

annual report 2010



Acacia Ridge
Financial Services Limited
ABN 73 116 060 916

Acacia Ridge **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2010

I am pleased to present the fifth annual report for our Company, for the year ended 30 June 2010

Acacia Ridge **Community Bank**[®] Branch will be five years old on 23 November this year! This has been another year of consolidation. As at 30 June, we had 145 shareholders with a total shareholding of \$534,487. We have business of \$57 million on our books, an increase of \$12 million in two of the most challenging years of the Australian economy!

Our Company's vision is to operate community-owned banking in the area, providing a full banking service for the benefit of clients, shareholders and the community. We strive to provide a customer-focused service to the Acacia Ridge residents and businesses. But we are not limited to Acacia Ridge.

The present Year

Our Manager, Bettina McMahon and her team have worked tirelessly this year and done an excellent job. Bettina has entered into very valuable community relationships within the Acacia Ridge environs. Our Customer Service Officers are Michelle, Debbie, Annette and Adil.

At present we have five of our original Board members and Earle Johnston who joined the Board in 2008. He has valuable business experience and a strong commitment to community affairs and is currently the Chairman of our Marketing Committee.

Although our income was 5% less than budget, this shortfall was offset by a reduction in expenses of 9% below budget. This resulted in our operating profit being 54% above budget. Current financial markets are challenging, so we have budgeted for a modest increase in operating profit for 2010/2011 above the 2009/2010 figure.

The Directors will be considering the payment of a dividend again this year, following the initial 4 cents per share paid in November 2009, the amount of any dividend will depend on a number of factors, including the Company's cash flow position.

We are now able to meet our overheads and look forward to becoming increasingly profitable. Once we repay our set up costs, the Company will be able to return even more profits by way of grants to community groups and dividends to you as shareholders. In the past 12 months, we have returned over \$36,000 to the Acacia Ridge community, and the Board and branch staff have contributed over 1,100 volunteer hours to the community during the past financial year.

The future

The branch has more than \$57 million worth of business by the end of the financial year. We have budgeted to write another \$8.5 million in this current financial year.

Chairman's report continued

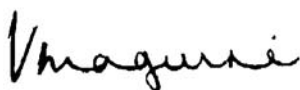
In conclusion

I wish to take this opportunity to thank all our account holders and clients, our staff members and my Board colleagues for their ongoing support in growing our business and meeting our goals. Thanks to you and your investment in this Company, vitality and prosperity has been restored to the Acacia Ridge area.

I invite you all to join us for the Annual General Meeting on Friday 19 November at the Watson Road State School in Watson Road Acacia Ridge. We will also be celebrating our fifth birthday! We will tell you all about it soon. Meet your Directors and the branch staff. Refreshments will be served after the meeting.

Our partner, Bendigo and Adelaide Bank Limited, has a philosophy of 'successful customers create successful communities, create a successful bank - in that order'. They continue to achieve the highest customer satisfaction rating of any bank in Australia. Come in and see why!

Put simply, the bigger our business, the larger the profit, the greater rewards and benefits to you our shareholders and our community.



Vicki Maguire

Chairman

Manager's report

For year ending 30 June 2010

Yet another year has come and gone – a year which presented many challenges but also one where we should all feel proud of the many milestones achieved.

There are many reasons a community decides to establish a **Community Bank**[®] branch and shareholder returns are not the only benefit we have achieved. Other benefits are:

- Secured access to local banking and financial services
- Aggregated a community's banking business to create an income stream that builds the community balance sheet
- Established a local business that creates employment

All of this generates a positive impact on other local businesses.

There is no question that the early years have been hard. However working hard to achieve something of value reinforces the value of your asset – Acacia Ridge **Community Bank**[®] Branch.

Over the past 12 months we have:

- Grown our distribution network by installing an ATM in Inala
- Achieved \$57,200 in total business size, up from \$52,400 in 2008/2009
- Deepened relationships with our customers
- Enjoyed the community in which we operate through a number of 'Good for Business – Good for Community' initiatives.

The year ahead will continue to present challenges and hurdles; however I am confident that if we continue to focus on helping our customers achieve their financial goals and aspirations, 2010/11 will be an even greater year.

My priorities are:

1. Achievement of business performance objectives
2. Greater engagement within our community
3. Staff development
4. Building on the existing platform that we have already established.

I would like to acknowledge the efforts of Rhys Kovchenko, Debra Webster, Jasmin Darling, Adil Zubair, Annette Davidson, Simone Whitefield and Paul Crowley. Without their continued support, commitment and effort the branch would not have been able to achieve the results and success of the past year.

I would also like to thank you, the shareholders, and in particular those shareholders who have shown total support and commitment to your bank by banking with your bank – Acacia Ridge **Community Bank**[®] Branch.

Manager's report continued

Our volunteer Directors – Chairman Vicki Maguire and her team – spend tireless hours being advocates of your **Community Bank**® branch. Without their continued support, commitment and effort your Company would not have been able to achieve the results and success since its inception on the 23 November 2005. Thank you to our Directors!

I, along with my team, am committed to ensuring that we achieve our priorities.

Thank you for your continual support and dedication and I look forward to the year ahead.

Regards

A handwritten signature in black ink, appearing to read 'Bettina McMahon', with a small flourish at the end.

Bettina McMahon
Branch Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2010

Now in its 13th year, the **Community Bank**[®] network continues to grow and make significant contributions to local communities right across Australia.

In the 2009/10 financial year 22 new **Community Bank**[®] branches were opened, taking the total number of branches to 259.

More than 545,000 customers chose to support the network with their banking business made up of more than 788,000 accounts, giving the networks a combined banking book of more than \$16.3 billion.

Our **Community Bank**[®] customers have been served by more than 1150 staff that are supported by almost 1700 volunteer directors.

And these directors are endorsed by around 63,000 shareholders who have received more than \$14.7 million in dividends, a reward for their belief in the **Community Bank**[®] concept.

All of this support has enabled the **Community Bank**[®] network to return more than \$40.3 million to assist local community groups and projects since the first **Community Bank**[®] branch opened in 1998.

These figures add up to a strong **Community Bank**[®] network, a franchise of the Bendigo and Adelaide Bank Ltd, which like its community partners, continues to flourish attracting more than 10,000 new customers every month.

This has been made possible through the restructure of the bank's executive team under the leadership of Managing Director, Mike Hirst.

At the start of 2010, the world's great economies continued to feel the aftershocks of the Global Financial Crisis. However, Australia's economy remained relatively stable during the turbulent times. While the impact of the GFC was felt by our community owned and operated branches, it is a testament to our business models and partners that our **Community Bank**[®] network continues to develop.

In fact, not only did our network continue to develop, in the past year we have witnessed one of our most successful launch programs to date. We saw a new branch emerge out of the ashes in Kinglake, less than a year after the region was devastated by Victoria's Black Saturday Bushfires.

The Pyrmont **Community Bank**[®] Branch saw us make an inroad into the competitive but lucrative Sydney banking market. And over the next 12 months Bendigo Bank will continue to grow its ATM and branch network in New South Wales, providing further support in boosting the profile of Bendigo's brand in the state.

Bendigo and Adelaide Bank Ltd report continued

This year we have also launched Community Snapshots on the Bendigo Bank website. This online initiative shares and highlights the great contributions and tangible outcomes the **Community Bank**[®] network generates for its local communities.

There has also been a focus on the continued roll out of our Good for Business, Good for Community program, which is an important element of our overall Community Strengthening for the coming year.

Thank you again for your continued commitment and support of the **Community Bank**[®] network.



Russell Jenkins

Executive Customer and Community

Directors' report

For the financial year ended 30 June 2010

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

Directors

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

Victoria Louise Maguire

Chairman

Age: 61

Licensed Post Office Operator

Involved in small businesses since 1982. Holds a MA in Psychology from University of Sydney.

Member of the Audit Committee, Member of the Marketing Committee and Member of the Governance, Audit, and Human Resources Committee.

Interest in 50,501 shares

Peter Geoffrey Henderson

Treasurer

Age: 64

Accountant

Involved in banking, finance and accounting since 1962. Small business owner for 17 years.

Holds a Bachelor of Business degree, as well as Graduate Diplomas in Finance and Investment and Business. Current Director of Drug Awareness & Relief Foundation Australia and Director of DrugArm Australasia. Previous Member of Wesley Hospital Board.

Chairman of the Governance, Audit, and Human Resources Committee.

Interest in 24,001 shares

Linda Anne Beaumont

Secretary

Age: 51

Pharmacist

Small business operator since 1999. Holds a Bachelor in Pharmacy from the University of Queensland. Previously involved with various softball committees from 1980 to 2003. Also involved with other community organisations.

Member of Marketing Committee.

Interest in 15,001 shares

Paul Douglas Knight

Director

Age: 36

Chiropractor

Small business owner for last 12 years. Holds a Double Degree in Chiropractic at RMIT in Melbourne.

Minute Secretary and Member of the Governance, Audit, and Human Resources Committee.

Interest in 15,001 shares

Directors' report continued

Earle Alexander Johnston

Director
Age: 43
Fundraising Manger
Currently studying a Master of Business in
Philanthropy and Non Profit Studies at QUT. Member
of the Australian Institute of Company Directors,
AMFIA, and is the current treasurer of the QUT
Australian Centre for Philanthropy and Non Profit
Studies Alumni Committee .
Chairman of the Marketing Committee.
Interest in 400 shares

Mark Ledwidge

Director
Age: 54
Optometrist
Small business owner for 24 years. Holds a
Bachelor in Optometry from Queensland University
of Technology and is the current treasurer of the
Rotary Club.
Member of the Governance, Audit, and Human
Resources Committee.
Interest in 10,001 shares

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

No Directors have material interests in contracts or proposed contracts with the company, except for Victoria Maguire who is the sole director of the landlord of the premises occupied by the bank; and Peter Henderson whose firm provides accounting services to the company.

Company Secretary

The company secretary is Linda Anne Beaumont. Linda was appointed to the position of secretary on 2nd September 2005. Linda is an accredited Community Pharmacist focussing on Home Medicine Reviews. She has started her own pharmacy business.

Principal Activities

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

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

Operating Results

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

| | Year ended 30 June 2010 | Year ended 30 June 2009 |
|--|------------------------------------|------------------------------------|
| | \$ | \$ |
| | 45,918 | 19,627 |

Remuneration Report

No Directors receives remuneration for services as a Company Director or Committee Member.

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

Directors' report continued

There are therefore no specified Executives whose remuneration requires disclosure.

| Dividends | Year Ended 30 June 2010 | |
|-----------------------------|--------------------------------|-----------|
| | Cents | \$ |
| Dividends paid in the year: | 4.00 | 21,379 |

Significant Changes in the State of Affairs

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

Matters Subsequent to the End of the Financial Year

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

Likely Developments

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

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors' Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 18 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and Insurance of Directors and Officers

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

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

Directors' report continued

Directors' Meetings

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

| | Board Meetings Attended | | Committee Meetings Attended | | | | | |
|--------------------------|-------------------------|----------|-----------------------------|----------|-----------|----------|-----------------|----------|
| | Eligible | Attended | Audit | | Marketing | | Human Resources | |
| | | | Eligible | Attended | Eligible | Attended | Eligible | Attended |
| Victoria Louise Maguire | 11 | 11 | 10 | 9 | 12 | 12 | 10 | 9 |
| Peter Geoffrey Henderson | 11 | 11 | 10 | 10 | - | - | 10 | 10 |
| Linda Anne Beaumont | 11 | 11 | - | - | 12 | 12 | - | - |
| Paul Douglas Knight | 11 | 11 | 10 | 10 | - | - | 10 | 10 |
| Mark Ledwidge | 11 | 9 | 10 | 6 | - | - | 10 | 6 |
| Earle Alexander Johnston | 11 | 8 | - | - | 12 | 12 | - | - |

Non Audit Services

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

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

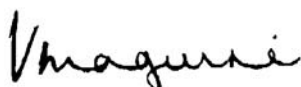
The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

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

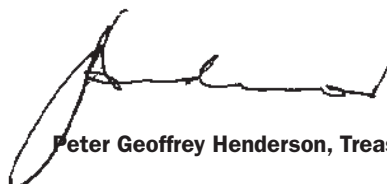
Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

Signed in accordance with a resolution of the board of directors at Acacia Ridge, Queensland on 29 September 2010.



Victoria Louise Maguire, Chairman



Peter Geoffrey Henderson, Treasurer

Auditor's independence declaration



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ABN 51 061 795 337

Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the directors of Acacia Ridge Financial Services Limited

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

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

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

Dated this 29th day of September 2010

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2010

| | Note | 2010 \$ | 2009 \$ |
|--|------|---------------|---------------|
| Revenues from ordinary activities | 4 | 589,698 | 521,082 |
| Employee benefits expense | | (259,099) | (250,058) |
| Charitable donations, sponsorship, advertising and promotion | | (45,461) | (18,282) |
| Occupancy and associated costs | | (73,355) | (74,395) |
| Systems costs | | (21,765) | (21,032) |
| Depreciation and amortisation expense | 5 | (16,653) | (16,955) |
| Finance costs | 5 | (9) | (3,192) |
| General administration expenses | | (109,460) | (109,351) |
| Profit before income tax expense | | 63,896 | 27,817 |
| Income tax expense | 6 | (17,978) | (8,190) |
| Profit after income tax expense | | 45,918 | 19,627 |
| Total comprehensive income for the year | | 45,918 | 19,627 |
| Earnings per share (cents per share) | | ¢ | ¢ |
| - basic for profit for the year | 20 | 8.59 | 3.67 |
| - dividends paid per share | 19 | 4 | - |

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet as at 30 June 2010

| | Note | 2010 \$ | 2009 \$ |
|----------------------------------|------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 7 | 47,544 | 10,655 |
| Trade and other receivables | 8 | 28,776 | 11,161 |
| Total Current Assets | | 76,320 | 21,816 |
| Non-Current Assets | | | |
| Property, plant and equipment | 9 | 101,192 | 112,744 |
| Intangible assets | 10 | 821 | 2,821 |
| Deferred tax assets | 11 | 101,723 | 119,702 |
| Total Non-Current Assets | | 203,736 | 235,267 |
| Total Assets | | 280,056 | 257,083 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 12 | 16,086 | 17,652 |
| Total Current Liabilities | | 16,086 | 17,652 |
| Total Liabilities | | 16,086 | 17,652 |
| Net Assets | | 263,970 | 239,431 |
| Equity | | | |
| Issued capital | 13 | 512,373 | 512,373 |
| Accumulated losses | 14 | (248,403) | (272,942) |
| Total Equity | | 263,970 | 239,431 |

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of Changes in Equity for the year ended June 2010

| | Issued Capital \$ | Retained Earnings \$ | Total Equity \$ |
|---|-------------------------|----------------------------|-----------------------|
| Balance at 1 July 2008 | 512,373 | (292,569) | 219,804 |
| Total comprehensive income for the year | - | 19,627 | 19,627 |
| Transactions with owners in their capacity | | | |
| as owners: | | | |
| Shares issued during period | - | - | - |
| Costs of issuing shares | - | - | - |
| Dividends provided for or paid | - | - | - |
| Balance at 30 June 2009 | 512,373 | (272,942) | 239,431 |
| Balance at 1 July 2009 | 512,373 | (272,942) | 239,431 |
| Total comprehensive income for the year | - | 45,918 | 45,918 |
| Transactions with owners in their capacity | | | |
| as owners: | | | |
| Shares issued during period | - | - | - |
| Costs of issuing shares | - | - | - |
| Dividends provided for or paid | - | (21,379) | (21,379) |
| Balance at 30 June 2010 | 512,373 | (248,403) | 263,970 |

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of Cashflows for the year ended 30 June 2010

| | Note | 2010 \$ | 2009 \$ |
|---|-------------|-----------------|----------------|
| Cash Flows From Operating Activities | | | |
| Receipts from customers | | 571,995 | 529,976 |
| Payments to suppliers and employees | | (510,705) | (476,467) |
| Interest received | | 88 | - |
| Interest paid | | (9) | (3,192) |
| Net cash provided by operating activities | 15 | 61,369 | 50,317 |
| Cash Flows From Investing Activities | | | |
| Payments for property, plant and equipment | | (3,101) | (9,340) |
| Net cash used in investing activities | | (3,101) | (9,340) |
| Cash Flows From Financing Activities | | | |
| Dividends paid | | (21,379) | - |
| Net cash used in financing activities | | (21,379) | - |
| Net increase in cash held | | 36,889 | 40,977 |
| Cash and cash equivalents at the beginning of the financial year | | 10,655 | (30,322) |
| Cash and cash equivalents at the end of the financial year | 7(a) | 47,544 | 10,655 |

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

a) Basis of Preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Financial statement presentation

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

Historical cost convention

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

Comparative figures

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

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branch at Acacia Ridge, Queensland.

The branch operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the **Community Bank**[®] branch on behalf of

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

Bendigo Bank, however all transactions with customers conducted through the **Community Bank**[®] branches are effectively conducted between the customers and Bendigo Bank.

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

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

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

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

b) Revenue

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

c) Income Tax

Current tax

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

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

c) Income Tax (continued)

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

d) Employee Entitlements

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

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

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

e) Cash and Cash Equivalents

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

f) Trade Receivables and Payables

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

g) Property, Plant and Equipment

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

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

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

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

h) Intangibles

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

i) Payment Terms

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

j) Borrowings

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

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

k) Financial Instruments

Recognition and initial measurement

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

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

Derecognition

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

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Financial liabilities

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

Impairment

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

l) Leases

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

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

l) Leases (continued)

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

m) Provisions

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

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

n) Contributed Equity

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

o) Earnings Per Share

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

p) Goods and Services Tax

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

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

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

Notes to the financial statements continued

Note 2. Financial Risk Management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

Notes to the financial statements continued

- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period; and
- (ii) the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

Note 3. Critical Accounting Estimates and Judgements

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

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

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

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

Taxation

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

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

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

Notes to the financial statements continued

Estimation of useful lives of assets

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

Goodwill

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

The calculations require the use of assumptions.

Impairment of assets

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

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

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

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

Notes to the financial statements continued

| | 2010 \$ | 2009 \$ |
|--|----------------|----------------|
| Note 4. Revenue from Ordinary Activities | | |
| Operating activities: | | |
| - services commissions | 587,110 | 519,548 |
| - other revenue | 2,500 | 1,534 |
| Total revenue from operating activities | 589,610 | 521,082 |
| Non-operating activities: | | |
| - interest received | 88 | - |
| Total revenue from non-operating activities | 88 | - |
| Total revenues from ordinary activities | 589,698 | 521,082 |

Note 5. Expenses

Depreciation of non-current assets:

| | | |
|--------------------------|-------|-------|
| - plant and equipment | 6,261 | 5,046 |
| - leasehold improvements | 8,392 | 9,905 |

Amortisation of non-current assets:

| | | |
|-----------------------|--------|--------|
| - franchise agreement | 2,000 | 2,004 |
| | 16,653 | 16,955 |

Finance costs:

| | | |
|------------------|---------------|--------------|
| - interest paid | 9 | 3,192 |
| Bad debts | 12,450 | 9,451 |

Notes to the financial statements continued

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

Note 6. Income Tax Expense/Credit

The components of tax expense comprise:

| | | | |
|---|--|---------------|--------------|
| - Current tax | | - | - |
| - Future income tax benefit attributed to losses | | - | - |
| - Movement in deferred tax | | - | (243) |
| - Recoup of prior year tax loss | | 17,978 | 7,437 |
| - Under/(Over) provision of tax in the prior period | | - | 996 |
| | | 17,978 | 8,190 |

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

| | | | |
|---|----|---------------|--------------|
| Operating profit | | 63,896 | 27,817 |
| Prima facie tax on profit from ordinary activities at 30% | | 19,169 | 8,345 |
| Add tax effect of: | | | |
| - non-deductible expenses | | 601 | 602 |
| - timing difference expenses | | - | - |
| - other deductible expenses | | (1,792) | (1,510) |
| | | 17,978 | 7,437 |
| Movement in deferred tax | 11 | - | (243) |
| Under/(Over) provision of income tax in the prior year | | - | 996 |
| | | 17,978 | 8,190 |

Note 7. Cash and Cash Equivalents

| | | |
|--------------------------|--------|--------|
| Cash at bank and on hand | 47,544 | 10,655 |
|--------------------------|--------|--------|

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

Note 7.(a) Reconciliation of cash

| | | |
|---------------------------------|---------------|---------------|
| Cash at bank and on hand | 47,544 | 10,655 |
|---------------------------------|---------------|---------------|

Notes to the financial statements continued

| | 2010 \$ | 2009 \$ |
|--|---------------|---------------|
| Note 8. Trade and Other Receivables | | |
| Trade receivables | 23,548 | 5,005 |
| Prepayments | 5,228 | 5,756 |
| Other | - | 400 |
| | 28,776 | 11,161 |

Note 9. Property, Plant and Equipment

Plant and equipment

| | | |
|-------------------------------|---------------|---------------|
| At cost | 42,869 | 39,768 |
| Less accumulated depreciation | (26,237) | (19,976) |
| | 16,632 | 19,792 |

Leasehold improvements

| | | |
|-------------------------------|---------------|---------------|
| At cost | 140,412 | 140,412 |
| Less accumulated depreciation | (55,852) | (47,460) |
| | 84,560 | 92,952 |

Total written down amount **101,192** **112,744**

Movements in carrying amounts:

Plant and equipment

| | | |
|-------------------------------|---------------|---------------|
| Carrying amount at beginning | 19,792 | 9,277 |
| Additions | 3,101 | 15,561 |
| Disposals | - | - |
| Less: depreciation expense | (6,261) | (5,046) |
| Carrying amount at end | 16,632 | 19,792 |

Leasehold improvements

| | | |
|-------------------------------|---------------|---------------|
| Carrying amount at beginning | 92,952 | 102,857 |
| Additions | - | - |
| Disposals | - | - |
| Less: depreciation expense | (8,392) | (9,905) |
| Carrying amount at end | 84,560 | 92,952 |

Total written down amount **101,192** **112,744**

Notes to the financial statements continued

| | 2010 \$ | 2009 \$ |
|-----------------------------------|------------|--------------|
| Note 10. Intangible Assets | | |
| Franchise fee | | |
| At cost | 10,000 | 10,000 |
| Less: accumulated amortisation | (9,179) | (7,179) |
| Total written down amount | 821 | 2,821 |

Note 11. Tax

Non-Current:

Deferred tax assets

| | | |
|------------------------------|----------------|----------------|
| - accruals | - | - |
| - tax losses carried forward | 101,723 | 119,702 |
| | 101,723 | 119,702 |

Deferred tax liability

| | | |
|--------------------------|---|---|
| - accruals | - | - |
| - deductible prepayments | - | - |
| | - | - |

| | | |
|-------------------------------|----------------|----------------|
| Net deferred tax asset | 101,723 | 119,702 |
|-------------------------------|----------------|----------------|

| | | |
|--|---------------|--------------|
| Movement in deferred tax charged to statement of comprehensive income | 17,979 | (243) |
|--|---------------|--------------|

Note 12. Trade and Other Payables

| | | |
|----------------------------|--------|--------|
| Trade creditors | 12,507 | 14,074 |
| Other creditors & accruals | 3,579 | 3,578 |
| | 16,086 | 17,652 |

Note 13. Contributed Equity

| | | |
|--|----------|----------|
| 534,487 Ordinary shares fully paid (2009: 534,487) | 534,487 | 534,487 |
| Less: equity raising expenses | (22,114) | (22,114) |
| | 512,373 | 512,373 |

Notes to the financial statements continued

Note 13. Contributed Equity (continued)

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

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

(c) Transfer

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

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

Prohibited shareholding interest

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

"In summary, a person has a prohibited shareholding interest if they control or own 10% or more of the shares in the company (the "10% limit").

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

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

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for

Notes to the financial statements continued

Note 13. Contributed Equity (continued)

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

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

| | 2010 | 2009 |
|--|------------------|------------------|
| | \$ | \$ |
| Note 14. Accumulated Losses | | |
| Balance at the beginning of the financial year | (272,942) | (292,569) |
| Net profit from ordinary activities after income tax | 45,918 | 19,627 |
| Dividends paid or provided for | (21,379) | - |
| Balance at the end of the financial year | (248,403) | (272,942) |

Notes to the financial statements continued

| | 2010 \$ | 2009 \$ |
|--|---------------|---------------|
| Note 15. Statement of Cashflows | | |
| Reconciliation of loss from ordinary activities after tax to net cash provided by operating activities | | |
| Profit from ordinary activities after income tax | 45,918 | 19,627 |
| Non cash items: | | |
| - depreciation | 14,653 | 14,951 |
| - amortisation | 2,000 | 2,004 |
| Changes in assets and liabilities: | | |
| - (increase)/decrease in receivables | (17,615) | 4,562 |
| - decrease in other assets | 17,982 | 8,190 |
| - increase/(decrease) in payables | (1,569) | 983 |
| Net cashflows provided by operating activities | 61,369 | 50,317 |

Note 16. Leases

Operating lease commitments

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

Payable - minimum lease payments

| | | |
|---------------------------------|---------------|---------------|
| - not later than 12 months | 48,332 | 47,375 |
| - between 12 months and 5 years | 8,055 | 11,844 |
| - greater than 5 years | - | - |
| | 56,387 | 59,219 |

The branch premises lease is a non-cancellable lease with a five-year term. The lease has two renewal options both with 5 year terms, the first renewal is due 28 September 2010. Rent payable monthly in advance and is increased annually by CPI.

Notes to the financial statements continued

| | 2010 \$ | 2009 \$ |
|---|--------------|--------------|
| Note 17. Auditors' Remuneration | | |
| Amounts received or due and receivable by the auditor of the company for: | | |
| - audit & review services | 4,500 | 4,200 |
| - share registry services | 1,998 | - |
| - non audit services | 887 | 2,481 |
| | 7,385 | 6,681 |

Note 18. Director and Related Party Disclosures

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

Victoria Louise Maguire

Peter Geoffrey Henderson

Linda Anne Beaumont

Paul Douglas Knight

Mark Ledwidge

Earle Alexander Johnston

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

Except for Victoria McGuire and Peter Henderson no director or related entity has entered into a material contract with the company.

Victoria McGuire is a Director of J Lander Pty Ltd, J Lander Pty Ltd own the premises occupied by the bank. During the financial year the total benefit J Lander Pty Ltd received was \$56,585 (2009: \$55,059).

Peter Henderson is a Partner at Alpha Business Services Pty Ltd and Accounting Intelligence Pty Ltd, Acacia Ridge Financial Services Limited used the services of Alpha Business Services Pty Ltd and Accounting Intelligence Pty Ltd during the financial year, the total benefit Alpha Business Services Pty Ltd and Accounting Intelligence Pty Ltd received for the financial year was \$5,815, (2009: \$4,990).

Notes to the financial statements continued

Note 18. Director and Related Party Disclosures (continued)

| Directors Shareholdings | 2010 | 2009 |
|--------------------------------|-------------|-------------|
| Victoria Louise Maguire | 50,502 | 50,502 |
| Peter Geoffrey Henderson | 24,001 | 24,001 |
| Linda Anne Beaumont | 15,001 | 15,001 |
| Paul Douglas Knight | 15,001 | 15,001 |
| Mark Ledwidge | 10,001 | 10,001 |
| Earle Alexander Johnston | 400 | - |

There was no movement in directors shareholdings during the year.

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

Note 19. Dividends Paid or Provided

Dividends paid during the year

Unfranked dividend paid

| | | |
|--|---------------|----------|
| 100% unfranked dividend - 4 cents per share (2009: Nil) | 21,379 | - |
|--|---------------|----------|

Note 20. Earnings Per Share

(a) Profit attributable to the ordinary equity holders of the company

used in calculating earnings per share

| | |
|--------|--------|
| 45,918 | 19,627 |
|--------|--------|

| Number | Number |
|---------------|---------------|
|---------------|---------------|

(b) Weighted average number of ordinary shares used as the

denominator in calculating basic earnings per share

| | |
|---------|---------|
| 534,487 | 534,487 |
|---------|---------|

Note 21. Events Occurring After the Balance Sheet Date

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

Note 22. Contingent Liabilities

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

Note 23. Segment Reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services in Acacia Ridge, Queensland pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Notes to the financial statements continued

Note 24. Registered Office/Principal Place of Business

The registered office and principal place of business is:

| | |
|-----------------------------|-----------------------------|
| Registered Office | Principal Place of Business |
| Shop 5, 28 Elizabeth Street | Shop 5, 28 Elizabeth Street |
| Acacia Ridge, QLD 4110 | Acacia Ridge, QLD 4110 |

Note 25. Financial Instruments

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

| Financial instrument | Floating interest rate | | Fixed interest rate maturing in | | | | | | Non interest bearing | | Weighted average effective interest rate | |
|------------------------------|------------------------|--------|---------------------------------|------|-------------------|------|--------------|------|----------------------|--------|--|-------|
| | | | 1 year or less | | Over 1 to 5 years | | Over 5 years | | | | 2010 | 2009 |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | % | % |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | | |
| Financial Assets | | | | | | | | | | | | |
| Cash and cash equivalents | 47,544 | 10,665 | - | - | - | - | - | - | - | - | 0.78 | - |
| Receivables | - | - | - | - | - | - | - | - | 23,548 | 5,405 | N/A | N/A |
| Financial Liabilities | | | | | | | | | | | | |
| Interest bearing liabilities | - | - | - | - | - | - | - | - | - | - | N/A | 11.87 |
| Payables | - | - | - | - | - | - | - | - | 12,507 | 14,074 | N/A | N/A |

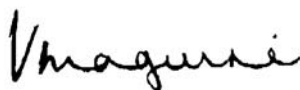
Directors' declaration

In accordance with a resolution of the directors of Acacia Ridge, we state that:

In the opinion of the directors:

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

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



Victoria Louise Maguire, Chairman



Peter Geoffrey Henderson, Treasurer

Signed on the 29th of September 2010.

Independent audit report



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INDEPENDENT AUDITOR'S REPORT

To the members of Acacia Ridge Financial Services Limited

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

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

Independent audit report continued

Independence

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

Auditor's Opinion on the Financial Report

In our opinion:

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

Report on the Remuneration Report

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

Auditor's Opinion

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



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

Dated this 29th day of September 2010

BSX report

Share information

BSX Report - Share register information required. This information is current as at 29 September 2010.

The following table shows the 10 largest shareholders.

| Shareholder | Number of shares | Percentage of capital |
|--|------------------|-----------------------|
| BRUCE ANDREW CHADFIELD <MEDIDRAFT SUPER FUND A/C> | 50,000 | 9.35% |
| GENEREALE PTY LTD <ANTONIEFF FAMILY S/F A/C> | 50,000 | 9.35% |
| VICTORIA LOUISE MAGUIRE & JAMES LEWIS LANDER <TENNYSON SUPERANNUATION FUND> | 48,500 | 9.07% |
| MR MICHAEL O'HAGAN & MRS LINDA O'HAGAN <O'HAGAN FAMILY S/F A/C> | 20,000 | 3.74% |
| MR PETER DOUGLAS SMITH & MRS ROBYN DENEICE SMITH | 20,000 | 3.74% |
| MRS LINDA ANNE BEAUMONT & MR PHILIP RICHARD WHITEOAK <ELIZABETH ST PHARMACY ACACIA RIDGE A/C> | 15,000 | 2.81% |
| DALPAK PTY LTD | 10,000 | 1.87% |
| MR RONALD JAMES BUTLER | 10,000 | 1.87% |
| MR ROY VICTOR WELFARE | 10,000 | 1.87% |
| MR THOMAS JAMES BAKER & MRS ALYSON BAKER <BARDEIRA PTY LTD S/F A/C> | 10,000 | 1.87% |
| MRS JEAN MARGARET LEDWIDGE | 10,000 | 1.87% |
| MRS JENNIFER LINDELL CURTIS | 10,000 | 1.87% |
| MS FEONA WALKER | 10,000 | 1.87% |
| RAMADI PTY LTD <SUPER FUND A/C> | 10,000 | 1.87% |
| TIMCOURT PTY LTD | 10,000 | 1.87% |
| TPH SUPER PTY LTD <TAS PETROLEUM EXEC S/F A/C> | 10,000 | 1.87% |
| | 303,500 | 56.78% |

BSX report continued

Distribution of Shareholders

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

| Number of shares held | Number of shareholders |
|------------------------------|-------------------------------|
| 1 to 1,000 | 80 |
| 1,001 to 5,000 | 46 |
| 5,001 to 10,000 | 13 |
| 10,001 to 100,000 | 6 |
| 100,001 and over | 0 |
| Total shareholders | 145 |

There are 20 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1.00. There are no unquoted equity securities.



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