annual report | 2009

Alice Springs Community
Financial Services Limited
ABN 97 122 893 449

Alice Springs **Community Bank®** Branch

Reports

Chairman's report

For year ending 30 June 2009

I am pleased to report that during the year our business has enjoyed continued steady growth. Whilst the Bank staff and the Board of Directors are working very hard to ensure the success of our branch, I ask all shareholders to help us achieve our goal of investing in our community by banking with us and by promoting to others the benefits that our **Community Bank®** branch has to offer our community as a whole.

As shareholders, you are all part owners of our **Community Bank®** branch and as such are positioned to share the benefits and rewards of its success. If you have not already done so, I urge you to take the small amount of time necessary to talk to our Manager Lee Bagnell about your banking and financial needs. We have a great range of financial products to suit everyone's needs. You may find that you can save money at the same time as supporting your own business.

For the Bank to be successful, it needs the full support of you, the shareholders as our ambassadors, not only by bringing your business to the Alice Springs **Community Bank®** Branch, but by encouraging your family, colleagues and friends to do likewise. The **Community Bank®** model is a powerful force and our community has control of its destiny in our town.

Once we reach cumulative profit we will be able to pay dividends and make contributions to our community. This will be a great way to show the wider community how the **Community Bank®** model works. By banking locally and keeping the profits generated from our branch to benefit our community. Until then our sponsorship and grants capacity is restricted to a small Market Development Fund provided by Bendigo and Adelaide Bank. Contributions during the year have been directed mainly to schools and sporting clubs. Beneficiaries to date include Football in Central Australia, Alice Springs Baseball Association, Our Lady of the Sacred Heart College, Alice Springs Running and Walking Club and Bradshaw Primary School.

Bendigo and Adelaide Bank Limited, our partner has a philosophy that "successful customers create successful communities, which create successful banks but only in that order." They have achieved the highest customer satisfaction rating of any bank in Australia. Come in and see why.

I sincerely thank all of my fellow Board colleagues. Their voluntary contribution and commitment throughout the year has been a source of stability for the development of our **Community Bank®** branch. We have three prospective new members who have recently undergone Directors training and we hope to welcome them to our Board in the near future.

Our new staff members have also been through intensive training programs and we welcome them to our team. We are confident they will enjoy a rewarding career as our branch matures.

Noel Thomas
Chairman

Manager's report

For year ending 30 June 2009

2008-2009 is the second full trading period for the Alice Springs **Community Bank®** Branch. As at 30 June 2008 Alice Springs branch broke the $15 million barrier in combined deposits and lending. I took up my position as Branch Manager on 11 May 2009 moving to Alice Springs from Darwin. When I arrived there were three permanent staff in the branch, two have since chosen to resign and Ryan Bates has remained on staff in a traineeship position.

We have recruited three new staff members to work in the branch, Sam Bond as our Customer Service Supervisor, Renae DeMarco as our Customer Relationship Officer and Nathan Groves as our second Customer Service Officer.

This is an exciting time with the new staff bringing with them experience and new ideas to help us expand and build our business. Now that we are fully staffed we are working on training and preparing to keep very busy with new and existing business opportunities.

In the new financial year we have big plans to increase our community involvement and our profile in the community. There seems to be a lack of knowledge in Alice Springs about the benefits of the **Community Bank®** model and how it can help them as individuals and groups. We are working on changing that by attending functions where possible and explaining this difference, I have had a lot of positive response from this tactic and hope that it will continue. This is all to support our goal of being proactive with our clients rather than reactive.

With this goal in mind we have made plans to attend the Alice Springs Show, the Seniors Expo, Women in Business Lunch through the Chamber of Commerce and hold our own Community Sector Banking Function - and this is just in the first couple of months of the year.

The Board have been wonderful in their support of the branch and myself since I started, actively providing leads for business, participating in functions and bringing ideas to the table for the growth of the business.

We would like to take this opportunity to thank all the shareholders who are helping us build on their investment and toward our goal of being profitable. The growth we have had so far can only continue with the support of the Alice Springs community which will be repaid tenfold. If you are not yet banking with us please come and see what we have to offer, you never know what you may find!

Shares held in our **Community Bank®** branch by yourselves are in your LOCAL bank and can help your LOCAL community where you and your family live. No other bank can offer you this opportunity – to invest your money with an institution and any profit derived guaranteed to be spent in your local area. This provides you with a twofold win – in payment of dividends (when we get to that stage!) and investment in your local community. This is unique and the opportunity is not to be missed.

Lee Bagnell
Branch Manager

Directors' report

For year ending 30 June 2009

Your Directors submit their 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 are:

Noel Fraser Thomas
Chairman
Retired

Sergei Jansons
Treasurer
Accountant CPA

Andrew David McGauchie
Director
Upholsterer

Hugh Bland
Secretary
Anthropologist

Glenyce Faye McGauchie
Director
Property Co-ordinator

Gary James Carter (resigned 6 August 2008)
Director
Trainer

Raelene Joy Beale
Director
Project Officer/Consultant

Jennifer Howard (resigned 26 November 2008)
Director
Executive, CAAMA

Toni-Maree Margaret Elferink (resigned 6 August 2008)
Director
Workplace Trainer & Assessor

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

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

Principal activities

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

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

Operating results

The loss of the Company for the financial year after provision for income tax was $221,069 (2008: $260,107).

Dividends

The Directors recommend that no dividend be paid for the current year.

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.

Significant events after the balance date

In the opinion of the Directors there are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future years.

Likely developments

The Company will continue its policy of providing banking services to the community.

Directors' benefits

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

Indemnification and insurance of Directors and Officers

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

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

Directors' report continued

Directors meetings

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

Number of meetings held:	**11**
Number of meetings attended:	
Raelene Joy Beale	11
Sergei Jansons	9
Andrew David McGauchie	11
Glenyce Faye McGauchie	9
Noel Fraser Thomas	10
Hugh Bland	9
Gary James Carter (resigned 6 August 2008)	2
Jennifer Howard (resigned 26 November 2008)	2
Toni-Maree Margaret Elferink (resigned 6 August 2008)	2

Company Secretary

Hugh was a member of the steering committee of Alice Springs Community Financial Services, was appointed a Director in November 2007 and in June 2009 became Company Secretary. Hugh arrived in Alice Springs in 1985 to work in the tourism industry and then shifted to Darwin in 1992 to study anthropology. Following 6 years with the NT Attorney General's Department. Hugh now works with the Central Land Council as a community development project Officer.

Corporate governance

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

(a) The establishment of an audit committee. Members of the audit committee are Raelene Beale and Sergei Jansons;

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

(c) Ongoing Director training; and

(d) Monthly Director meetings to discuss performance and strategic plans.

Auditor independence declaration

The Directors received the following declaration from the Auditor of the Company:

Richmond Sinnott & Delahunty
Chartered Accountants

Richmond Sinnott & Delahunty
Chartered Accountants

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

28 August 2009

The Directors
Alice Springs Community Financial Services Limited
PO Box 4079
ALICE SPRINGS, NT 0870

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Alice Springs Community Financial Services Limited for the year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Signed in accordance with a resolution of the Board of Directors at Alice Springs on 28 August 2009.

Noel Fraser Thomas

Chairman

Financial statements

Income statement
For year ending 30 June 2009

	Note	2009 $	2008 $
Revenues from ordinary activities	2	146,817	76,870
Employee benefits expense	3	(194,579)	(206,675)
Depreciation and amortisation expense	3	(47,848)	(43,861)
Finance costs	3	(487)	(250)
Charitable donations & sponsorship		(1,139)	-
Other expenses from ordinary activities		(209,871)	(190,688)
Profit/(loss) before income tax expense		**(307,107)**	**(364,604)**
Income tax expense / (benefit)	4	(86,038)	(104,497)
Profit/(loss) after income tax expense		**(221,069)**	**(260,107)**
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	21	(25.78)	(31.46)
- diluted for profit / (loss) for the year	21	(25.78)	(31.46)

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2009

	Note	2009 $	2008 $
Current assets			
Cash assets	6	-	189,521
Receivables	7	21,513	9,186
Total current assets		**21,513**	**198,707**
Non-current assets			
Property, plant and equipment	8	170,719	194,567
Deferred income tax asset	4	191,960	105,922
Intangible assets	9	74,000	98,000
Total non-current assets		**436,679**	**398,489**
Total assets		**458,192**	**597,196**
Current liabilities			
Payables	10	12,562	12,794
Interest bearing liabilities	11	87,235	-
Provisions	12	3,800	8,738
Total current liabilities		**103,597**	**21,532**
Total liabilities		**103,597**	**21,532**
Net assets		**354,595**	**575,664**
Equity			
Share capital	13	839,097	839,097
Retained earnings / (accumulated losses)	14	(484,502)	(263,433)
Total equity		**354,595**	**575,664**

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			
Cash receipts in the course of operations		142,311	51,594
Cash payments in the course of operations		(424,421)	(400,618)
Interest paid		(487)	(250)
Interest received		5,841	21,453
Net cash flows from/(used in) operating activities	**15b**	**(276,756)**	**(327,821)**
Cash flows from investing activities			
Payments for property, plant and equipment		-	(216,428)
Payments for intangible assets		-	(120,000)
Net cash flows from/(used in) investing activities		**-**	**(336,428)**
Cash flows from financing activities			
Proceeds from issue of shares		-	57,720
Net cash flows from/(used in) financing activities		**-**	**57,720**
Net increase/(decrease) in cash held		**(276,756)**	**(606,529)**
Add opening cash brought forward		189,521	796,050
Closing cash carried forward	**15a**	**(87,235)**	**189,521**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2009

	Note	2008 $	2008 $
Share capital			
Ordinary shares			
Balance at start of year		839,097	781,377
Issue of share capital		-	61,480
Share issue costs		-	(3,760)
Balance at end of year		**839,097**	**839,097**
Retained earnings / (accumulated losses)			
Balance at start of year		(263,433)	(3,326)
Profit/(loss) after income tax expense		(221,069)	(260,107)
Dividends paid		-	-
Balance at end of year		**(484,502)**	**(263,433)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 28 August 2009.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

(c) Significant accounting policies

Income tax

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

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

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

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

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

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Property, plant and equipment

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

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

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

Class of asset	Depreciation rate
Plant & equipment	10-20%

Impairment

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

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

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Revaluations

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

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

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

Note 1. Basis of preparation of the financial report (continued)

Recoverable amount of assets

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

Goods and services tax

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

Receivables and payables are stated with the amount of GST included.

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

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

Employee benefits

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

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

Intangibles

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

Cash

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

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Revenue

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

Note 1. Basis of preparation of the financial report (continued)

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Interest bearing liabilities

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

Provisions

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

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

Contributed capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Note 2. Revenue from ordinary activities

	2009 $	**2008 $**
Operating activities		
- services commissions	140,976	55,417
- other revenue	-	-
Total revenue from operating activities	**140,976**	**55,417**
Non-operating activities:		
- interest received	5,841	21,453
- other revenue	-	-
Total revenue from non-operating activities	**5,841**	**21,453**
Total revenue from ordinary activities	**146,817**	**76,870**

	2009 $	2008 $

Note 3. Expenses

	2009 $	2008 $
Employee benefits expense		
- wages and salaries	172,190	173,523
- superannuation costs	14,102	14,950
- other costs	8,287	18,202
	194,579	**206,675**
Depreciation of non-current assets:		
- plant and equipment	23,848	21,861
Amortisation of non-current assets:		
- intangibles	24,000	22,000
	47,848	**43,861**
Finance costs:		
- Interest paid	487	250
Bad debts	292	796

Note 4. Income tax expense

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:

	2009 $	2008 $
Prima facie tax on profit/(loss) before income tax at 30%	(92,132)	(109,381)
Add tax effect of:		
- Non-deductible expenses	6,094	4,884
Current income tax expense	**(86,038)**	**(104,497)**
Income tax expense / (benefit)	**(86,038)**	**(104,497)**
Deferred income tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	**191,960**	**105,922**

Notes to the financial statements continued

	2009 $	2008 $

Note 5. Auditors' remuneration

Amounts received or due and receivable by

Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	**3,650**	**3,650**

Note 6. Cash assets

Cash at bank and on hand	**-**	**189,521**

Note 7. Receivables

Trade debtors	15,476	9,186
Other assets	6,037	-
	21,513	**9,186**

Note 8. Property, plant and equipment

Plant and equipment		
At cost	216,428	216,428
Less accumulated depreciation	(45,709)	(21,861)
Total written down amount	**170,719**	**194,567**
Movements in carrying amounts		
Plant and equipment		
Carrying amount at beginning of year	194,567	-
Additions	-	216,428
Disposals	-	-
Depreciation expense	(23,848)	(21,861)
Carrying amount at end of year	**170,719**	**194,567**

Notes to the financial statements continued

	2009 $	2008 $

Note 9. Intangible assets

	2009 $	2008 $
Franchise fee		
At cost	10,000	10,000
Less accumulated amortisation	(3,833)	(1,833)
	6,167	**8,167**
Preliminary expenses		
At cost	110,000	110,000
Less accumulated amortisation	(42,167)	(20,167)
	67,833	**89,833**
	74,000	**98,000**

Note 10. Payables

	2009 $	2008 $
Trade creditors	12,562	12,794
	12,562	**12,794**

Note 11. Interest bearing liabilities

	2009 $	2008 $
Bank overdraft	87,235	-
	87,235	**-**

Note 12. Provisions

	2009 $	2008 $
Employee benefits	**3,800**	**8,738**
Number of employees at year end	5	5

Note 13. Share capital

	2009 $	2008 $
857,530 Ordinary shares fully paid of $1 each	857,530	857,530
Less: Equity raising costs	(18,433)	(18,433)
	839,097	**839,097**

	2009 $	2008 $

Note 14. Retained earnings / (accumulated losses)

Balance at the beginning of the financial year	(263,433)	(3,326)
Profit/(loss) after income tax	(221,069)	(260,107)
Balance at the end of the financial year	**(484,502)**	**(263,433)**

Note 15. Cash flow statement

(a) Reconciliation of cash

Cash assets	(87,235)	189,521
	(87,235)	**189,521**

(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities

Profit / (loss) after income tax	(221,069)	(260,107)
Non cash items		
- Depreciation	23,848	21,861
- Amortisation	24,000	22,000
Changes in assets and liabilities		
- (Increase) decrease in receivables	(12,327)	(9,186)
- (Increase) decrease in deferred income tax asset	(86,038)	(104,497)
- Increase (decrease) in payables	(232)	(6,630)
- Increase (decrease) in provisions	(4,938)	8,738
Net cash flows from/(used in) operating activities	**(276,756)**	**(327,821)**

Note 16. Director and related party disclosures

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

Raelene Joy Beale

Sergei Jansons

Andrew David McGauchie

Glenyce Faye McGauchie

Noel Fraser Thomas

Hugh Bland

Gary James Carter (resigned 6 August 2008)

Jennifer Howard (resigned 26 November 2008)

Toni-Maree Margaret Elferink (resigned 6 August 2008)

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

Directors shareholdings	**2009**	**2008**
Raelene Joy Beale	5,001	5,001
Sergei Jansons	10,001	10,001
Andrew David McGauchie	1,647	1,647
Glenyce Faye McGauchie	1,647	1,647
Noel Fraser Thomas	10,001	10,001
Hugh Bland	1,563	1,563
Gary James Carter (resigned 6 August 2008)	7,137	7,137
Jennifer Howard (resigned 26 November 2008)	501	501
Toni-Maree Margaret Elferink (resigned 6 August 2008)	7,137	7,137

There was no movement in Directors shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

Note 17. Subsequent events

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

Note 18. Contingent liabilities

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

Note 19. Segment reporting

The economic entity operates in the financial services sector were it provides banking services to its clients.

The economic entity operates in one geographic area being Alice Springs, Northern Territory.

Note 20. Corporate information

Alice Springs Community Financial Services Ltd is a Company limited by shares incorporated in Australia.

The registered office is:	Shop 4 Polana Centre, Smith Street, Alice Springs NT 0871
The principal place of business is:	Shop 25/26, Coles Complex, Bath Street, Alice Springs NT 0870

Note 21. Earnings per share

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

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

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

	2009 $	2008 $
Profit/(loss) after income tax expense	**(221,069)**	**(260,107)**
Weighted average number of ordinary shares for basic and diluted earnings per share	**857,530**	**826,790**

Note 22. Financial risk management

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

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

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

(a) Credit risk

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

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

	Carrying amount 2009 $	2008 $
Cash assets	-	189,521
Receivables	21,513	9,186
	21,513	**198,707**

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

None of the assets of the Company are past due (2008: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

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

(b) Liquidity risk

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

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

Note 22. Financial risk management (continued)

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

	Carrying amount $	Contractual cash flows $	1 year or less $	Over 1 to 5 years $	More than 5 years $
30 June 2009					
Payables	12,562	(12,562)	(12,562)	–	–
Interest bearing liabilities	87,235	(87,235)	(87,235)	–	–
	99,797	**(99,797)**	**(99,797)**	**–**	**–**
30 June 2008					
Payables	12,794	(12,794)	(12,794)	–	–
Interest bearing liabilities	–	–	–	–	–
	12,794	**(12,794)**	**(12,794)**	**–**	**–**

(c) Market risk

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

Interest rate risk

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

Note 22. Financial risk management (continued)

Sensitivity analysis

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

	Carrying amount 2009 $	Carrying amount 2008 $
Fixed rate instruments		
Financial assets	-	200,000
Financial liabilities	-	-
	-	**200,000**
Variable rate instruments		
Financial assets	-	(10,479)
Financial liabilities	(87,235)	-
	(87,235)	**(10,479)**

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2008 there was also no impact. As at both dates this assumes all other variables remain constant.

(d) Net fair values

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

(e) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

Note 22. Financial risk management (continued)

(i) the Distribution Limit is the greater of:

  (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

  (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2009 can be seen in the Income Statement.

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

Director’s declaration

In accordance with a resolution of the Directors of Alice Springs Community Financial Services Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Company’s financial position as at 30 June 2009 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Noel Fraser Thomas
Chairman

Signed at Alice Springs on 28 August 2009.

Independent audit report

Richmond Sinnott & Delahunty
Chartered Accountants

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF ALICE SPRINGS COMMUNITY FINANCIAL SERVICES LIMITED

SCOPE

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Alice Springs Community Financial Services Limited, for the year ended 30 June 2009.

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

Audit approach

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

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

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

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

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

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

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ABN 60 616 244 309

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

AUDIT OPINION
In our opinion, the financial report of Alice Springs Community Financial Services Limited is in accordance with:

(a) the Corporations Act 2001 including:

(i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date;

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 28 August 2009

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