

# Annual Report

## 2008 - 2009

## Chairman's Report

For year ending 30 June 2009

Dear Fellow Shareholders,

This year we are celebrating our 4<sup>th</sup> year of business and more importantly your **Community Bank**<sup>®</sup> has not only survived the world financial turmoil, but has continued to grow and prosper.

Our Bank activity has grown to \$63million dollars as a result of the work and continuing efforts of your Board of Directors, the Manager and staff, and in conjunction with our partners Bendigo Bank and Adelaide Bank. It should also be noted that 10.7% of our clients are under the age of sixteen.

The aim of our **Community Bank**<sup>®</sup> is to provide excellent banking services and to follow our common goal of improving the area by giving funds back to the community via various projects.

Some such groups, which have already benefited include:

- Inner City Montessori School (*new name*)
- Friends of Balmain Library
- Rozelle Neighbourhood Centre
- Birchgrove School Fete
- Dawny to Cockatoo Swim
- Rotary Youth Driver Awareness (RYDA)

We are seeing the results of the hard work undertaken through previous years and our business continues to grow from various leads, contacts and referrals. As a fellow shareholder, should you have any leads or contacts, please contact Larry Delaney (Manager) or our staff on Ph: 02 9555 7443 or 02 9810 9399 so that they can assist to provide the best service available.

Should any Shareholder wish to take a more active interest in the Balmain/Rozelle **Community Bank**<sup>®</sup>, they would be most welcome. Even being able to donate just a small amount of time could provide benefits to all concerned.

As of May/June 2009, your **Community Bank**<sup>®</sup> Branch has become profitable each month and we expect that our future holds excellent prospects as continued growth will provide improved profitability. Furthermore, we as a Board intend to continue along our current path as well as with other projects in the pipeline.

A special mention needs to be made to Paul Doughty for his relentless drive and passion in making our **Community Bank**<sup>®</sup> such a pleasure to be involved with.

To my wife and family – thank you for allowing me the time to enjoy voluntary work for and on behalf of the Balmain/Rozelle **Community Bank**<sup>®</sup>.

Regards,



Richard Ware  
Chairman

# Balmain / Rozelle

## Financial Services Limited

### Financial Statements

as at

30 June 2009

**Balmain / Rozelle Financial Services Limited**  
**ABN 95 112 711 654**  
**Directors' Report**

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

**Information on Directors**

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

<b>Richard James Ware</b>	-	Chairman (Non-executive)
Qualifications	-	Licensed Real Estate Agent, Licensed Auctioneer, Registered Valuer, Diploma of Human Relations
Experience	-	Board member since 2006. Richard worked in the Glebe and Balmain area since 1980 as a real estate agent, valuer and property manager until he sold his business in 2005. Richard is a director of the company that runs the Simpson Desert Cycle Challenge. He is a life member of the Freshwater Surf Life Saving Club and a member of the Glebe Chamber of Commerce of which he was a founding Vice President.
Interest in shares	-	20,000
Special Responsibilities	-	Member of the Human Resources Committee, the Safety/Security Committee and the Governance Committee.
Directorships held in other listed entities during the three years prior to the current year	-	None
<b>Michael Raymond Newton</b>	-	Director - (Non-executive) (appointed 24 November 2008)
Qualifications	-	Bachelor of Commerce, Associate Chartered Accountant, ACIS, ASIA
Experience	-	Michael has considerable experience as a financial manager.
Interest in shares	-	None
Special Responsibilities	-	Company Secretary and Member of the Governance Committee
Directorships held in other listed entities during the three years prior to the current year	-	None
<b>Cynthia Marica Nadai</b>	-	Director - (Non-executive)
Qualifications	-	Master of Business Administration
Experience	-	Founding board member. Cynthia is a former Consultant and Professional Development Officer with the St James Ethics Centre. She is also a Director of Charities Aid Foundation (CAF) Australia, a not-for-profit working to increase the flow of funds to the community sector. Locally, Cynthia works with the community regarding the ongoing use and management of Callan Park. She has lived in Lilyfield for 12 years. Prior to coming to Sydney, Cynthia served as Vice President, Trust Services and Manager, Customer Services for a Boston bank.
Interest in shares	-	11,451
Special Responsibilities	-	Treasurer, Member of the Audit Committee and the Governance Committee
Directorships held in other listed entities during the three years prior to the current year	-	None

**Balmain / Rozelle Financial Services Limited**  
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**Directors' Report**

<b>Ernest Paul Doughty</b>	-	Director (Non-executive)
Qualifications	-	
Experience	-	Founding chairman and board member. Paul has a Balmain based retail photo business for over 21 years. He has contributed to the Balmain community through his association with Balmain Tourism, Community Rewards Program, Balmain Hospital, Chamber of Commerce (Executive) Balmain Rotary (President and Executive), Balmain Water Polo Club and Balmain Sailing Club.
Interest in shares	-	20,001
Interest in contract	-	Paul is a director of Photel Pty Ltd that provides photocopying services to the Company.
Special Responsibilities	-	Member of the Safety/Security Committee and the Business Development/Marketing Committee
Directorships held in other listed entities during the three years prior to the current year	-	None
<b>Ian Richard Crichton-Browne</b>	-	Director (Non-executive)
Qualifications	-	Bachelor of Laws
Experience	-	Board member since 2006. Ian is solicitor and a partner in a legal practice in Balmain for the past 23 years. A current member of the Balmain Rozelle Chamber of Commerce where he has held many positions. Ian relies on the knowledge and experience gained over 43 years in the legal profession during which time he has been self-employed or in partnership.
Interest in shares	-	1,100
Special Responsibilities	-	Deputy Chairman, Member of the Human Resources Committee
Directorships held in other listed entities during the three years prior to the current year	-	None
<b>John Anthony Civitarese</b>	-	Director (Non-executive)
Qualifications	-	
Experience	-	Board member since 2008. John is a consultant in retail business and property management. He has 37 years experience in property development and management and retail management in the hospitality and health food industry. Past president and member of the Haberfield Chamber of Commerce. Past member and charter president of Rotary Club of Haberfield.
Interest in shares	-	None
Special Responsibilities	-	Member of the Sponsorship Committee
Directorships held in other listed entities during the three years prior to the current year	-	None

**Balmain / Rozelle Financial Services Limited**  
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**Directors' Report**

<b>Michelle Anne Ronan</b>	-	Director (Non-executive)
Qualifications	-	Bachelor of Arts
Experience	-	Founding board member. Michelle is a retail owner. She has a background in retail management and function styling. She has successfully run her function decorating company and retail store in Rozelle since 2000. She has been actively involved in promoting local business through the Balmain Rozelle Chamber of Commerce and the Inner West Networking Group.
Interest in shares	-	6,001
Special Responsibilities	-	Member of the Sponsorship Committee
Directorships held in other listed entities during the three years prior to the current year	-	None
 <b>Susan Margaret Tayler</b>	 -	 Director (Non-executive)
Qualifications	-	Master of Commerce
Experience	-	Board member since 2008. Susan is an accountant and has operated a bookkeeping and business services company in Rozelle for 15 years. She is the treasurer of the Balmain Rozelle Chamber of Commerce. She was a member of the steering committee for the Balmain Rozelle Community Bank.
Interest in shares	-	1,000
Special Responsibilities	-	Member of the Audit Committee
Directorships held in other listed entities during the three years prior to the current year	-	None
 <b>Peter Cho Yim Wu</b>	 -	 Director (Non-executive)
Qualifications	-	
Experience	-	Board member since 2007. Peter is a business proprietor and has been running a business in Rozelle since 1994 producing graphics and signs. He is also the owner of a business called Pure Audio.
Interest in shares	-	2,500
Interest in contract	-	Peter is a director of Peter's Graphics Pty Ltd that provides graphics and banners to the Company.
Special Responsibilities	-	Member of the Business Development/Marketing Committee
Directorships held in other listed entities during the three years prior to the current year	-	None

**Balmain / Rozelle Financial Services Limited**  
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**Directors' Report**

<b>Barry William Bidwell</b>	-	Director (Non-executive) (resigned 24 November 2008)
Qualifications	-	
Experience	-	Founding board member. Barry has lived in the Balmain area with his wife for over 36 years. Barry has wide experience gained mainly in working for many years for a large multi-national company. Immediately before retirement, he worked as a consultant.
Interest in shares	-	3,501
Special Responsibilities	-	
Directorships held in other listed entities during the three years prior to the current year	-	None
 <b>Elio Cacciotti</b>	 -	 Director (Non-executive) (resigned 24 November 2008)
Qualifications	-	
Experience	-	Founding board member. Elio is now retired. He has lived in Balmain for over 50 years. He owned a food market for 15 years in Balmain and has invested in a number of properties in the area. Elio has been a major contributor to the community through such organisations as the Balmain Rotary (President and Executive), Chamber of Commerce, Innerwheel International, Art and Craft Balmain and the local hospital.
Interest in shares	-	10,901
Special Responsibilities	-	
Directorships held in other listed entities during the three years prior to the current year	-	None
 <b>Pauline Keitha McAliden</b>	 -	 Director (Non-executive) (resigned 24 November 2008)
Qualifications	-	
Experience	-	Founding board member. Pauline Provides sales and marketing advice to business primarily in the Balmain area. She has also owned a cleaning and maintenance company. She is associated with local organisations such as the Chamber of Commerce, the Arts and Craft festival, Balmain Historical Society, and the Film Festival. She was instrumental in establishing the Community Rewards program in Balmain and Rozelle.
Interest in shares	-	1,001
Special Responsibilities	-	
Directorships held in other listed entities during the three years prior to the current year	-	None

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

**Balmain / Rozelle Financial Services Limited**  
**ABN 95 112 711 654**  
**Directors' Report**

**Company Secretary**

The Company Secretary at 30 June 2009 was Cynthia Marica Nadai who was appointed to the position of Secretary on 31 January 2005. She works as a consultant in ethics and training and has skill in marketing and not-for-profit management. Michael Raymond Newton was appointed Company Secretary on 22 July 2009. He is a Chartered Accountant with experience as a financial manager.

**Principal activities**

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

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

**Operating Results**

The recent global financial crisis has adversely impacted the stability of the international financial system. The current global financial crisis presents a challenge for all financial institutions, including Bendigo and Adelaide Bank Ltd and in turn Balmain / Rozelle Financial Services Limited. The duration and extent of the global financial crisis is still largely unknown and continuation of these conditions could adversely affect the ongoing financial performance or financial condition of the Company's business as a franchisee of a Community Bank® branch.

The loss of the company for the financial year after provision for income tax was:

Year ended 30 June 2009	Year ended 30 June 2008
\$ (54,498)	\$ (83,522)

**Remuneration Report**

No director of the company receives any remuneration for services provided as a director of the company.

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

There are therefore no specified executives whose remuneration requires disclosure.

**Dividends**

No dividends were declared or paid for the previous year and 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 or the financial report.



**Balmain / Rozelle Financial Services Limited**  
**ABN 95 112 711 654**  
**Directors' Report**

**Matters subsequent to the end of the financial year**

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

**Likely Developments**

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

**Environmental Regulation**

The company is not subject to any significant environmental regulation.

**Directors' Benefits**

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

**Indemnification and Insurance of Directors and Officers**

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

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

**Directors Meetings**

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

	<b><u>Number of Board Meetings eligible to attend</u></b>	<b><u>Number attended</u></b>
Richard James Ware	10	10
Michael Raymond Newton	5	2
Cynthia Marica Nadai	10	9
Ernest Paul Doughty	10	8
Ian Richard Crichton-Browne	10	9
John Anthony Civitarese	10	7
Michelle Anne Ronan	10	10
Susan Margaret Tayler	10	7
Peter Cho Yim Wu	10	8
Barry William Bidwell	5	2
Elio Cacciotti	5	2
Pauline Keitha McAliden	5	1

**Balmain / Rozelle Financial Services Limited**  
**ABN 95 112 711 654**  
**Directors' Report**

**Non Audit Services**

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

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

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

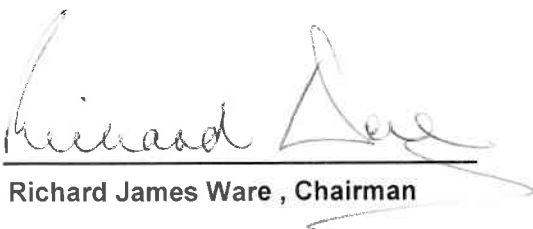
all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;

none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

**Auditors' independence declaration**

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Signed in accordance with a resolution of the Board of Directors at Rozelle, NSW on 10<sup>th</sup> September 2009.

  
Richard James Ware , Chairman

  
Cynthia Marica Nadai, Treasurer

**Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001  
to the directors of Balmain-Rozelle Financial Services Limited**

I declare that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

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



**David Hutchings**  
**Auditor**

**Andrew Frewin & Stewart**  
Bendigo, Victoria

Dated this 10<sup>th</sup> day of September 2009

**Balmain / Rozelle Financial Services Limited**  
**ABN 95 112 711 654**  
**Income Statement**  
**for the year ended 30 June 2009**

	<u>Notes</u>	2009 \$	2008 \$
Revenues from ordinary activities	3	423,268	362,462
Salaries and employee benefits expense		(264,119)	(239,351)
Charitable donations, sponsorship, advertising & promotion		(6,449)	(6,275)
Occupancy and associated costs		(74,677)	(87,582)
Systems costs		(17,909)	(19,634)
Depreciation and amortisation expense	4	(22,876)	(9,968)
Finance costs	4	(9,473)	(1,420)
General administration expenses		(86,263)	(81,753)
<b>Loss before income tax expense/credit</b>		<b>(58,498)</b>	<b>(83,522)</b>
Income tax expense/credit	5	-	-
<b>Loss for the period</b>		<b>(58,498)</b>	<b>(83,522)</b>
<b>Loss attributable to members of the entity</b>		<b>(58,498)</b>	<b>(83,522)</b>
<b>Earnings per share (cents per share)</b>		<u>c</u>	<u>c</u>
- basic for profit for the year	20	(6.50)	(9.28)

The accompanying notes form part of these financial statements

**Balmain / Rozelle Financial Services Limited**  
**ABN 95 112 711 654**  
**Balance Sheet**  
**as at 30 June 2009**

	<u>Notes</u>	2009 \$	2008 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash assets	6	205	15,227
Trade and other receivables	7	41,373	31,662
<b>Total Current Assets</b>		<u><b>41,578</b></u>	<u><b>46,889</b></u>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	196,465	187,658
Intangible assets	9	12,000	24,000
Deferred tax assets	10	115,973	115,973
<b>Total Non-Current Assets</b>		<u><b>324,438</b></u>	<u><b>327,631</b></u>
<b>Total Assets</b>		<u><b>366,016</b></u>	<u><b>374,520</b></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	30,558	19,618
Financial liabilities	11	104,967	72,542
Provisions	13	13,929	7,756
<b>Total Current Liabilities</b>		<u><b>149,454</b></u>	<u><b>99,915</b></u>
<b>Non-Current Liabilities</b>			
Provisions	13	456	-
<b>Total Non-Current Liabilities</b>		<u><b>456</b></u>	<u><b>-</b></u>
<b>Total Liabilities</b>		<u><b>149,910</b></u>	<u><b>99,915</b></u>
<b>Net Assets</b>		<u><b>216,106</b></u>	<u><b>274,604</b></u>
<b>Equity</b>			
Issued capital	14	863,146	863,146
Accumulated losses	15	(647,040)	(588,542)
<b>Total Equity</b>		<u><b>216,106</b></u>	<u><b>274,604</b></u>

The accompanying notes form part of these financial statements

**Balmain / Rozelle Financial Services Limited**  
**ABN 95 112 711 654**  
**Statement of changes in equity**  
**for the year ended 30 June 2009**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Total equity at the beginning of the period	274,604	358,127
Loss for the period	(58,498)	(83,522)
Net income/expense recognised directly in equity	-	-
Total income and expense recognised by the entity for the year	<u>(58,498)</u>	<u>(83,522)</u>
Dividends provided for or paid	-	-
Shares issued during period	-	-
Costs of issuing shares	-	-
Total equity at the end of the period	<u><u>216,106</u></u>	<u><u>274,604</u></u>

The accompanying notes form part of these financial statements

**Balmain / Rozelle Financial Services Limited**  
**ABN 95 112 711 654**  
**Statement of Cashflows**  
**for the year ended 30 June 2009**

	<u>Notes</u>	<b>2009</b> <b>\$</b>	<b>2008</b> <b>\$</b>
<b>Cash Flows From Operating Activities</b>			
Receipts from customers		454,408	395,309
Payments to suppliers and employees		(477,242)	(474,638)
Interest received		388	305
Interest paid		(8,552)	(1,420)
<b>Net cash used in operating activities</b>	16	<u>(30,998)</u>	<u>(80,445)</u>
<b>Cash Flows From Investing Activities</b>			
Payments for property, plant and equipment		(16,449)	(6,569)
<b>Net cash used in investing activities</b>		<u>(16,449)</u>	<u>(6,569)</u>
<b>Net decrease in cash held</b>		(47,447)	(87,014)
Cash at the beginning of the financial year		(57,315)	29,699
<b>Cash at the end of the year</b>	6(a)	<u><u>(104,762)</u></u>	<u><u>(57,315)</u></u>

The accompanying notes form part of these financial statements

## 1. Summary of significant accounting policies

### Basis of preparation

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

#### *Compliance with IFRS*

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

#### *Historical cost convention*

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

### Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

### Goods and services tax

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

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

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

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

### Income tax

#### Current tax

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

#### Deferred tax

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



**Balmain / Rozelle Financial Services Limited**  
**ABN 95 112 711 654**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2009**

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

**Income tax (continued)**

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

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

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

Current and deferred tax for the period

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

**Employee entitlements**

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

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

**Intangibles**

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

**Cash**

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

**Comparative figures**

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

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

### Property, plant and equipment

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

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

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

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

### Critical Accounting Estimates and Judgements

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

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

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

### Impairment of assets

At each reporting date, the Company reviews the carrying amounts 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 in the asset's carrying value over its recoverable amount is expensed to the income statement.

### Payment terms

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

### Trade Receivables and Payables

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

**Balmain / Rozelle Financial Services Limited**  
**ABN 95 112 711 654**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2009**

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

**Borrowings**

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

**Financial Instruments**

Recognition and Initial Measurement

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

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

Derecognition

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

Classification and Subsequent Measurement

(i) *Loans and receivables*

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

(ii) *Held-to-maturity investments*

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

(iii) *Financial Liabilities*

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

Impairment

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

**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 is transferred to entities in the entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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.

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

### 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 Equity

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

### Earnings per Share

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

## 2. Financial Risk Management

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

Risk management is carried out directly by the Board of Directors.

### (i) Market Risk

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

### (ii) Price Risk

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

### (iii) Credit Risk

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

### (iv) Liquidity Risk

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

**Balmain / Rozelle Financial Services Limited**  
**ABN 95 112 711 654**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2009**

**2. Financial Risk Management (continued)**

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

- (i) the Distribution Limit is the greater of:
  - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
  - (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.

<b>3. Revenue from ordinary activities</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Operating activities:		
- services commissions	330,193	284,962
- other revenue	92,724	77,194
Total revenue from operating activities	<u>422,916</u>	<u>362,156</u>
Non-operating activities:		
- interest received	352	305
Total revenue from non-operating activities	<u>352</u>	<u>305</u>
Total revenues from ordinary activities	<u><u>423,268</u></u>	<u><u>362,462</u></u>

**Balmain / Rozelle Financial Services Limited**

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

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>4. Expenses</b>		
Depreciation of non-current assets:		
- plant and equipment	7,745	(5,108)
- leasehold improvements	3,131	3,076
Amortisation of non-current assets:		
- franchise agreement	12,000	12,000
	<u>22,876</u>	<u>9,968</u>
Finance costs:		
- interest paid	<u>9,473</u>	<u>1,420</u>
Bad debts	<u>1,009</u>	<u>1,225</u>

**5. Income tax expense**

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

Operating loss	(58,498)	(83,522)
Prima facie tax on loss from ordinary activities at 30%	(17,550)	(25,057)
Add tax effect of:		
- non-deductible expenses	3,749	3,651
- timing difference expenses	(848)	2,708
- blackhole expenses	(1,574)	(1,574)
Current tax	(16,223)	(20,272)

The current year net deferred tax asset relating to the current year tax loss is not recognised in the balance sheet as it cannot be said that that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Consequently no tax income expense has been recognised in the income statement. Deferred tax assets not recognised in the balance sheet at 30 June 2009 are \$101,224 (2008 \$85,001).

**6. Cash assets**

Cash at bank and on hand	205	183
Term Deposits	-	15,044
	<u>205</u>	<u>15,227</u>

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

**6(a) 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 at bank and on hand	205	183
Term deposit	-	15,044
Bank Overdraft	(104,967)	(72,542)
	<u>(104,762)</u>	<u>(57,315)</u>

**Balmain / Rozelle Financial Services Limited**  
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**Notes to the Financial Statements**  
**for the year ended 30 June 2009**

<b>7. Trade and other receivables</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	32,846	23,028
Other Receivables	450	486
Prepayments	8,077	8,148
	<u>41,373</u>	<u>31,662</u>

**8. Property, plant and equipment**

*Plant and equipment*

At cost	108,012	88,329
Less accumulated depreciation	(25,247)	(17,502)
	<u>82,765</u>	<u>70,827</u>

*Leasehold improvements*

At cost	125,449	125,449
Less accumulated depreciation	(11,749)	(8,618)
	<u>113,700</u>	<u>116,831</u>

Total written down amount	<u>196,465</u>	<u>187,658</u>
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**Movements in carrying amounts:**

*Plant and equipment*

Carrying amount at beginning	70,827	176,378
Additions	19,683	-
Adjustments & Transfers	-	(99,408)
Less: depreciation expense	(7,745)	(6,143)
Carrying amount at end	<u>82,765</u>	<u>70,827</u>

*Leasehold improvements*

Carrying amount at beginning	116,831	2,679
Additions	-	6,569
Adjustments & Transfers	-	110,659
Less: depreciation expense	(3,131)	(3,076)
Carrying amount at end	<u>113,700</u>	<u>116,831</u>

Total written down amount	<u>196,465</u>	<u>187,658</u>
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**9. Intangible assets**

*Franchise Fee*

At cost	60,000	60,000
Less: accumulated amortisation	(48,000)	(36,000)
	<u>12,000</u>	<u>24,000</u>

**Balmain / Rozelle Financial Services Limited**

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

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>10. Trade and other payables</b>		
Trade Creditors	12,704	2,793
Other creditors & accruals	17,854	16,825
	<u>30,558</u>	<u>19,618</u>

**11. Borrowings**

*Current:*

Bank overdrafts	<u>104,967</u>	<u>72,542</u>
	<u>104,967</u>	<u>72,542</u>

The overdraft is a variable unsecured facility with a limit of \$150,000 from Bendigo and Adelaide Bank Ltd. The interest rate is the Bank's Business Solutions Non Residential Security Interest Rate (9.64% at 30 June 2009). The Bank has a Registered First Company Debenture from the company.

**12. Leases**

*Operating Lease Commitments*

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

Payable — minimum lease payments		
— not later than 12 months	60,792	59,160
— between 12 months and 5 years	5,077	65,869
— greater than 5 years	-	-
	<u>65,869</u>	<u>125,029</u>

The property lease is a non-cancellable lease with a five-year term from August 2005, with rent payable monthly in advance. The lease agreement requires that the initial minimum lease payments shall be increased by 6 % per annum after 2 years, 9% after 3 years and 12% after 4 years. An option exists to renew the lease at the end of the five year term for an additional 2 periods of five years.

**13. Provisions**

*Current:*

Provision for annual leave	<u>13,929</u>	<u>7,756</u>
	<u>13,929</u>	<u>7,756</u>

*Non-current:*

Provision for long service leave	<u>456</u>	<u>-</u>
Number of employees at year end	<u>3</u>	<u>3</u>



**Balmain / Rozelle Financial Services Limited**  
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**for the year ended 30 June 2009**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>14. Contributed equity</b>		
900,011 Ordinary shares fully paid of \$1 each (2008: 900,011)	900,011	900,011
Less: equity raising expenses	(36,865)	(36,865)
	<b>863,146</b>	<b>863,146</b>

**Rights attached to shares**

(a) *Voting Rights*

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

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

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

(b) *Dividends*

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

(c) *Transfer*

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

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

**Prohibited shareholding interest**

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

In summary, a person has a prohibited shareholding interest if the person's voting power in the company is 10% or more.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to those shares in the Company in which the person and the person's associates have a relevant interest in excess of the 10% of the company, are suspended.

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

**Balmain / Rozelle Financial Services Limited**  
**ABN 95 112 711 654**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2009**

**14. Contributed equity (continued)**

**Rights attached to shares (continued)**

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

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>15. Accumulated losses</b>		
Balance at the beginning of the financial year	(588,542)	(505,020)
Net loss from ordinary activities after income tax	(58,498)	(83,522)
Balance at the end of the financial year	<u>(647,040)</u>	<u>(588,542)</u>

**16. Statement of cashflows**

*Reconciliation of loss from ordinary activities after tax to net cash used in operating activities*

Loss from ordinary activities after income tax	(58,498)	(83,522)
Non cash items:		
- depreciation	10,876	(2,032)
- amortisation	12,000	12,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(9,782)	(15,816)
- (increase)/decrease in other assets	72	-
- increase/(decrease) in payables	7,705	7,668
- increase/(decrease) in provisions	6,629	1,257
Net cashflows used in operating activities	<u>(30,999)</u>	<u>(80,445)</u>

**17. Auditors' remuneration**

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

- audit & review services	4,200	4,000
- non audit services	1,881	150
	<u>6,081</u>	<u>4,150</u>

**Balmain / Rozelle Financial Services Limited**  
**ABN 95 112 711 654**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2009**

**18. Director and Related party disclosures**

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

Richard James Ware  
Michael Raymond Newton (appointed 24 November 2008)  
Cynthia Marica Nadai  
Ernest Paul Doughty  
Ian Richard Crichton-Browne  
John Anthony Civitarese  
Michelle Anne Ronan  
Susan Margaret Tayler  
Peter Cho Yim Wu  
Barry William Bidwell (resigned 24 November 2008)  
Elio Cacciotti (resigned 24 November 2008)  
Pauline Keitha McAliden (resigned 24 November 2008)

The following directors through related entities supplied good or services to the company. E Paul Doughty through his company Photel Pty Ltd supplied photocopying services of \$565 (2008 \$316). Peter Wu through his company Peter's Graphics provided goods to the value of \$300 (2008 \$330.)  
No director's fees have been paid as the positions are held on a voluntary basis.

<b>Directors shareholdings</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Richard James Ware	20,000	20,000
Michael Raymond Newton (appointed 24 November 2008)	Nil	NA
Cynthia Marica Nadai	11,451	11,451
Ernest Paul Doughty	20,001	20,001
Ian Richard Crichton-Browne	1,100	1,100
John Anthony Civitarese	Nil	Nil
Michelle Anne Ronan	6,001	6,001
Susan Margaret Tayler	1,000	1,000
Peter Cho Yim Wu	2,500	2,500
Barry William Bidwell (resigned 24 November 2008)	3,501	3,501
Elio Cacciotti (resigned 24 November 2008)	10,901	10,901
Pauline Keitha McAliden (resigned 24 November 2008)	1,001	1,001

There was no movement in directors shareholdings during the year.

**Balmain / Rozelle Financial Services Limited**

**ABN 95 112 711 654**

**Notes to the Financial Statements**

**for the year ended 30 June 2009**

**19. Key management personnel disclosures**

No Director of the company receives remuneration for services as a company director or Committee member.

There are no Executives within the company whose remuneration is required to be disclosed.

**20. Earnings per Share**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
(a) Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	(58,498)	(83,522)
	<b><u>2009</u></b>	<b><u>2008</u></b>
	<b><u>Number</u></b>	<b><u>Number</u></b>
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	900,011	900,011

**21. Events occurring after the balance sheet date**

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

**22. Contingent liabilities**

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

**23. Segment reporting**

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited. The economic entity operates in one geographic area being the Balmain/Rozelle district, Sydney.

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

The registered office and principal place of business is:

**Registered office**  
87-91 Lyons Road  
Drummoyne NSW 2047

**Principal place of business**  
597 Darling Street  
Rozelle NSW 2039

**25. Financial Instruments**

**Net fair values**

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

**Credit risk**

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

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

**Interest rate risk**

Financial instrument	Floating interest rate	Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
		1 year or less		Over 1 to 5 years		Over 5 years		2009	2008	2009	2008
		\$	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Financial assets</b>											
Cash assets	-	-	-	-	-	-	-	205	183	-	3.40
Receivables	-	-	-	-	-	-	32,846	23,028	N/A	N/A	
<b>Financial liabilities</b>											
Interest bearing liabilities	104,967	-	-	-	-	-	-	-	-	9.54	10.90
Payables	-	-	-	-	-	-	25,222	12,203	N/A	N/A	

**Balmain / Rozelle Financial Services Limited**  
**ABN 95 112 711 654**  
**Directors' Declaration**

In accordance with a resolution of the directors of Balmain/Rozelle Community Financial Services Limited, we state that:

In the opinion of the directors:

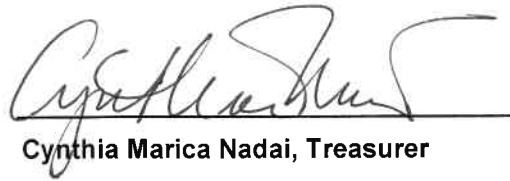
- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the *Corporations Regulations 2001*.

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

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



**Richard James Ware , Chairman**



**Cynthia Marica Nadai, Treasurer**

Signed on the 10<sup>th</sup> of September 2009.

## INDEPENDENT AUDITOR'S REPORT

To the members of Balmain-Rozelle Financial Services Limited

We have audited the accompanying financial statements of Balmain-Rozelle Financial Services Limited, which comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, 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 designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements 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 our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and 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.

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

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

## Independence

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

## Auditor's Opinion on the Financial Report

In our opinion:

- 1) The financial report of Balmain-Rozelle Financial Services Limited is in accordance with the Corporations Act 2001 including
  - (a) giving a true and fair view of the company's financial position as at 30 June 2009 and of its financial performance and its cash flows for the year then ended and;
  - (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 and;
- 2) The financial statements and notes 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 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 Balmain-Rozelle Financial Services Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.



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

Dated this 10<sup>th</sup> day of September 2009



## Bendigo Stock Exchange (BSX) Report

Additional information required by the Bendigo Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 30 September 2009.

### A. Corporate Governance Statement

The Company is committed to the highest standards of corporate governance. This commitment applies to its dealings with shareholders, customers, employees, suppliers, regulators and the community. The Company has established corporate governance practices, which include:

- 1) A Code of Conduct
- 2) An Audit Committee which oversees procedures and controls, meets regularly and reports to the Board.
- 3) A Governance Committee which oversees the governance of the Company including compliance with ASIC and BSX requirements and the Company's governance standards.
- 4) A budgeting process with Directors' approval of operating budgets with monthly monitoring and review of progress against these budgets.
- 5) Monthly review of performance and strategic plans – in particular how to increase the customer base.

### B. Substantial Shareholders – Ten Largest Shareholders

Shareholder	Number of Ordinary Shares
Winpar Holdings Ltd.	22,000
Mr Ross Cattan	20,000
Clapsy Pty Ltd	20,000
Mrs Elizabeth Cureton	20,000
Depofo Pty Ltd	20,000
Maeve Marine Pty Ltd	20,000
Mrs Nitaya Morris	20,000
Mr John George Morris	20,000
MNM Pty Ltd	20,000
Dr Anita Zeman	20,000

There are no other classes of equity securities.

### C. Voting Rights

Each shareholder has one vote.

## **D. Distribution of Shareholders**

The number of shareholders by size of holding is:

<u>Number of shares</u>	<u>No of holders</u>
1 – 1,000	191
1,001 – 5,000	77
5,001 – 10,000	27
10,001 – 100,000	16
100,001 and over	nil
Total = 900,011 shares	311

There are no shareholders holding less than a marketable parcel of shares.

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

## **E. Monitoring of the Board's Performance and Communication to Shareholders**

In order to ensure that the Board continues to discharge its responsibilities in an appropriate way the performance of the Chairman and the Directors together with the effectiveness of the Board Meetings will be continually assessed.

## **F. Address, Telephone Number and Email Address of the Office Where the Security Register is Kept**

AFS & Associates  
61-65 Bull Street  
Bendigo VIC 3550

(03) 5443 0344 (tel)  
[shareregistry@afsbendigo.com.au](mailto:shareregistry@afsbendigo.com.au)

## **G. Annexure 3A**

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its Annual Report.