

*Adelong & District Financial Services Ltd*

ABN 39 107 620 137

# Annual Report 2009



Adelong & District  
Community Bank® Branch



# **Adelong & District Financial Services Ltd**

ABN 39 107 620 137

**Annual report to shareholders 30<sup>th</sup> June, 2009**

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**ADELONG & DISTRICT FINANCIAL SERVICES**

**ABN 39 107 620 137**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2009**

**Adelong & District Financial Services Limited**  
**ABN 39 107 620 137**

**Directors' Report**

Your Directors submit the financial report of the company for the financial year ended 30 June 2009.

**Directors**

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

Stewart MacDonald Smith  
Chairman  
Age: 61  
Farmer

Timothy Jamin Quilty  
Treasurer  
Age: 35  
Accountant

Heather Rae Hindmarsh  
Secretary & Director

James Hayes  
Secretary & Director  
Age: 51  
School Teacher

Ian Phillip Nuss  
Director  
Age: 55  
Farmer

Peter Watson  
Director  
Age: 63  
Bank Manager

Wendy Ann Miller  
Director  
Age: 49  
Carer

Andrew Reynolds  
Director  
Age: 39  
Farmer

Sarah Roche  
Director  
Age: 34  
Company Director

Dirk Bierling  
Director

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

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

**Company Secretary**

The company secretary is James Hayes. James took over as Secretary upon the resignation of Heather Hindmarsh on 23 February 2009.

**Principal Activities**

The principal activities of the company during the course of the financial year were in facilitating community banking services under management rights to operate a franchised branch of Bendigo Bank Limited.

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



**Adelong & District Financial Services Limited**  
**ABN 39 107 620 137**

**Directors' Report (continued)**

**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 2009	Year ended 30 June 2008
\$	\$
92,131	27,368

**Remuneration Report**

Peter Watson is employed by Adelong & District Financial Services Limited as the branch manager for the bank. Peter receives a gross salary of \$67,379, a uniform allowance of \$156 and employer sponsored superannuation of \$6,064.

**Dividends**

No dividends were declared or paid for the previous year and the directors recommend that a 5% dividend be paid of share holding at 30 June 2009.

**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 report.

**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 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.

**Adelong & District Financial Services Limited**  
**ABN 39 107 620 137**

**Directors' Report ...continued**

**Indemnification and Insurance of Directors and Officers**

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

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

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

	<b>Number of Board Meetings</b>	
	<b><u>Eligible to attend</u></b>	<b><u>Number attended</u></b>
Stewart MacDonald Smith	11	10
Timothy Jamin Quilty	11	11
Heather Rae Hindmarsh (resigned 23/02/09)	7	3
Wendy Ann Miller	11	7
Ian Phillip Nuss	11	7
Peter Watson	11	11
James Hayes (appointed 23/09/08)	11	8
Andrew Reynolds (appointed 25/04/09)	3	3
Sarah Roche (appointed 25/04/09)	3	3
Dirk Bierling (resigned 25/04/09)	6	6

**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 (WalkerBDS) 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 Professional Statement F1, 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.

**Adelong & District Financial Services Limited**  
**ABN 39 107 620 137**

**Directors' Report ...continued**

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors at Adelong, New South Wales on 18<sup>th</sup> August 2009.



Stewart MacDonald Smith, Chairman



Timothy Jamin Quilty, Treasurer

**Adelong & District Financial Services Limited**  
**ABN 39 107 620 137**

**Lead Auditor's Independence Declaration under Section 307C of the Corporations act 2001 to the directors of Adelong and District 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 2009 there have been:

- ∞ No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ∞ No contraventions of any applicable code of professional conduct in relation to the audit.

Steven Walker  
Auditor  
WalkerBDS

Dated this 18<sup>th</sup> day of August 2009



**Adelong & District Financial Services Limited**  
**ABN 39 107 620 137**

**Income Statement**  
**For the financial year ended 30 June 2009**

		<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
	<b>Notes</b>		
Revenues from ordinary activities	3	496,515	373,682
Salaries and employee benefits expense		(198,682)	(196,056)
Advertising and promotion expenses		(10,674)	(10,871)
Occupancy and associated costs		(19,677)	(14,446)
Systems costs		(23,747)	(20,107)
Depreciation and amortisation expense	4	(22,454)	(22,403)
General administration expenses		<u>(86,443)</u>	<u>(76,457)</u>
<b>Profit/(loss) before income tax (expense)/credit</b>		<b>134,838</b>	<b>33,342</b>
Income tax (expense)/credit	5	<u>(42,707)</u>	<u>(5,920)</u>
<b>Profit/(loss) for period</b>		<u><b>92,131</b></u>	<u><b>27,422</b></u>
<b>Profit/(loss) attributable to members of the entity</b>		<u><b>92,131</b></u>	<u><b>27,422</b></u>

The accompanying notes form part of these financial statements

**Adelong & District Financial Services Limited**  
**ABN 39 107 620 137**

**Balance Sheet**  
**For the financial year ended 30 June 2009**

		2009 \$	2008 \$
	Notes		
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash assets	6	234,428	91,977
Trade and other receivables	7	<u>42,451</u>	<u>34,685</u>
<b>Total Current Assets</b>		<b><u>276,879</u></b>	<b><u>126,662</u></b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	149,347	157,069
Intangible assets	9	2,000	14,000
Deferred tax assets	10	43,912	86,619
Other financial assets	11	<u>10,100</u>	<u>-</u>
<b>Total Non-Current Assets</b>		<b><u>205,359</u></b>	<b><u>257,688</u></b>
<b>Total Assets</b>		<b><u>482,238</u></b>	<b><u>384,350</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	18,926	17,744
Provisions	13	<u>45,361</u>	<u>15,035</u>
<b>Total Current Liabilities</b>		<b><u>64,287</u></b>	<b><u>32,779</u></b>
<b>Non-Current Liabilities</b>			
Provisions	13	<u>11,316</u>	<u>6,709</u>
<b>Total Non-Current Liabilities</b>		<b><u>11,316</u></b>	<b><u>6,709</u></b>
<b>Total Liabilities</b>		<b><u>75,603</u></b>	<b><u>39,488</u></b>
<b>Net Assets</b>		<b><u>406,635</u></b>	<b><u>344,862</u></b>
<b><u>Equity</u></b>			
Issued capital	14	549,769	580,118
Accumulated losses	15	<u>(143,124)</u>	<u>(235,256)</u>
<b>Total Equity</b>		<b><u>406,635</u></b>	<b><u>344,862</u></b>

The accompanying notes form part of these financial statements

**Adelong District Financial Services Limited**  
**ABN 39 107 620 137**

**Statement of changes in equity**  
**For the financial year ended 30 June 2009**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Total equity at the beginning of the period	344,862	317,440
Net profit/(loss) for the period	92,131	27,422
Net income/expense recognised directly in equity	-	-
Dividends provided for or paid	30,358	-
Shares issued during period	-	-
Total equity at the end of the period	<u><b>406,635</b></u>	<u><b>344,862</b></u>

The accompanying notes form part of these financial statements

**Adelong District Financial Services Limited**  
**ABN 39 107 620 137**

**Statement of Changes in Equity**  
**For the financial year ended 30 June 2009**

		2009 \$	2008 \$
	Notes		
<b>Cash Flows From Operating Activities</b>			
Receipts from customers		481,032	419,565
Payments to suppliers and employees		(331,086)	(371,076)
Interest received		<u>5,966</u>	<u>695</u>
<b>Net cash provided by/(used in) operating activities</b>	16	<u>155,283</u>	<u>49,184</u>
<b>Cash Flows From Investing Activities</b>			
Payments for property, plant and equipment		(2,732)	-
Payments for listed shares		<u>(10,100)</u>	<u>-</u>
<b>Net cash used in investing activities</b>		<u>(12,832)</u>	<u>-</u>
<b>Net increase/(decrease) in cash held</b>		142,451	49,184
Cash at the beginning of the financial year		<u>91,977</u>	<u>42,793</u>
<b>Cash at the end of the financial year</b>	6(a)	<u>234,428</u>	<u>91,977</u>

The accompanying notes form part of these financial statements



**Adelong & District Financial Services Limited**  
**ABN 39 107 620 137**

**Notes to the Financial Statements**  
**For the year ended 30 June 2009**

**1. Summary of Significant accounting policies**

**Basis of preparation**

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

*Compliance with IFRS*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

*Historical cost convention*

The financial report has been prepared under the historical cost conventions 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.

**Revenue**

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). 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.

**Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and service tax (GST), except where the amount of GST incurred is not recoverable for 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 ATO are classified as operation cash flows.

**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 tax 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).

**Adelong & District Financial Services Limited**  
**ABN 39 107 620 137**

**Notes to the Financial Statements**  
**For the year ended 30 June 2009**

**1. Summary of significant accounting policies (continued)**

**Income tax (continued)**

*Deferred tax*

Deferred tax is accounted for using the comprehensive 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/consolidated 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 income statement, 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.

**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.

**Intangibles**

The cost of the company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

**Adelong & District Financial Services Limited**  
**ABN 39 107 620 137**

**Notes to the Financial Statements**  
**For the year ended 30 June 2009**

**1. Summary of significant accounting policies (continued)**

**Income tax (continued)**

**Cash**

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.

**Comparative figures**

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

**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 the 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 estimate useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimate 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

**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.

There are no estimates or assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Payment Terms**

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



**Adelong & District Financial Services Limited**  
**ABN 39 107 620 137**

**Notes to the Financial Statements**  
**For the year ended 30 June 2009**

**1. Summary of significant accounting policies (continued)**

**Income tax (continued)**

**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.

**Borrowings**

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

**Provisions**

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions of 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.

**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.

**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 issued during the year.

**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 transaction denominated in a currency other than Australian dollars.



**Adelong & District Financial Services Limited**  
**ABN 39 107 620 137**

**Notes to the Financial Statements**  
**For the year ended 30 June 2009**

**2. Financial Risk Management ... continued**

(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 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 Bank Limited mitigates the risk significantly.

(v) Cash Flow and Fair Value Interest Rate Risk

Interest-bearing assets are held with Bendigo 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 relation with Bendigo Bank Limited mitigates the risk significantly.

<b>3. Revenue from Ordinary Activities</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Operating activities:		
- services commissions	<u>490,898</u>	<u>372,358</u>
Total revenue from operating activities	<u>490,898</u>	<u>372,358</u>
Non-operating activities:		
- interest received	5,337	1,324
- dividends received	<u>280</u>	<u>-</u>
Total revenue from non-operating activities	<u>5,617</u>	<u>1,324</u>
Total revenues from ordinary activities	<u>496,515</u>	<u>373,682</u>

**Adelong & District Financial Services Limited**  
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**Notes to the Financial Statements**  
**For the year ended 30 June 2009**

<b>4. Expenses</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Depreciation of non-current assets:		
- plant and equipment	3,162	3,109
- leasehold improvements	7,292	7,294
Amortisation of non-current assets:		
- franchise agreement	<u>12,000</u>	<u>12,000</u>
	<u>22,454</u>	<u>22,403</u>
 <b>5. Income Tax Expense</b>		
The components of tax expense comprise:		
- Current tax	-	-
- Deferred tax on provisions	(2,297)	(5,594)
- Recoupment of prior year tax losses	<u>45,004</u>	<u>11,514</u>
	<u>42,707</u>	<u>5,920</u>
The prima facie tax on profit/(loss) from ordinary activities before Income tax is reconciled to the income tax expense as follows:		
Operating profit/(loss)	134,838	33,288
Prima facie tax on profit/(loss) from ordinary activities at 30%	40,451	9,987
Add tax effect of:		
- non-deductible expenses	3,843	3,600
- timing difference expenses	-	(450)
- blackhole expenses	(1,623)	(1,623)
- franking credits	36	-
Current tax	45,004	11,514
Movement in deferred tax 10	<u>(2,297)</u>	<u>(5,594)</u>
	<u>42,707</u>	<u>5,920</u>
 <b>6. Cash assets</b>		
Cash at bank and on hand	98,056	46,305
Deposits at call	<u>136,372</u>	<u>45,672</u>
	<u>234,428</u>	<u>91,977</u>

The above figures are reconciled to cash at the end of the financial year.

**Adelong & District Financial Services Limited**  
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**Notes to the Financial Statements**  
**For the year ended 30 June 2009**

<b>6. Cash assets .... Continued</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<i>6(a) Reconciliation of cash</i>		
Cash at bank and on hand	98,056	46,305
Deposits at call	<u>136,372</u>	<u>45,672</u>
	<u>234,428</u>	<u>91,977</u>
 <b>7. Trade and other receivables</b>		
Trade receivables	40,933	30,787
Prepayments	<u>1,518</u>	<u>3,898</u>
	<u>42,451</u>	<u>34,685</u>
 <b>8. Property, plant and equipment</b>		
<i>Plant and equipment</i>		
At cost	43,460	40,728
Less accumulated depreciation	<u>(16,499)</u>	<u>(13,337)</u>
	<u>26,961</u>	<u>27,391</u>
<i>Leasehold improvements</i>		
At cost	176,587	176,587
Less accumulated depreciation	<u>(54,201)</u>	<u>(46,909)</u>
	<u>122,386</u>	<u>129,678</u>
Total written down amount	<u>149,347</u>	<u>157,069</u>
 <b>Movement in carrying amounts:</b>		
<i>Plant and equipment</i>		
Carrying amount at beginning	27,391	30,500
Additions	2,732	-
Disposals	-	-
Less: depreciation expense	<u>(3,162)</u>	<u>(3,109)</u>
Carrying amount at end	<u>26,961</u>	<u>27,391</u>
<i>Leasehold improvements</i>		
Carrying amount at beginning	129,678	136,972
Additions	-	-
Disposals	-	-
Less: depreciation expense	<u>(7,292)</u>	<u>(7,294)</u>
Carrying amount at end	<u>122,386</u>	<u>129,678</u>
Total written down amount	<u>149,347</u>	<u>157,069</u>

**Adelong & District Financial Services Limited**  
**ABN 39 107 620 137**

**Notes to the Financial Statements**  
**For the year ended 30 June 2009**

<b>9. Intangible assets</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<i>Franchise fee</i>		
At cost	60,000	60,000
Less: accumulated depreciation	<u>58,000</u>	<u>(46,000)</u>
	<u>2,000</u>	<u>14,000</u>
 <b>10. Deferred Tax</b>		
Deferred Tax Asset		
- Opening Balance	86,619	92,539
Future income tax benefits attributable to losses	-	-
Recoupment of prior year tax losses	(45,004)	(11,514)
Deferred tax on provisions	<u>2,297</u>	<u>5,594</u>
- Closing Balance	<u>43,912</u>	<u>86,619</u>
 <b>11. Other financial assets</b>		
Non-Current:		
Available for sale financial assets		
- Listed shares in other corporations at cost	10,100	-
Less impairment provision	<u>-</u>	<u>-</u>
	<u>10,100</u>	<u>-</u>
 <b>12. Trade and other payables</b>		
Trade creditors	15,926	15,744
Other creditors and accruals	<u>3,000</u>	<u>2,000</u>
	<u>18,926</u>	<u>17,744</u>
 <b>13. Provision</b>		
Current:		
Employment benefits	15,003	15,035
Dividend provision	<u>30,358</u>	<u>-</u>
	<u>45,361</u>	<u>-</u>
Non-Current:		
Employee benefits	<u>11,316</u>	<u>6,709</u>
 <b>14. Contributed equity</b>		
607,169 Ordinary shares fully paid of \$1 each (2008: 607,169)	607,169	607,169
Less: equity raising expenses	<u>549,759</u>	<u>580,118</u>
 <b>15. Accumulated losses</b>		
Balance at the beginning of the financial year	235,255	(262,678)
Net profit/(loss) from ordinary activities after income tax	<u>92,131</u>	<u>27,423</u>
Balance at the end of the financial year	<u>(143,124)</u>	<u>(235,255)</u>



**Adelong & District Financial Services Limited**  
**ABN 39 107 620 137**

**Notes to the Financial Statements**  
**For the year ended 30 June 2009**

<b>16. Statement of cashflows</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<i>Reconciliation of loss from ordinary activities after tax to net cash Provided by/(used in) operating activities</i>		
Profit/(Loss) from ordinary activities after income tax	92,131	27,368
Non cash items:		
- depreciation	10,454	10,403
- amortisation	12,000	12,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(7,766)	(2,789)
- (increase)/decrease in other assets	42,707	5,920
- (increase)/decrease in payables	1,182	(5,314)
- (increase)/decrease in provisions	4,575	1,596
Net cashflows provided by/(used in) operating activities	<u>155,283</u>	<u>49,184</u>

**17. Auditor's remuneration**

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

- audit and review services	5,937	4,100
- non audit services	<u>-</u>	<u>7,132</u>

**18. Director and related party disclosures**

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

Stewart MacDonald Smith  
Timothy Jamin Quilty  
Heather Rae Hindmarsh (resigned 23/02/09)  
Wendy Ann Miller  
Ian Phillip Nuss  
Peter Watson  
James Hayes (appointed 23/09/08)  
Andrew Reynolds (appointed 25/04/09)  
Sarah Roche (appointed 25/04/09)  
Dirk Bierling (resigned 25/04/09)

No director's fees have been paid as the positions are held on a voluntary basis.

**Adelong & District Financial Services Limited**  
**ABN 39 107 620 137**

**Notes to the Financial Statements**  
**For the year ended 30 June 2009**

<b>Directors Shareholdings</b>	<b>2009</b>	<b>2008</b>
Stewart MacDonald Smith	3,000	3,000
Timothy Jamin Quilty	1,701	1,701
Heather Rae Hindmarsh	4,000	4,000
Wendy Ann Miller	1,000	1,000
Ian Phillip Nuss	8,500	8,500
Peter Watson	5,000	5,000
James Hayes	1,000	1,000

There was no movement in directors shareholdings during the year.  
Each share held its value at \$1.

**19. Key management personnel disclosures**

No Director of the company receives remuneration for services as a company director or committee member. Except for Peter Watson (See note 17 above) there are no other Executives within the company whose remuneration is required to be disclosed.

**20. Earnings per share**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	92,131	27,368
	<u>Number</u>	<u>Number</u>
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	607,169	607,169

**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.

**22. Contingent liabilities**

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

**23. Segment reporting**

The economic entity operates in the service sector where it facilitates community banking services pursuant to the franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Adelong district, New South Wales.

**Adelong & District Financial Services Limited**  
**ABN 39 107 620 137**

**Notes to the Financial Statements**  
**For the year ended 30 June 2009**

**24. Registered office/Principal place of business**

The registered office and principal place of business is:

**Registered Office**

62 Tumut Street  
Adelong NSW 2729

**Principal place of business**

62 Tumut Street  
Adelong NSW 2729

**Adelong & District Financial Services Limited**  
**ABN 39 107 620 137**

**Directors' Declaration**

In accordance with a resolution of the directors of Adelong and District Financial Services Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial statement position as at 30 June 2009 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.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the Corporations Act.

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



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**Stewart MacDonald Smith**  
**Chairman**



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**Timothy Jamin Quilty**  
**Treasurer**



## **INDEPENDENT AUDITOR'S REPORT**

To the members of Adelong & District Financial Services Limited

I have audited the accompanying financial report of Adelong & District Financial Services Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, 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 director's declaration.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("Remuneration disclosures"), under the heading "Remuneration Report" in the directors' report, as permitted by Corporations Regulation 2M.6.04.

### **Directors Responsibility for the Financial Report**

The Directors 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 designing, implementing and maintaining internal controls 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. In note 1, the directors also state that the Standards. The directors are also responsible for the remuneration disclosures contained in the director's report.

### **Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I 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 and that the remuneration disclosures comply with Accounting Standards AASB 124 Related Party Disclosures.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my 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, I consider internal controls 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 Director, as well as evaluating the overall presentations of the financial report.

My audit did not involve an analysis of the prudence of business decisions made by directors or management. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **INDEPENDENT AUDITOR'S REPORT .... Continued**

### **Independence**

In conducting my audit I have met the independence requirements of the Corporations Act 2001. I have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the director's report. In addition to my audit of the financial report and the remuneration disclosures, I was engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired my independence.

### **Auditor's Opinion**

In my opinion:

- 1) The financial report is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of the Adelong & District Financial Services Limited as of 30 June 2009 and of its financial performance and its cash flows for the year then ended in accordance 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 disclosed in Note 1.
- 3) The remuneration disclosures that are contained in the director's report comply with Accounting Standards AASB 124 Related Party Disclosures.

### **Steven Walker**

WalkerBDS

Accountants & Business Development Specialists

38 Russell Street, Tumut, NSW, 2720

Dated this 18th day of August 2009

# **CHAIRMAN'S REPORT FOR THE YEAR END 30<sup>TH</sup> JUNE 2009**

## **Adelong & District Financial Services Ltd**

Dear Shareholders

It is again with great pleasure that I present this Annual Report to you. Your faith and commitment to the Adelong Community Bank has born fruit. Even though we have seen a very difficult year globally, your Community Bank has continued to grow and prosper. At the time of this report your bank has achieved \$50million under management, \$8million growth in 12 months. Much of the accolade for this success goes to our excellent staff and your continued support of this worthy venture.

This year we have paid our first dividend to shareholders, a sign that your Bank is now on a very sound financial footing and is poised to begin putting considerable financial support back into our community.

As well, our franchise fee for the next five years, \$79,000, was paid in August, 2009. This means we will not see this expense come due again until 2014, allowing the next 5 years income to be used within the Adelong community.

Also, because the terms of our building lease with the S&C Club entailed a continuing compounding of the total building value, we have negotiated with the S&C Club to purchase the Bank building for \$84,000, (the projected value in the lease agreement), which is now in the process of purchase. We wish to thank the S&C Club for their foresight & support in helping to establish this Community Bank.

Early in the past year your Bank saw an opportunity to start an Op Shop. With the support of the community and especially to the volunteer ladies who have run the business, this venture has proven to be highly successful. The Bank will continue to support the venture financially as a service to the community.

As we are now on the verge of injecting considerable support back into our community, we must point out that we don't intend to be a bottomless pit, on tap for funds on short notice. We have circularised a survey form for you as shareholders to fill out with ideas on projects for the town. We don't intend to finance projects that Tumut Council has



responsibility for but will work in partnership with the Council to access grants for our community. Please fill the form in with your ideas and return to the Bank.

On the subject of community financial support, we note that other Community Banks use support of the Community Bank as a criteria in committing financial support. We are sure you as shareholders support this idea, as you have supported the Bank in establishment and as a Bank. We will circularise all community groups with this information as well as recommended procedures in applying for funds and support.

As we look at our fifth birthday and the promise of great things for the future, we must not forget the pioneers who put the hard yards in to establish our Community Bank. Adelong community owes them a great debt of gratitude for the commitment and foresight they displayed, for the nervousness that was inevitable when profitability seemed to be a far off possibility. They are true heroes. Heather Hindmarsh retired during this year, she deserves great accolades for steering the Board through the difficult stages of a new business.

We have three new Directors, all who have already brought new ideas, experiences and commitment to our Board. We welcome Sarah, James and Andrew as we enter our sixth year with the expectation of great things to come.

Finally, I wish to thank again our great staff, they are the face of our business and the main reason for our continuing success through these difficult times. Thankyou also to the Directors who donate their time freely for the Adelong Community and do such a great job, and thankyou to you as shareholders and customers, without you this Bank would not be here. We must not sit back and relax. Your further support in banking with us and recommending us to others is paramount in growing this business. Our community will be the great winner.

Chairman, Adelong Financial Services Ltd



## **MANAGER'S REPORT FOR THE YEAR END 30<sup>TH</sup> JUNE 2009**

### **Adelong & District Financial Services Ltd**

It does not seem possible, that nearly five years have passed since the Adelong Community Bank® opened. It is great to see that as we approach our fifth anniversary, all the potential which was spoken about during the tumultuous times of steering committees, pledges, capital raising and finally, opening the branch, is now coming to fruition. In our fifth year of operations, we see the Community Bank® Branch has returned good profits, and, as well as being in a position to pay dividends to shareholders, it is also able to meet its obligations regarding the franchise renewal cost, and the purchase of the land on which the branch building sits and have funds available for investing in the community.

Our successes have been achieved despite some very trying financial times. The economic climate remains pessimistic despite the fact that Australia has generally weathered the world recession fairly well. Australia has not yet slipped into recession and continues to show signs of resilience. However, the domestic economy faces significant challenges in the months ahead. Unemployment, currently 5.4% is expected to rise to well above 7% next year and the Gross Domestic Product is contracting rapidly, with the next quarterly figures expected to show that Australia has succumbed to recession. Fortunately, as poor as these figures suggest our economy is performing, on a comparative basis, our outlook is far more positive than many of the major economies such as the US, EU, UK and Japan whose official interest rates are all close to 0%. The Reserve Bank in Australia is in a much better position with 3% of monetary policy ammunition up its sleeves. Despite this, there is already talk of interest rates increasing, and this in a property market which is still very stagnant.

Through this turmoil, your Community Bank® has continued to grow and it is pleasing to report that at the date of writing, our portfolio has now exceeded \$50,000,000.

We have a lot to look forward to over the next five years. We are in the process of establishing an Adelong Community Bank® agency in Tumut with a Bendigo bank ATM. It is not our intention to compete against the major banks in Tumut for business, but rather, to offer a higher level of service to the many people from Tumut who have chosen the Community Bank® concept as a preferred style of banking.



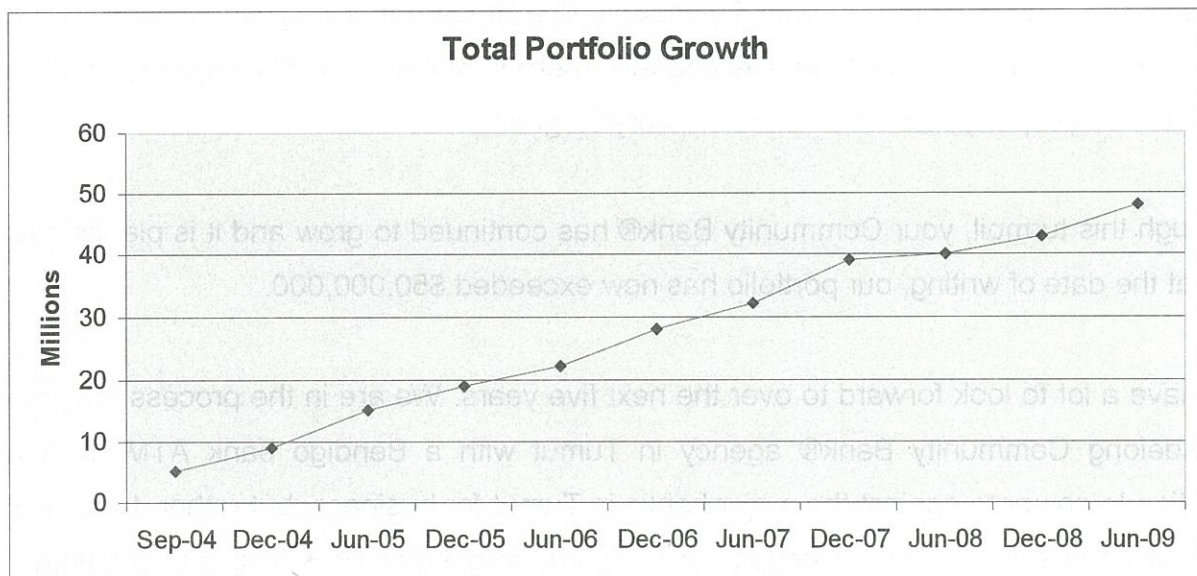
We look forward to growing the viability of our town by investment of very worthwhile funds into major projects. We are looking forward to growing our community and making it a better place in which to work, live and play. Through a strong community, our Community Bank® will also continue to grow in strength providing even greater investment back into the community and returns to our shareholders.

Many thanks are due. Firstly to the shareholders who had the courage and foresight to invest into the concept when it was still on the drawing board. Dividend payments now being made are justification for their faith and support. To the 2200 account holders, thank you for your support of the Community Bank® concept. To the local media for their support, thank you. To the Board of Directors, thank you for your support and encouragement. And, to our award winning staff, they have won accolades from Bendigo Bank for consistent above average performance and have won customer service awards from inside and outside the Banking fraternity.

We look forward to our continued growth and greater success in the next five years.



Peter Watson  
Branch Manager



# Bendigo and Adelaide Bank Ltd report

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For year ending 30 June 2009

2008/09 will go down as one of the most tumultuous financial years in history. The global financial crisis and its aftermath wiped trillions of dollars off the world's net wealth. Some of the biggest names in international banking disappeared; many other banks – vastly bigger than Bendigo and Adelaide Bank Ltd – turned to governments to bail them out. Not surprisingly, confidence sagged, reflected in rising unemployment and stock markets falling by around half their former valuations.

In short, we have seen the biggest financial meltdown since the Great Depression of nearly 80 years ago.

Amidst all that turmoil, though, our grassroots banking movement marched steadily on. Twenty new **Community Bank**® branches joined Bendigo and Adelaide Bank Ltd's national network. Around 120,000 new customers switched to the Bendigo style of banking. And 70 more communities continued their local campaign to open a **Community Bank**® branch.

Those statistics are impressive in themselves, but it is the story behind them that is really important.

That's the story of ordinary people – an awful phrase, but you know what I mean – who inherently understand that the role of a bank is to feed into prosperity, rather than profit from it. That lesson was forgotten by many bankers across the globe, with devastating consequences. But it is now well understood by the residents of 237 towns and suburbs that own their own **Community Bank**® branch, because every day they see the fruits of their investment in locally owned banking.

Again, the statistics are impressive enough – \$29 million paid out in community projects and nearly \$11 million in local shareholder dividends. But again, the real stories lie behind the numbers – new community centres and fire trucks, more local nurses, new walking tracks and swimming pools, safer young drivers, more trees and fewer wasteful incandescent globes, innovative water-saving projects... the list goes on.

And of course more money retained and spent locally. And more jobs. Fifteen hundred or so just in the branches alone. More because of the flow-on, or multiplier, effect of those wages being spent locally. And yet more because of the extra shopping now done in communities made more prosperous and active by having their own bank branch.

**Community Bank**® branches have not escaped the fallout from the global turmoil. Like Bendigo and Adelaide Bank Ltd, they have received less income than in normal times. But also like Bendigo and Adelaide Bank Ltd, they have not needed anyone's help to get through this crisis. And every day we are reminded that banks that are relevant and connected locally will be valued by their customers and communities. For the better of all.



**Russell Jenkins**  
**Chief General Manager**

