annual report | 2009

Albany (W.A.)
Community Financial Services Limited
ABN 77 119 012 510

Albany **Community Bank**® Branch

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Chairman's report

For year ending 30 June 2009

With the successful start in 2006 of our Albany **Community Bank**® much has occurred in the banking world that has tested the resilience of the **Community Bank**® model.

In spite of all the external pressures, our **Community Bank**® branch continues to grow strong and within our prospective forecast.

Your Board continues to function at the highest level and is actively promoting the benefits of the **Community Bank**® concept at the local and regional level.

Quarterly, the boards of Albany, Mt Barker, Tambellup Cranbrook **Community Bank**® branches meet and discuss a wide range of issues such as agribusiness, marketing, Director education and sponsorship opportunities that will grow our branch businesses.

It is important that we network and cross promote with other businesses focusing on assets and capacities as well as being open to change and alternative thinking.

My continued thanks to our Branch Manager Peter Kelsall and our wonderful staff.

To the Board for their sense of Community and attention to detail.

To our shareholders and their continued support, again thank you.

John C. Maxwell, author of 'The Winning Attitude' states,

'Great goals are only reached by the united effort of many'

Milton Evans

Manager's report

For year ending 30 June 2009

We have endured the worst 12 month economic climate in recent history with minimal product margins few differences between banks and squeezed profit margins on our own products. Despite this position, we have managed to grow our total business by 60% year-on-year or by a total of $18 million.

I believe we offer our customers a great service experience with friendly dedicated staff, a good product mix, and a positive image in our local Community and market place. We offer that unique point of difference – genuine face-to-face banking and we will always maintain our focus - "to be Australia's leading most customer-connected banking group"…

Apart from $48 million in total business, we manage 2,400 individual accounts, and whilst we have not yet achieved profitability at this point in time your bank branch is poised to achieve that milestone in the not-too-distant future.

In the eleven years since the introduction of the first **Community Bank**® branch, profit has typically been reached after two – threes years of operation. I have every confidence Albany **Community Bank**® Branch will similarly reach profit in the not too distant future.

This coming year promises to be even better than last, as we continue to build our image and look forward to an improving economic outlook and an improving margin; a stable Board; stable management; and an experienced staff structure.

I again ask you to give us your continued support as we strive to grow the business and move into the next phase of our existence – profit. I would ask that if you are not a Bendigo customer that you give me a call personally to how we can assist you with your banking needs.

If you already bank with us, please feel free to tell as many people as you can about our friendly staff, the better service, and our Community focussed philosophy.

Lastly, I would like to thank the Board, the Albany **Community Bank**® Branch staff and the Bendigo and Adelaide Bank management team for helping me settle into this challenging role.

Peter Kelsall.

Bendigo and Adelaide Bank Ltd report

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

Directors' report

For year ending 30 June 2009

Your Directors present their report, together with the financial statements of the Company for the financial year ended 30 June 2009.

Directors

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

Milton John Evans J. P.
Position: Non Executive Director/Chairperson
Occupation: Retired

Background Information: Mayor of the City of Albany. Patron of Albany Band. Qualifications held in small business management and studied law at Murdoch University in conjunction with the Justice of the Peace duties. Resident of Albany for 37 years.

Directorships held in other entities: Mayor, City of Albany

Vice Chairman of the Albany Hospice Board of management.

Board member of the State Library Board of Western Australia.

Interest in shares and options: 1 share

Tony Curtis Norment
Position: Non Executive Director
Occupation: Sports Administrator

Background Information: Graduate Diploma in Regional Development, University of Western Australia, Institute for Regional Development, Faculty of Agricultural Sciences. Sports Administrator for 12 years with Department of Sport and Recreation (WA), and Great Southern College of TAFE (sport development and fitness) Community affiliations with sporting groups, youth groups, and people with disabilities.

Directorships held in other entities: Nil

Interest in shares and options: 201 shares

Helen Barnard
Position: Non Executive Director/Company Secretary
Occupation: Public Health Administrator

Background Information: B App Sc, Grad Dip Bus, Post Grad Dip Health Service Management. I have worked in the WA health industry for 32 years. I am a registered nurse and for the last 27 years in health management.

Directorships held in other entities: Schizophrenia Association Inc.

Interest in shares and options: 3,000 shares

Graham Moncur
Position: Non-Executive Director
Occupation: Real Estate Agent

Background Information: Bachelor of Education. I taught in the WA Department of Education for 20 years before transferring to real estate.

Nil

Peta Roslyn Spinks
Position: Non-Executive Director
Occupation: Administration Officer

Background Information: I have been part of the Albany community my entire life and have been educated, employed and operated a small business for 6 years. Currently working as school administrative officer at Great Southern Grammar School.

Directorships held in other entities: Nil

Interest in shares and options: 1 share (direct)
500 shares (in-direct)

Directors' report continued

John Beamon JP
Position: Non-Executive Director
Occupation: Retired

Background Information: Completed law studies to become a Justice of the Peace in 2004. Worked in the Prisons Department as a Training Officer and later, the Health Department of WA as Hotel Services Manager until retirement. Actively involved in community services through Albany RSL, Albany TPI Association, Roadwise, Friends of Clarence Estate Aged Care Facility, Schizophrenia Fellowship and Albany Seniors Advisory Council.

Directorships held in other entities: Schizophrenia Association Inc

Interest in shares and options: Nil

John Bates JP
Position: Non-Executive Director
Occupation: Retired

Background Information: Diploma of Education. I the majority of my life as a teacher and then as a School Principal in rural Western Australia and have an appreciation of the varied issues and concerns of people living in smaller communities. I am committed to supporting the community in my role as a Justice of the Peace and President, Schizophrenia Association Inc.

Directorships held in other entities: Schizophrenia Association Inc

Interest in shares and options: Nil

Rachel Thomas
Position: Non-Executive Director
Occupation: IT Marketing Specialist

Background Information: B Bus, Cert IV Workplace Training and Assessment. I am a business proprietor responsible for project management of all web design graphic design jobs. Marketing and promotion of the Company including budgeting, reporting and planning.

Directorships held in other entities: Nil

Interest in shares and options: Nil

Jim Bolger
Position: Non-Executive Director/Treasurer
Occupation: Lecturer - Accountancy

Background Information: Diploma Accountancy, Grad Dip Business Administration, Master of Business (Accounting), Cert IV Workplace Training & Assessment. I have worked at TAFE, Albany since 1980, am an Auditor for Self Managed Superannuation Funds, I am a Fellow Professional National Accountant. I have been involved in sporting, social and community service groups since 1962.

Directorships held in other entities: Director of Youth and Vocation

Director Community Service

Interest in shares and options: 1,000 shares

Ian Pitman
Position: Non-Executive Director
Occupation: Retired

Background Information: Bachelor of Arts (Queensland) with majors in English literature and political science. Master of Arts (Murdoch) with major in public policy. Working career was in the fields of Aboriginal affairs and health, in the Northern Territory and WA. Worked in both government and non-government sectors. Past president of the Albany branch of Silver Chain and still involved in that organisation.

Directorships held in other entities: Nil

Interest in shares and options: Nil

Company Secretary

Helen Barnard

Directors meetings attended

During the financial year, 12 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

Names of Directors	Directors' meetings	
	Number eligible to attend	Number attended
Milton John Evans	12	7
Tony Curtis Norment	12	11
Peta Roslyn Spinks	12	9
Helen Barnard	12	12
Graham Moncur	12	11
John Beamon	5	5
John Bates	10	8
Rachel Thomas	12	7
Jim Bolger	12	9
Ian Pitman	3	3

Principal activity and review of operations

The principal activity and focus of the Company's operations during the year was the operation of a Branch of Bendigo and Adelaide Bank Ltd, pursuant to a franchise agreement.

Operating results

The loss of the Company is $212,873.

Dividends paid or recommended

The Company did not pay or declare any dividends during the year.

Financial position

The net assets of the Company have decreased from $125,867 as at 30 June 2008 to a net asset deficit of $87,006 as at 30 June 2009.

The Directors believe the Company is in a stable financial position.

Significant changes in 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 these financial statements.

After balance date events

No matters or circumstances have arisen since the end of the financial year that 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 financial years.

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Options

No options over issued shares or interests in the Company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

Indemnifying officers or Auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an Officer, but not an Auditor, of the Company. The insurance contract prohibits disclosure of any details of the cover.

Environmental issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory.

Proceedings on behalf of Company

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

The Company was not a party to any such proceedings during the year.

Corporate governance

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

a) Director approval of operating budgets and monitoring of progress against these budgets;

b) Ongoing Director training; and

c) Monthly Director meetings to discuss performance and strategic plans

The Company has not appointed a separate audit committee due to the size and nature of operations. The normal functions and responsibilities of an audit committee have been assumed by the Board.

Non-audit services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external Auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided do not compromise the general principles relating to Auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2009:

Taxation services:	$6,100

Remuneration report

This report details the nature and amount of remuneration for each key management person of the Company, and for the Executives receiving the highest remuneration.

Remuneration of Directors

No income was paid or was payable or otherwise made available, to the Directors of the Company during the years ended 30 June 2009 and 30 June 2008.

Remuneration policy

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), and superannuation.
- The Board reviews key management personnel packages annually by reference to the Company's performance, Executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each Executive and is based predominantly on the forecast growth of the Company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and bonuses, which must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals may have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed.

Performance-based remuneration

As part of each key management personnel's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each key management personnel is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Company expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Company's goals and shareholder wealth, before the KPIs are set for the following year

In determining whether or not a KPI has been achieved, the Company bases the assessment on audited figures.

Company performance, shareholder wealth and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Executives. The method applied in achieving this aim is a performance based bonus based on key performance indicators. The Company believes this policy to have been effective in increasing shareholder wealth over the past years.

Key management personnel remuneration policy

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

The employment conditions of the key management personnel are formalised in contracts of employment. All Executives are permanent employees of the Company.

The employment contracts stipulate a resignation period. The Company may terminate an employment contract without cause by providing appropriate written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment. Termination payments

Directors' report continued

are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Performance income as a proportion of total remuneration

Executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The Board has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the Company.

The Board will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit to ensure use of the most cost effective and efficient methods.

Auditor's Independence Declaration

A copy of the Auditor's independence declaration is included within the financial statements.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Director ____________________

Dated this 24TH day of SEPTEMBER 2009

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Albany (WA) Community Financial Services Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall

D J WALL
Partner

Perth, WA
Dated: 24th September 2009

Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

Income statement
For year ending 30 June 2009

	Note	2009 $	2008 $
Revenue	2	370,988	308,416
Employee benefits expense		(296,716)	(234,558)
Depreciation and amortisation expense		(56,316)	(52,623)
Finance costs		(8,737)	(343)
Other expenses	3	(222,092)	(241,374)
Profit before income tax		**(212,873)**	**(220,482)**
Income tax expense	4	-	-
Loss attributable to members		**(212,873)**	**(220,482)**
Overall operations			
Basic loss per share (cents per share)		(24.07)	(24.93)
Diluted loss per share (cents per share)		(24.07)	(24.93)

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2009

	Note	2009 $	2008 $
Current assets			
Cash and cash equivalents	6	4,566	5,006
Trade and other receivables	7	41,423	31,087
Other current assets	8	11,473	5,018
Total current assets		**57,462**	**41,111**
Non-current assets			
Property, plant and equipment	9	136,053	156,309
Intangible assets	10	4,000	6,000
Total non-current assets		**140,053**	**162,309**
Total assets		**197,515**	**203,420**
Current liabilities			
Trade and other payables	11	31,727	29,899
Financial liability	12	219,366	41,764
Short-term provisions	13	10,296	5,890
Total current liabilities		**261,389**	**77,553**
Non-current liabilities			
Financial liability	12	23,132	-
Total non-current liabilities		**23,132**	**-**
Total liabilities		**284,521**	**77,553**
Net assets		**(87,006)**	**125,867**
Equity			
Issued capital	14	854,789	854,789
Retained earnings/(accumulated losses)		(941,795)	(728,922)
Total equity		**(87,006)**	**125,867**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Receipts from customers		360,648	297,996
Payments to suppliers and employees		(519,029)	(467,312)
Interest received		4	2,641
Borrowing costs paid		(8,737)	(343)
Net cash used in operating activities	**15**	**(167,114)**	**(167,018)**
Cash flows from investing activities			
Payments for plant and equipment		(34,060)	(575)
Payments for intangible assets		-	-
Proceeds from plant and equipment		-	3,754
Net cash provided by/(used in) investing activities		**(34,060)**	**3,179**
Cash flows from financing activities			
Repayment of borrowings		(5,188)	-
Proceeds from borrowings		35,400	-
Dividends paid		-	-
Net cash provided by in financing activities		**30,212**	**-**
Net decrease in cash held		**(170,962)**	**(163,839)**
Cash held at the beginning of the financial year		(36,758)	127,081
Cash held at the end of the financial year	**6**	**(207,720)**	**(36,758)**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2009

	Share capital (Ordinary shares) $	Retained earnings/ (Accumulated losses) $	Total $
Balance at 1 July 2007	854,789	(508,440)	346,349
Loss attributable to the members of the Company	-	(220,482)	(220,482)
Balance at 30 June 2008	**854,789**	**(728,922)**	**125,867**
Balance at 1 July 2008	854,789	(728,922)	125,867
Loss attributable to the members of the Company	-	(212,873)	(212,873)
Balance at 30 June 2009	**854,789**	**(941,795)**	**(87,006)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Statement of significant accounting policies

The financial report has been prepared on a going concern basis after consideration by the Directors of the following matters

(i) The Company is budgeting to return a profit within the next 2 to 5 years; and

(ii) Bendigo and Adelaide Bank Ltd has confirmed that it will support the Company such that it will be in a position to meet its financial obligations for the next financial year. The provision of additional funding is dependent upon the Company fulfilling its ongoing responsibilities under the Franchise Agreement and continuing to work closely with Bendigo and Adelaide Bank Ltd management to further develop the business.

In consideration of the above matters, the Directors believe that it is appropriate to adopt the going concern basis of accounting in the preparation of this financial report.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the Company as an individual entity. The Company is a public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

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

(a) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Notes to the financial statements continued

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Property, plant and equipment

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

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20%

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

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

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

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the 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 year.

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.

(d) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. 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 Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement

i. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. 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.

iii. 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 Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial Liabilities

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

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

The Company does not hold any derivative instruments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all un securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the Company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The Company has not issued any financial guarantees.

(e) Impairment of assets

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Intangibles

Franchise fee

The franchise fee paid by the Company pursuant to a Franchise Agreement with Bendigo and Adelaide Bank Ltd is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Employee benefits

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.

(h) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(j) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

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

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

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(l) Goods and services tax (GST)

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

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

(m) Comparative figures

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

(n) Critical accounting estimates and judgments

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

Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2009. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2009 amounting to $4,000.

(o) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Company follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Company will be unable to be determined. The following changes to accounting requirements are included:
  - acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;

- contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
- a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
- there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Company's policy);
- dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
- impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
- where there is, in substance, no change to Company interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

The Company will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Company's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.
- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Company. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

Management has determined that there will be no effect on the Company as a policy of capitalising qualifying borrowing costs has been maintained by the Company.

- AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.
- AASB 2008-2: Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, AASB 101, AASB 132 & AASB 139 & Interpretation 2] (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro-rata share of net assets only upon liquidation.
- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Company.
- AASB 2008-8: Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Company.
- AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110] (applicable for annual reporting periods commencing from 1 July 2009). This amendment requires that non-current assets held for distribution to owners to be measured at the lower of carrying value and fair value less costs to distribute.
- AASB Interpretation 15: Agreements for the Construction of Real Estate (applicable for annual reporting periods commencing from 1 January 2009). Under the interpretation, agreements for the construction of real estate shall be accounted for in accordance with AASB 111 where the agreement meets the definition of 'construction contract' per AASB 111 and when the significant risks and rewards of ownership of the work in progress transfer to the buyer continuously as construction progresses. Where the recognition requirements in relation to construction are satisfied but the agreement does not meet the definition of 'construction contract', revenue is to be accounted for in accordance with AASB 118. Management does not believe that this will represent a change of policy to the Company.
- AASB Interpretation 16: Hedges of a Net Investment in a Foreign Operation (applicable for annual reporting periods commencing from 1 October 2008). Interpretation 16 applies to entities that hedge foreign currency risk arising from net investments in foreign operations and that want to adopt hedge

accounting. The interpretation provides clarifying guidance on several issues in accounting for the hedge of a net investment in a foreign operation and is not expected to impact the Company.

- AASB Interpretation 17: Distributions of Non-cash Assets to Owners (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively only and clarifies that non-cash dividends payable should be measured at the fair value of the net assets to be distributed where the difference between the fair value and carrying value of the assets is recognised in profit or loss.

The Company does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Company's financial statements.

(p) Authorisation for financial report

The financial report was authorised for issue on 24 September 2009 by the Board of Directors.

Notes to the financial statements continued

	2009 $	2008 $

Note 2. Revenue from ordinary activities

	2009 $	2008 $
Franchise margin income	368,051	299,865
Interest revenue	4	2,641
Sundry income	2,933	5,910
	370,988	**308,416**

Note 3. Expenses

	2009 $	2008 $
Advertising and marketing	6,685	10,082
ASIC & BSX costs	1,605	6,123
ATM leasing and running costs	14,302	6,693
Community sponsorship and donations	14,594	7,323
Freight and postage	12,377	11,829
Insurance	11,458	11,292
IT leasing and running costs	26,094	24,332
Occupancy running costs	18,528	12,600
Printing and stationary	13,602	13,146
Rental on operating lease	57,678	67,621
Bad Debts Written Off	302	-
Other operating expenses	44,867	70,333
	222,092	**241,374**
Remuneration of the auditors of the Company		
Audit services	10,326	12,640
Other services	7,048	7,420
	17,374	**20,060**

Notes to the financial statements continued

	2009 $	2008 $

Note 4. Income tax expense

No income tax is payable by the Company as it has recouped tax losses previously bought to account for income tax purposes.

a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax (Note 22)	-	-
	-	**-**
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 30% (2008: 30%)	(63,862)	(66,145)
Add:		
Tax effect of:		
– deferred tax asset not bought to account	64,911	70,887
– non-deductible depreciation and amortisation	600	600
– other non-allowable items	**(1,272)**	**54**
Less:		
Tax effect of:		
– recoupment of prior year tax losses not previously brought to account		
– other allowable items	(377)	(5,396)
Income tax attributable to the Company	**-**	**-**

At balance date, the Company had tax losses of $939,663 (2008: $723,293) which are available to offset future years' taxable income.

The future income tax benefit of these tax losses is $281,899 (2008: $216,988). This benefit has been recognised as an asset in the statement of financial position as there is a high probability of its realisation. The benefits will only be obtained if:

i. the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

ii. the Company continues to comply with the conditions for deductibility imposed by the law; and

iii. no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

Note 5. Key management personnel compensation

a. Names and positions

Name	Position
Milton John Evans	Chairman/ Non-Executive Director
Tony Curtis Norment	Non-Executive Director
Helen Barnard	Company Secretary/ Non-Executive Director
Peta Roslyn Spinks	Non-Executive Director
Graham Moncur	Non-Executive Director
Rachel Thomas	Non-Executive Director
John Beamon	Non-Executive Director
John Bates	Non-Executive Director
Jim Bolger	Treasurer/Non-Executive Director
Ian Pitman	Non-Executive Director

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

b. Options provided as remuneration and shares issued on exercise of such options

No options were provided as remuneration or shares issued on exercise of options.

c. Option holdings

No options over ordinary shares in the Company are held by any Director of the Company or other key management personnel, including their personally related parties.

d. Shareholdings

Number of ordinary shares held by key management personnel.

Note 5. Key management personnel compensation (continued)

2009

	Ordinary shares			
Directors	**Balance at beginning of period**	**Purchased during the period**	**Other changes**	**Balance at end of period**
Milton John Evans	1	-	-	1
Tony Curtis Norment	201	-	-	201
Peta Roslyn Spinks	1	-	-	1
Helen Barnard	3,000	-	-	3,000
Graham Moncur	-	-	-	-
Rachel Thomas	-	-	-	-
John Beamon	-	-	-	-
John Bates	-	-	-	-
Jim Bolger	1,000	-	-	1,000
	4,203	**-**	**-**	**4,203**

	2009 $	**2008 $**

Note 6. Cash and cash equivalents

Cash at bank and in hand	**4,566**	**5,006**
Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	4,566	5,006
Bank overdrafts	(212,286)	(41,764)
	(207,720)	**(36,758)**

Note 7. Trade and other receivables

Trade debtors	41,423	28,506
GST receivable	-	2,581
	41,423	**31,087**

a. Provision For Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

There is no provision for impairment of receivables.

Notes to the financial statements continued

	2009 $	2008 $

Note 8. Other assets

Current		
Prepayments	**11,473**	**5,018**

Note 9. Property, plant and equipment (continued)

Plant and Equipment		
Cost	287,177	253,117
Accumulated depreciation	(151,124)	(96,808)
	136,053	**156,309**
Movement in carrying amount		
Balance at the beginning of the year	156,309	210,111
Additions	34,060	575
Disposals	-	(3,754)
Depreciation expense	(54,316)	(50,623)
Carrying amount at the end of the year	**136,053**	**156,309**

Note 10. Intangible assets

Franchise fee		
Cost	10,000	10,000
Accumulated amortisation	(6,000)	(4,000)
	4,000	**6,000**

Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Ltd, the Company operates a branch of Bendigo and Adelaide Bank Ltd, providing a core range of banking products and services.

Note 11. Trade and other payables

Trade creditors and accruals	30,662	29,899
GST payable	1,065	-
	31,727	**29,899**

Notes to the financial statements continued

	2009 $	2008 $
Note 12. Financial liabilities		
Current		
Bank overdraft	212,286	41,764
Chattel mortgage	7,080	-
	219,366	**41,764**
Non current		
Chattel mortgage	**23,132**	**-**

Security:

The bank overdraft and chattel mortgage are secured by a floating charge over the Company's assets.

Note 13. Provisions

Current		
Provision for employee entitlements	**10,296**	**5,890**
Number of employees at year end	**5**	**7**

Note 14. Equity

884,248 (2008: 884,248) fully paid ordinary shares	884,248	884,248
Cost of raising equity	(29,459)	(29,459)
	854,789	**854,789**

Notes to the financial statements continued

	2009 $	2008 $

Note 15. Cash flow information

a. Reconciliation of cash flow from operations with profit after tax

	2009 $	2008 $
Profit after tax	(212,873)	(220,482)
Depreciation and amortisation	56,316	52,623
Movement in assets and liabilities		
Receivables	(10,336)	(3,919)
Other assets	(6,455)	(5,018)
Payables	1,828	17,483
Provisions	4,406	(7,705)
Net cash provided by/(used in) operating Activities	(167,114)	(167,018)

b. Credit Standby Arrangement and Loan Facilities

The Company has a bank overdraft facility amounting to $250,000 (2008: $50,000). This may be terminated at any time at the option of the bank. At 30 June 2009, $212,286 of this facility was used (2008 $41,764). Interest rates are variable.

Note 16. Related party transactions

The related parties have not entered into a transaction with the Company during the financial years ended 30 June 2009 and 30 June 2008.

Note 17. Leasing commitments

Non cancellable operating lease commitment contracted for but not capitalised in the financial statements

Payable

	2009 $	2008 $
Not longer than 1 year	63,132	63,132
Longer than 1 year but not longer than 5 years	115,742	178,874
	178,874	**242,006**

Note 18. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and leases.

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

a. Financial risk management policies

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

The Company does not have any derivative instruments at 30 June 2009.

b. Financial risk exposures and management

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

i. Interest rate risk

   Interest rate risk is managed with a mixture of fixed and floating rate debt.

ii. Foreign currency risk

   The Company is not exposed to fluctuations in foreign currencies.

iii. Liquidity risk

   The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

iv. Credit risk

   The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

   There are no material amounts of collateral held as security at 30 June 2009.

   The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

   Credit risk is managed reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

   The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

   - all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and

Note 18. Financial risk management (continued)

- customers that do not meet the Company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2009 and 30 June 2008 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

v. Price risk

The Company is not exposed to any material commodity price risk.

c. Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

2009

		Variable	**Fixed**			
	Weighted average effective interest rate	**Floating interest rate**	**Within 1 year**	**Within 1 to 5 years**	**Non interest bearing**	**Total**
Financial assets						
Cash and cash equivalents		-	-	-	4,566	4,566
Loans and receivables		-	-	-	41,423	41,423
Total financial assets		**-**	**-**	**-**	**45,989**	**45,989**
Financial liability						
Bank overdraft secured	6.0%	212,286	-	-	-	212,286
Trade and other payables		-	-	-	31,727	31,727
Chattel mortgage		-	7,080	23,132	-	30,212
Total financial liabilities		**212,286**	**7,080**	**23,132**	**31,727**	**274,225**

Note 18. Financial risk management (continued)

2008

		Variable	Fixed			
	Weighted average effective interest rate	**Floating interest rate**	**Within 1 year**	**Within 1 to 5 years**	**Non interest bearing**	**Total**
Financial assets						
Cash and cash equivalents		-	-	-	5,006	5,006
Loans and receivables		-	-	-	31,087	31,087
Total financial assets		**-**	**-**	**-**	**36,093**	**36,093**
Financial liability						
Bank overdraft secured	6.00%	41,764	-	-	-	41,764
Bank loan secured		-	-	-	-	-
Trade and other payables		-	-	-	29,899	29,899
Total financial liabilities		**41,764**	**-**	**-**	**29,899**	**71,663**

	2009 $	**2008 $**
Trade and sundry payables are expected to be paid as followed:		
Less than 6 months	**31,727**	**29,889**

d. Net fair values

The net fair values of investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Fair values are materially in line with carrying values.

Note 18. Financial risk management (continued)

e. Sensitivity Analysis

i. Interest Rate Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

ii. Interest Rate Sensitivity Analysis

At 30 June 2009, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

2009

		-2 %		**+ 2%**	
	Carrying amount $	**Profit $**	**Equity $**	**Profit $**	**Equity $**
Financial assets					
Bank overdraft secured	212,286	4,246	4,246	(4,246)	(4,246)

2008

		-2 %		**+ 2%**	
	Carrying amount $	**Profit $**	**Equity $**	**Profit $**	**Equity $**
Financial liability					
Bank overdraft secured	41,764	835	835	(835)	(835)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The Company has no exposure to fluctuations in foreign currency.

Note 19. Segment reporting

The Company operates in the financial services sector as a branch of Bendigo and Adelaide Bank Ltd in Western Australia.

Note 20. Events after the balance sheet date

No matters or circumstances have arisen since the end of the financial year that 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 subsequent financial years.

Note 21. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at the reporting date.

Notes to the financial statements continued

	2009 $	2008 $

Note 22. Tax

a. Reconciliations

	2009 $	2008 $
Deferred tax assets		
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out below:		
– Provisions	3,089	1,767
– Tax losses: operating losses	281,899	216,988
	284,988	**218,755**

Note 23. Company details

The registered office and principal place of business of the Company is:

Shop 3/78-82

Lockyer Avenue

Albany WA 6330

Director's declaration

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:

    a. comply with Accounting Standard; and

    b. give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the Company.

2. the Chief Executive Officer and Chief Finance Officer have each declared that:

    a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

    b. the financial statements and notes for the financial year comply with the Accounting Standards; and

    c. the financial statements and notes for the financial year give a true and fair view.

3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable:

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

Director WG Evans

Dated this 24th day of SEPTEMBER 2009

RSM! Bird Cameron Partners
Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

ALBANY (WA) COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Albany (WA) Community Financial Services Limited ("the company"), 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 ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2009. 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 Albany (WA) Community Financial Services Limited for the financial year ended 30 June 2009 complies with section 300A of the Corporations Act 2001

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall.

Perth, WA
Dated: 14 September, 2009

D J WALL
Partner

Albany **Community Bank**® Branch
Shop 3 78-82 Lockyer Avenue, Albany WA 6330
Phone: (08) 9842 1911 Fax: (08) 9842 1491

Franchisee: Albany (W.A.) Community Financial Services Limited
PO Box 979, Albany WA 6331
ABN: 77 119 012 510

www.bendigobank.com.au/albany
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (KKWAR9001) (08/09)

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