivables is managed in the following ways:-

- payment terms are 30 days with follow up every 7 days thereafter.
- revenue from the Bendigo and Adelaide Bank Ltd. is determined with the franchise agreement and is independently audited.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rate for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the entity's net profit would increase/(decrease) by \$1,076 and decreased by \$991 (2008: increase by \$16,850 and decrease by \$3,800) . This is mainly attributable to the entity's exposure to interest rates on its variable rate deposits and borrowings.

The Entity's sensitivity to interest rates has increased during the current period due to the increase in deposits invested.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity management framework for the management of the Company's liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continually monitoring forecast and actual cash flows.

Notes to the financial statements continued

Note 27. Financial instruments (continued)

Liquidity and interest risk tables

The following tables detail the entity's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the earliest date on which the entity can be required to pay. The table included both interest and principal cash flows.

	Weighted average effective interest rate %	less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
2009						
Financial assets						
Non-interest bearing		200	96,700	-	-	-
Finance lease liability		10,901	-	-	-	10,901
Variable interest rate		1,109	-	-	-	-
Fixed interest rate	4.00%	-	-	215,249	-	-
Financial guarantee		-	-	-	-	-
Total		12,210	96,700	215,249	-	10,901
Financial liabilities						
Non-interest bearing		-	69,696	7,542	13,377	-
Finance lease liability	9.65%	833	1,667	3,333	-	-
Variable interest rate	6.00%	198,278	-	-	-	-
Fixed interest rate		-	-	-	-	-
Total		199,112	71,362	10,876	13,377	-
2008						
Financial assets						
Non-interest bearing		133	97,860	-	-	-
Finance lease liability		-	-	-	-	-
Variable interest rate		619	-	-	-	-
Fixed interest rate	6.59%	-	-	389,553	-	-
Financial guarantee		-	-	-	-	-
Total		752	97,860	389,553	-	-
Financial liabilities						
Non-interest bearing		-	78,529	48,758	12,455	-
Finance lease liability	9.65%	833	1,667	7,500	5,833	-
Variable interest rate	6.00%	155,643	-	-	-	-
Fixed interest rate		-	-	-	-	-
Total		156,476	80,196	56,258	18,288	-

Notes to the financial statements continued

Note 27. Financial Instruments (continued)

Net fair values

Fair value estimation

The values of financial assets and financial liabilities presented in the Balance Sheet at their fair values. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below (if applicable). Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

Note 28. Bank overdraft security

The Bank Overdraft is secured by pledge monies provided by persons, who have agreed to support the establishment of a **Community Bank**[®] branch in Maldon. The monies are held in a trust account with the Bendigo Banking Group.

Note 29. Segment information

The Company operates predominantly within the banking industry as a franchise of the Bendigo and Adelaide Bank Ltd.

Note 30. Company details

Maldon & District Financial Services Ltd is an unlisted not-for-profit public Company, incorporated and domiciled in Australia.

The registered office of the Maldon & District Financial Services Ltd is:

93 High Street,
Maldon VIC 3463

The principal places of activities during the year are:

93 High Street,
Maldon VIC 3463

109 Broadway,
Dunolly VIC 3472

45 Lyons Street,
Newstead VIC 3462

Directors' declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 12 to 31 are in accordance with the Corporations Act 2001:
 - a. comply with Accounting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the entity.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Ian French', with a long horizontal stroke extending to the right.

Ian French
Director

Dated 24 September 2009.

Independent audit report

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS
MALDON & DISTRICT FINANCIAL SERVICES LIMITED
ABN 46 086 749 886**

Report on the Financial Report

We have audited the accompanying financial report of Maldon & District Financial Services Limited which comprises the balance sheet as at 30 June 2009, and the income statement, balance sheet, and statement of cash flows for the year ended on that date, a summary of significant accounting policies and explanatory notes and the directors' declaration.

Directors Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair 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 accounting estimates that are reasonable in the circumstances.

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 standards require that we comply with 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making these risk assessments, the auditors consider internal control relevant to the entity's preparation and fair 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.

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

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS
MALDON & DISTRICT FINANCIAL SERVICES LIMITED
ABN 46 086 749 886**

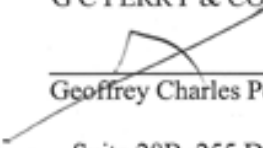
Auditor's Opinion

In our opinion the financial report of Maldon & District Financial Services Limited is in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Name of Firm: G C PERRY & CO

Name of Partner:



Geoffrey Charles Perry CPA

Address:

Suite 28B, 255 Drummond Street Carlton 3053

Dated this 24th day of September 2009

Maldon & District **Community Bank**[®] Branch
93 High Street, Maldon VIC 3463
Phone: (03) 5475 1747

Franchisee: Maldon & District Financial Services Limited
93 High Street, Maldon VIC 3463
ABN: 46 086 749 886

www.bendigobank.com.au/maldon
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR9058) (08/09)

