annual report 2009

Balnarring & District
Community Services Limited
ABN 00 127 842 059

Balnarring & District **Community Bank®** Branch

Contents

Chairman's report

For year ending 30 June 2009

Dear shareholder,

We are pleased to invite you to our Annual General Meeting to be held at the Balnarring Bowls Club rooms at 7.30pm on 26 October and enclosed are the relevant reports and documents relating to the financial year 2008/09.

The **Community Bank®** branch which, with your support, was established in Balnarring has continued to grow faster than our expectations, even with the challenge of a global financial contraction. In short, given the current environment, our growth has been phenomenal. With the ensuing tapering of margins a greater volume of business than normal is required for us to achieve profit.

While our business growth remains excellent the goal posts have been moved and although we are almost there, we have as yet, not achieved profit. However, our expectations are that the effect of current business and continuing growth, together with the progressive recovery of the economy will move your bank branch into profit shortly, providing us with the ability to offer grants to community organisations and pay you, our shareholders, a dividend. We do have some funds and will be making some presentations at this A.G.M.

Our Company, Balnarring and District Community Services Ltd, holds a franchise with Bendigo and Adelaide Bank Ltd for the operation of your **Community Bank®** branch in Balnarring. All our Directors, are volunteers and unpaid and this will contribute to the profits which we will be able to share with our Community.

Our Manager, Rachel Harding and our staff should be congratulated for their conscientious and valuable contribution to the success of this venture. We have an excellent team who continually give much of their own time in support of the bank branch and therefore this Community.

Finally I would like to thank all my fellow Directors for their efforts and support which have contributed to the growth and success of this venture. We have welcomed four new members to the Board during the year. They are: our Company Secretary, Bruce Burdon Smith, and as Directors, our Treasurer, Derryck Rees, Heather Goddard and Spencer Bock.

The Board, the Manager and staff will work together to ensure your bank branch continues to grow and is able to make a worthwhile contribution to the many activities of our Community.

Max. Burley
Chairman

Manager's report

For year ending 30 June 2009

What a fantastic first year we have had! It is with great excitement I present this years Annual Report, including business growth as at 11 September 2009.

In July this year we celebrated our first birthday. Not only was this a great day but a real celebration of our success. As I write this report our total book balance is almost $43 million, something we should all be very proud of, particularly given today's tough economic climate. The number of accounts has grown to 1,409 since our opening on 13 June 2008. This includes 165 loan facilities and 1,244 deposit-based accounts. This year Bendigo Bank merged with Adelaide Bank, creating Bendigo and Adelaide Bank Ltd. This integration has been seamless from a branch perspective and created a number of business opportunities, servicing clients who were customers of Adelaide Bank and integrating signage into South Australia. The number of **Community Bank®** branches has also boomed in the last 12 months with 20 new **Community Bank®** branches opened, showing great strength in the **Community Bank®** model, even in the current economic climate.

The recent closure of the National Australia Bank (NAB) in Balnarring has impacted the local community greatly. We have made the process of changing financial institutions easier and developed strong relationships with many new customers.

Our staff have really been on the move this year, we have seen the promotion of Melinda Symes to Customer Relationship Officer, assisting Glenys Wandmaker and myself, building customers relationships to ensure that we continue to deliver exceptional service to our rapidly growing lending and deposit portfolio. Congratulations Melinda! This year has also seen the implementation of a new full time Customer Service Officer, Meagan Johnstone, a very welcome addition to the team. Meagan brings with her an exceptional local knowledge and a banking and finance background. This year we also welcomed Kerry Skitt to our team. Kerry is a long time local with excellent customer service skills. Great at building rapport with our customers, Kerry joined the team as part time Customer Service Officer.

To further our branch development our staff have received training on CGU insurance products, allowing them to be able to assist our customers with all of their insurance needs. This has created an enormously positive response from our customers who are benefiting from face-to-face assistance and advice.

As part of our philosophy of creating better communities we have joined forces with the local Lions Club to promote 'Ban the Bulb', a free light bulb exchange program designed to positively impact the environment and provide additional funding to the Lions Club. Our staff are very excited to be part of such an exceptional program and look forward to helping our customers by providing this great free service.

At our last AGM it was announced that two of our valued team members, Glenys and Melinda, were preparing to undertake the Oxfam Trail Walk. I am proud to announce that Glenys and Melinda both successfully completed the walk, earning in excess of $3,800 for Oxfam. The team is preparing to undertake the walk again in 2010.

Manager's report continued

I am also pleased to announce that we are well underway with our financial support of the community, having assisted local groups to achieve their goals via sponsorship, grants and donations for just over $18,000 so far, with more projects on the way.

I take great pleasure in announcing our success and contribution to the community and would like to take this opportunity to thank the Board for continuing to contribute their time and effort and for their unwavering support and would like to extend thanks to my team, who have supported and enjoyed many of the community activities we have been involved in and each take pride in the progress and development of our branch. We are looking forward to future community involvement and developing further relationships throughout our community.

Rachel Harding

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:

Donald Errington Campbell
(resigned 12 January 2009)
Chairman
Occupation: Real estate agent

Maxwell Ronald Burley
Director/Chairman
Occupation: Retired Company Director

Valerie Margaret Burley
Treasurer
Occupation: Retired

Harold Clarence Weber
(resigned 31 March 2009)
Company Secretary
Occupation: Chartered accountant

Wallace Faichney
Director
Occupation: Retired

Peter Gerard Strickland
Director
Occupation: Retired

Jonathan Wrettham Attoe
Director
Occupation: Consultant – Finance

Derek Sidney Warner
(resigned 7 October 2008)
Director
Occupation: Self employed

Terrey Owen McMillan
(resigned 7 October 2008)
Director
Occupation: Retail – Hardware

Mark Smith
(appointed 23 March 2009)
Director
Occupation: Energy Consultant

Derryck Rees
(appointed 31 March 2009)
Director
Occupation: Business Manager

Heather Goddard
(appointed 3 April 2009)
Director
Occupation: Teacher

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 Ltd.

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

Operating results

Operations have performed in line with expectations. The loss of the Company for the financial year after provision for income tax was $180,846 (2008: $78,543).

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

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 providing banking services to the community.

Directors' benefits

No Director has received or become entitled to receive, during or since the end of 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 a 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:	**12**
Number of meetings attended:	
Donald Errington Campbell (resigned 12 January 2009)	7
Maxwell Ronald Burley	12
Valerie Margaret Burley	12
Harold Clarence Weber (resigned 31 March 2009)	6
Wallace Faichney	12
Jonathan Wrettham Attoe	6
Peter Gerard Strickland	9
Terrey Owen McMillan (resigned 7 October 2008)	1
Derek Sidney Warner (resigned 7 October 2008)	-
Mark Smith (appointed 23 March 2009)	2
Derryck Rees (appointed 31 March 2009)	3
Heather Goddard (appointed 3 April 2009)	4

Company Secretary

Harold Weber was Company Secretary of Balnarring & District Community Services Limited since inception in 2007 until his resignation on 31 March 2009. Bruce Burdon-Smith was appointed Secretary on 31 March 2009 his qualifications include B.Comm LLB, FCA, FASA, CPA, ACIS, ACIM, Registered Tax Agent & Auditor, Barrister & Solicitor of the Supreme Court of Victoria & High Court of Australia.

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 Jonathan Attoe, Peter Strickland and Bruce Burdon-Smith (Chair);

(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

Directors' report continued

Richmond Sinnott & Delahunty
Chartered Accountants

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

2 September 2009

The Directors
Balnarring & District Community Services Limited
Po Box 297
BALNARRING VIC 3926

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Balnarring & District Community 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 Balnarring on 2 September 2009.

Maxwell Burley

Chairman

Financial statements

Income statement
For year ending 30 June 2009

	Note	2009 $	2008 $
Revenue from ordinary activities	2	238,636	9,486
Employee benefits expense	3	(225,589)	(72,811)
Charitable donations and sponsorship		(13,388)	(440)
Depreciation and amortisation expense	3	(78,157)	(22,410)
Other expenses from ordinary activities		(169,383)	(22,097)
Loss before income tax benefit		**(247,881)**	**(108,272)**
Income tax benefit	4	67,035	29,729
Loss after income tax benefit		**(180,846)**	**(78,543)**
Earnings per share (cents per share)			
- basic for loss for the year	20	(21.53)	(9.54)
- diluted for loss for the year	20	(21.53)	(9.54)

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2009

	Note	2009 $	2008 $
Current assets			
Cash assets	6	164,077	412,812
Receivables	7	31,526	4,608
Total current assets		**195,603**	**417,420**
Non-current assets			
Property, plant and equipment	8	215,402	203,084
Deferred income tax asset	4	96,764	29,729
Intangible assets	9	80,666	102,666
Total non-current assets		**392,832**	**335,479**
Total assets		**588,435**	**752,899**
Current liabilities			
Payables	10	21,818	29,614
Provisions	11	10,910	3,501
Total current liabilities		**32,728**	**33,115**
Total liabilities		**32,728**	**33,115**
Net assets		**555,707**	**719,784**
Equity			
Share capital	12	815,096	798,327
Accumulated losses	13	(259,389)	(78,543)
Total equity		**555,707**	**719,784**

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		208,400	-
Cash payments in the course of operations		(430,140)	(65,015)
Interest received		24,711	7,660
Net cash flows used in operating activities	**14b**	**(197,029)**	**(57,355)**
Cash flows from investing activities			
Payment for intangible assets		-	(110,000)
Payments for property, plant and equipment		(68,475)	(218,160)
Net cash flows used in investing activities		**(68,475)**	**(328,160)**
Cash flows from financing activities			
Proceeds from issue of shares		16,769	823,231
Payment for equity raising costs		-	(24,904)
Net cash flows from financing activities		**16,769**	**798,327**
Net increase in cash held		**(248,735)**	**412,812**
Add opening cash brought forward		412,812	-
Closing cash carried forward	**14a**	**164,077**	**412,812**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2009

	Note	2009 $	2008 $
Share capital			
Ordinary shares			
Balance at start of year		798,327	-
Issue of share capital		16,769	823,231
Share issue costs		-	(24,904)
Balance at end of year		**815,096**	**798,327**
Retained earnings / (accumulated losses)			
Balance at start of year		(78,543)	-
Loss after income tax benefit		(180,846)	(78,543)
Dividends paid		-	-
Balance at end of year		**(259,389)**	**(78,543)**

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 and 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 2 September 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

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2008 financial statements.

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.

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 diminishing value basis over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
• Leasehold improvements	20%
• Furniture & fittings	15 - 20%
• Software & motor vehicles	25%

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).

Notes to the financial statements continued

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.

Comparative figures

The entity commenced operations during the prior period, and hence comparative figures are for the period ended 30 June 2008.

	2009 $	2008 $

Note 2. Revenue from ordinary activities

Operating activities		
- services commissions	213,925	1,826
- other revenue	-	-
Total revenue from operating activities	**213,925**	**1,826**

Notes to the financial statements continued

	2009 $	2008 $

Note 2. Revenue from ordinary activities (continued)

	2009 $	2008 $
Non-operating activities:		
- interest received	24,711	7,660
- other revenue	-	-
Total revenue from non-operating activities	**24,711**	**7,660**
Total revenue from ordinary activities	**238,636**	**9,486**

Note 3. Expenses

	2009 $	2008 $
Employee benefits expense		
- wages and salaries	188,969	50,980
- superannuation costs	21,859	4,501
- workers' compensation costs	674	587
- other costs	14,087	16,743
	225,589	**72,811**
Depreciation of non-current assets:		
- furniture and fittings	52,016	15,076
- software	2,538	-
- motor vehicles	1,603	-
Amortisation of non-current assets:		
- intangibles	22,000	7,334
	78,157	**22,410**
Bad debts	-	-

Notes to the financial statements continued

	2009 $	2008 $

Note 4. Income tax expense

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

Prima facie tax on loss before income tax at 30%	(74,364)	(32,482)
Add tax effect of:		
- Non-deductible expenses	7,329	2,753
Current income tax benefit	**(67,035)**	**(29,729)**
Income tax benefit	**(67,035)**	**(29,729)**
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.	**96,764**	**29,729**

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	2,700
- Completion of feasibility study	-	6,000
- Accounting work for prospectus	-	2,500
	3,650	**11,200**

Note 6. Cash assets

Cash at bank and on hand	**164,077**	**412,812**

Note 7. Receivables

GST receivable	-	2,599
Trade debtors	31,526	2,009
	31,526	**4,608**

Notes to the financial statements continued

	2009 $	2008 $

Note 8. Property, plant and equipment

	2009 $	2008 $
Furniture and fittings		
At cost	264,976	218,160
Less accumulated depreciation	(67,092)	(15,076)
	197,884	**203,084**
Software		
At cost	10,409	-
Less accumulated depreciation	(2,538)	-
	7,871	**-**
Motor vehicles		
At cost	11,250	-
Less accumulated depreciation	(1,603)	-
	9,647	**-**
Total written down amount	**215,402**	**203,084**
Movements in carrying amounts		
Furniture and fittings		
Carrying amount at beginning of year	203,084	-
Additions	46,816	218,160
Disposals	-	-
Depreciation expense	(52,016)	(15,076)
Carrying amount at end of year	**197,884**	**203,084**
Software		
Carrying amount at beginning of year	-	-
Additions	10,409	-
Disposals	-	-
Depreciation expense	(2,538)	-
Carrying amount at end of year	**7,871**	**-**

	2009 $	2008 $

Note 8. Property, plant and equipment (continued)

Motor vehicles		
Carrying amount at beginning of year	-	-
Additions	11,250	-
Disposals	-	-
Depreciation expense	(1,603)	-
Carrying amount at end of year	**9,647**	**-**

Note 9. Intangible assets

Franchise fee		
At cost	10,000	10,000
Less accumulated amortisation	(2,667)	(667)
	7,333	**9,333**
Establishment costs		
At cost	100,000	100,000
Less accumulated amortisation	(26,667)	(6,667)
	73,333	**93,333**
	80,666	**102,666**

Note 10. Payables

GST payable	3,148	-
Trade creditors	8,037	22,572
Other creditors and accruals	10,633	7,042
	21,818	**29,614**

Note 11. Provisions

Employee benefits	**10,910**	**3,501**
Number of employees at year end	**6**	**5**

	2009 $	2008 $

Note 12. Share capital

	2009 $	2008 $
840,000 Ordinary shares fully paid of $1 each	840,000	823,231
Less: Equity raising costs	(24,904)	(24,904)
	815,096	**798,327**

From the above shares 16,769 were issued during the year ending 30 June 2009. All other shares were issued during the period ending 30 June 2008.

Note 13. Accumulated losses

	2009 $	2008 $
Balance at the beginning of the financial year	(78,543)	-
Loss after income tax	(180,846)	(78,543)
Dividends	-	-
Balance at the end of the financial year	**(259,389)**	**(78,543)**

Note 14. Cash flow statement

(a) Reconciliation of cash

	2009 $	2008 $
Cash assets	**164,077**	**412,812**

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

	2009 $	2008 $
Loss after income tax	(180,846)	(78,543)
Non cash items		
- Depreciation	56,157	15,076
- Amortisation	22,000	7,334
Changes in assets and liabilities		
- (Increase) decrease in receivables	(26,918)	(4,608)
- (Increase) decrease in deferred tax asset	(67,035)	(29,729)
- Increase (decrease) in payables	(7,796)	3,501
- Increase (decrease) in provisions	7,409	29,614
Net cash flows from/(used in) operating activities	**(197,029)**	**(57,355)**

Notes to the financial statements continued

Note 15. Director and related party disclosures

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

Donald Errington Campbell (resigned 12 January 2009)

Maxwell Ronald Burley

Valerie Margaret Burley

Harold Clarence Weber (resigned 31 March 2009)

Wallace Faichney

Jonathan Wrettham Attoe

Peter Gerard Strickland

Terrey Owen McMillan (resigned 7 October 2008)

Derek Sidney Warner (resigned 7 October 2008)

Mark Smith (appointed 23 March 2009)

Derryck Rees (appointed 31 March 2009)

Heather Goddard (appointed 3 April 2009)

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**
Donald Errington Campbell (resigned 12 January 2009)	769	500
Maxwell Ronald Burley	2,500	2,500
Valerie Margaret Burley	2,500	2,500
Harold Clarence Weber (resigned 31 March 2009)	5,001	5,001
Wallace Faichney	5,500	5,500
Jonathan Wrettham Attoe	10,000	10,000
Peter Gerard Strickland	11,500	11,500
Terrey Owen McMillan (resigned 7 October 2008)	1,001	1,001
Derek Sidney Warner (resigned 7 October 2008)	3,880	3,880
Mark Smith (appointed 23 March 2009)	-	-
Derryck Rees (appointed 31 March 2009)	-	-
Heather Goddard (appointed 3 April 2009)	1,500	1,500

Donald Errington Campbell purchased 269 shares during the period. There was no other movement in Directors' shareholdings during the period. Each share held has a paid up value of $1 and is fully paid.

Notes to the financial statements continued

Note 16. Subsequent events

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

Note 17. Contingent liabilities

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

Note 18. 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 Balnarring, Victoria.

Note 19. Corporate information

Balnarring & District Community Services Limited is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is:
Shop 28 Balnarring Village
3050 Frankston Flinders Road,
Balnarring VIC 3926

	2009 $	**2008 $**

Note 20. Earnings per share

Basic earnings per share amounts are calculated by dividing 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 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 $**
Loss after income tax expense	**(180,846)**	**(78,543)**
Weighted average number of ordinary shares for basic and diluted earnings per share	**840,000**	**823,231**

Note 21. 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	164,077	412,812
Receivables	31,526	4,608
	195,603	**417,420**

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of the balance 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 21. Financial risk management (continued)

(b) Liquidity risk (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	21,818	(21,818)	(21,818)	–	–
	21,818	**(21,818)**	**(21,818)**	**–**	**–**
30 June 2008					
Payables	29,614	(29,614)	(29,614)	–	–
	29,614	**(29,614)**	**(29,614)**	**–**	**–**

(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 21. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis

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

	Carrying amount 2009 $	2008 $
Fixed rate instruments		
Financial assets	101,507	252,623
Financial liabilities	-	-
	101,507	**252,623**
Variable rate instruments		
Financial assets	62,570	160,189
Financial liabilities	-	-
	62,570	**160,189**

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. 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.

Note 21. Financial risk management (continued)

(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.

(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.

Directors' declaration

In accordance with a resolution of the Directors of Balnarring & District Community 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.

Maxwell Burley
Chairman

Signed at Balnarring on 2 September 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 BALNARRING & DISTRICT
COMMUNITY 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 Balnarring & District Community 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.

Woodbury Court, 172 McIvor Road Bendigo 3550. PO Box 30 Bendigo 3552. Ph: (03) 5443 1177. Fax: (03) 5444 4344. Email: rsd@rsdadvisors.com.au
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 Balnarring & District Community 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

Sinnott.

W. J. SINNOTT
Partner
Bendigo

Date: 2 September 2009

Balnarring & District **Community Bank**® Branch
Shop 28, Shopping Village,
3050 Frankston-Flinders Road Balnarring VIC 3926
Phone: (03) 5983 5543 Fax: (03) 5983 2828

Franchisee: Balnarring & District Community Services Limited
PO Box 60, Balnarring VIC 3926
ABN: 00 127 842 059

www.bendigobank.com.au
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR9043) (08/09)

Bendigo Bank