annual report | 2009

Boorowa Community
Financial Services Limited
ABN 76 093 519 094

Boorowa **Community Bank®** Branch

Contents

Chairperson's report

For year ending 30 June 2009

Company performance

It is pleasing to report that Boorowa Community Financial Services Ltd (the Company) has enjoyed another successful year of trading.

The Company posted an after tax profit of $142,191 compared to $155,207 in 2008. This lower profit figure is a reflection of increased charitable donations and sponsorship. Revenue from ordinary activities actually increased by $60,000.

This is our sixth consecutive trading profit with profitability continuing to grow each year.

A shareholder dividend of 10 cents per share was paid to shareholders in April 2009.

Community contributions

In excess of $120,000 has been given back to the community. This includes $40,000 to shareholders, $64,000 in grants and $20,000 in sponsorship and advertising.

The Company ran its first Community Grants Program with the assistance of the Community Enterprise Foundation™. Grants were awarded to 13 local organisations in August 2008. Recipients included Carinya Court (Gazebo and BBQ area), Show Society (disabled toilet), Junior League (Irish House kitchen upgrade), RSL (war memorial renovation), Hospital Auxiliary (Nursing Home air-conditioning), Burrowa House (new beds), Anglican Church (access improvements), Men's Den (equipment), Frogmore Hall (acoustic improvement), Historical Society (storage shed), Rye Park Showground (slide tower replacement), Landcare (water wise garden) and Boorowa North/Hughstonia Fire Brigade (catering trailer).

The Company continued its practice of sponsoring local events such as Boorowa Show, Woolfest and various sporting fixtures.

Future

Boorowa **Community Bank®** Branch will continue to focus on providing a full banking service to our local community. We are expecting to maintain or improve our current level of profitability, which will allow ongoing contributions back to the community.

Chairperson's report continued

Acknowledgements

Thank you to our **Community Bank®** branch staff, our partners at Bendigo and Adelaide Bank Ltd and my fellow Board members who all contribute to the success of our branch. Thank you, especially, to you, the shareholders, who have made our branch a possibility.

We look forward to working together in the future to achieve greater profitability and a stronger community.

Sue Corcoran

Chairman

Manager's report

For year ending 30 June 2009

This financial year has seen another good increase in the business levels of Boorowa **Community Bank®** Branch, which reflects the excellent support from the Community.

Growth increased by a further $6.5 million for the year with total business now standing at $80.6 million in loans and deposits.

The ATM has continued to provide a great asset to the community with 51,669 transactions being completed for the year.

Impressive dividends have been returned back to shareholders, with large amounts of funds going back to the community via grants, sponsorships and donations.

The Board of Directors (past and present) must once again be congratulated for their voluntary dedication to the **Community Bank®** branch, their commitment has ensured the Community has an important asset which is providing vital funds to a vast number of groups in the area during the very difficult times currently being experienced.

Once again I would like to acknowledge all the staff for their high level of commitment and the outstanding service they provide, without their experience and dedication we could not have achieved what we have in the last twelve months.

Bendigo and Adelaide Bank Ltd also continues to provide a high level of support to the branch which is always very much appreciated.

The next financial year appears to be very challenging given the current state of financial markets. However, with the continued support of the community, district and the highly regarded reputation of Boorowa **Community Bank®** Branch, we look forward to further increasing business levels which in turn will see further funds flow back to the community.

Greg Pryor
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:

Sue-Anne Corcoran
Chairman
Local Business Operator for 20 years

David Philpott
Treasurer
General Manager, Boorowa Council

Sonia Workman
Director
Director of Finance, Boorowa Council

Michelle Fahey
Company Secretary
Primary School Principal

Neil Gorham
Director
Retired Grazier and Local Councillor

Graham Simmonds
Director - appointed 6 November 2008
Retired Stock & Station Agent

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 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 continued to perform in line with expectations. The profit/(loss) of the Company for the financial year after provision for income tax was $142,191 (2008: $155,207).

	Year ended 30 June 2009	
Dividends	**Cents per share**	**$'000**
Final dividends recommended:	nil	nil
Dividends paid in the year:		
- Interim for the year	10	38,111
- As declared in the prior year	nil	nil

Directors' report continued

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 financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

Indemnification and insurance of Directors and Officers

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

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

Directors' 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:	
Sue-Anne Corcoran	11
David Philpott	10
Sonia Workman	11
Michelle Fahey	9
Neil Gorham	8
Graham Simmonds	7

Directors' report continued

Company Secretary

Michelle Fahey has been the Company Secretary of Boorowa Community Financial Services Ltd for 5 years.

Corporate governance

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

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

(b) Ongoing Director training; and

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

Auditor independence declaration

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

Grant L Pearce
Chartered Accountant

Auditor's independence declaration

In relation to our audit of the financial report of Boorowa Community Financial Services Ltd for the financial 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.

Grant L Pearce
Chartered Accountant

35 Montague Street,
Goulburn

Date: 24 September 2009.

Signed in accordance with a resolution of the Board of Directors at Boorowa on 24 September 2009.

Sue-Anne Corcoran	**Michelle Fahey**
Director	**Director**

Financial statements

Income statement
For year ending 30 June 2009

	Note	2009 $	2008 $
Revenue from ordinary activities	2	759,650	699,830
Employee benefits expense	3	(282,554)	(263,084)
Charitable donations and sponsorship		(77,883)	(33,650)
Depreciation and amortisation expense	3	(22,131)	(23,815)
Finance costs	3	-	(1,438)
Other expenses from ordinary activities		(161,667)	(156,121)
Profit/(loss) before income tax expense		**215,415**	**221,723**
Income tax expense	4	(73,224)	(66,516)
Profit/(loss) after income tax expense		**142,191**	**155,207**
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	22	36.71	40.07
- diluted for profit / (loss) for the year	22	36.71	40.07
- dividends paid per share	21	10.00	12.00

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2009

	Note	2009 $	2008 $
Current assets			
Cash assets	6	480,867	353,169
Receivables	7	81,284	65,306
Total current assets		**562,152**	**418,475**
Non-current assets			
Property, plant and equipment	8	323,687	334,317
Intangible assets	9	17,500	27,500
Total non-current assets		**341,187**	**361,817**
Total assets		**903,338**	**780,292**
Current liabilities			
Payables	10	31,444	30,493
Interest bearing liabilities	11	-	-
Current tax payable	4	14,449	15,775
Provisions	12	44,259	28,915
Total current liabilities		**90,152**	**75,183**
Non-current liabilities			
Deferred income tax liability	4	8,146	4,150
Interest bearing liabilities	11	-	-
Total non-current liabilities		**8,146**	**4,150**
Total liabilities		**98,298**	**79,332**
Net assets		**805,040**	**700,960**
Equity			
Share capital	13	387,310	387,310
Reserves		72,248	72,248
Retained earnings / (accumulated losses)	14	345,482	241,402
Total equity		**805,040**	**700,960**

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		724,856	665,924
Cash payments in the course of operations		(509,383)	(436,612)
Interest paid		-	(1,438)
Rent received		1,200	-
Interest received		21,190	22,303
Income tax paid		(73,224)	(72,296)
Net cash flows from/(used in) operating activities	**15b**	**164,639**	**177,881**
Cash flows from investing activities			
Payment for intangible assets		-	-
Payments for property, plant and equipment		(1,500)	(122,939)
Net cash flows from/(used in) investing activities		**(1,500)**	**(122,939)**
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	(22,528)
Finance lease payments		-	-
Dividends paid		(38,111)	(46,477)
Net cash flows from/(used in) financing activities		**(38,111)**	**(69,005)**
Net increase/(decrease) in cash held		**125,028**	**(14,063)**
Add opening cash brought forward		353,171	367,234
Closing cash carried forward	**15a**	**478,199**	**353,171**

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		387,310	387,310
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		**387,310**	**387,310**
Reserves			
Asset revaluation			
Balance at start of year		72,248	72,248
Increase (decrease) in reserves		-	-
Balance at end of year		**72,248**	**72,248**
Retained earnings / (accumulated losses)			
Balance at start of year		241,403	109,435
Profit/(loss) after income tax expense		142,191	155,207
Dividends paid		(38,111)	(23,239)
Balance at end of year		**345,482**	**241,403**

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 24 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.

Notes to the financial statements continued

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

Property, plant and equipment

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

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

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

Class of asset	Depreciation rate
Buildings	2.5%
Plant & equipment	10-20%

Impairment

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

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

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

Revaluations

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

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

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

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

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

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

Recoverable amount of assets

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

Goods and services tax

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

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

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

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

Employee benefits

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

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

Intangibles

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

Cash

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

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

Comparative figures

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

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

Revenue

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

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.

	2009 $	2008 $

Note 2. Revenue from ordinary activities

Operating activities		
- services commissions	737,260	673,817
- other revenue	-	2,508
Total revenue from operating activities	**737,260**	**676,326**

Notes to the financial statements continued

	2009 $	2008 $

Note 2. Revenue from ordinary activities (continued)

Non-operating activities:		
- interest received	21,190	22,303
- other revenue	1,200	1,200
Total revenue from non-operating activities	**22,390**	**23,504**
Total revenue from ordinary activities	**759,650**	**699,830**

Note 3. Expenses

Employee benefits expense		
- wages and salaries	259,083	241,897
- superannuation costs	21,378	20,826
- post-employment benefits (other than superannuation)	-	-
- workers' compensation costs	-	-
- other costs	2,094	361
	282,554	**263,084**
Depreciation of non-current assets:		
- plant and equipment	12,131	13,815
- buildings	-	-
Amortisation of non-current assets:		
- intangibles	10,000	10,000
	22,131	**23,815**
Finance costs:		
- Interest paid	-	1,438
Bad debts	568	1,010

	2009 $	2008 $

Note 4. Income tax expense

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

	2009 $	2008 $
Prima facie tax on profit/(loss) before income tax at 30%	64,625	66,516
Add tax effect of:		
- Non-deductible expenses	4,603	1,113
- Prior year tax losses not previously brought to account	-	-
- Future income tax benefit not brought to account	-	-
Current income tax expense	**69,228**	**67,629**
Origination and reversal of temporary differences	3,996	(1,113)
Deferred income tax expense	**3,996**	**(1,113)**
Income tax expense	**73,224**	**66,516**
Tax liabilities		
Current tax payable	**14,449**	**15,775**
Deferred income tax liability		
Deferred income tax liability is recognised at reporting date as realisation of the liability is regarded as probable.	**8,146**	**4,150**

Note 5. Auditors' remuneration

Amounts received or due and receivable by Grant L Pearce for:

	2009 $	2008 $
- Audit or review of the financial report of the Company	4,300	4,200
- Other services in relation to the Company	2,200	1,800
- share registry services	-	-
- Accounting work for prospectus	-	-
	6,500	**6,000**

Note 6. Cash assets

	2009 $	2008 $
Cash at bank and on hand	**480,867**	**353,169**

Notes to the financial statements continued

	2009 $	2008 $
Note 7. Receivables		
Prepayments	5,980	2,406
Trade debtors	75,304	62,900
	81,284	**65,306**

Note 8. Property, plant and equipment

Land		
Freehold land & buildings - at valuation	135,980	135,980
Freehold land at cost	100,957	100,957
	236,937	**236,937**
Buildings		
At cost	48,274	48,274
Less accumulated depreciation	(12,016)	(10,639)
	36,258	**37,635**
Plant and equipment		
At cost	117,266	115,766
Less accumulated depreciation	(66,774)	(56,020)
	50,492	**59,746**
Total written down amount	**323,687**	**334,317**
Movements in carrying amounts		
Building		
Carrying amount at beginning of year	274,572	175,024
Additions	-	100,957
Disposals	-	-
Depreciation expense	(1,377)	(1,409)
Carrying amount at end of year	**273,195**	**274,572**

	2009 $	2008 $

Note 8. Property, plant and equipment (continued)

Plant and equipment		
Carrying amount at beginning of year	59,746	56,111
Additions	1,500	32,327
Disposals	-	(16,286)
Depreciation expense	(10,754)	(12,406)
Carrying amount at end of year	**50,492**	**59,746**

Note 9. Intangible assets

Franchise fee		
At cost	50,000	50,000
Less accumulated amortisation	(32,500)	(22,500)
	17,500	**27,500**
Preliminary expenses		
At cost	-	-
Less accumulated amortisation	-	-
	-	-
	17,500	**27,500**

Note 10. Payables

Trade creditors	8,130	7,707
GST payable	17,228	17,295
Other creditors and accruals	6,086	5,492
	31,444	**30,494**

Note 11. Interest bearing liabilities

Bank overdraft	-	-
Bank loan - secured	-	-
	-	**-**

	2009 $	2008 $

Note 12. Provisions

Employee benefits	**44,259**	**28,915**
Number of employees at year end	**6**	**6**

Note 13. Share capital

387,310 Ordinary shares fully paid of $1 each	**387,310**	**387,310**

Note 14. Retained earnings/(accumulated losses)

Balance at the beginning of the financial year	241,402	109,435
Profit/(loss) after income tax	142,191	155,207
Dividends	(38,111)	(23,240)
Balance at the end of the financial year	**345,482**	**241,402**

Note 15. Cash flow statement

(a) Reconciliation of cash		
Bank accounts	155,899	47,833
Term deposits	324,969	305,336
	480,867	**353,169**
(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities		
Profit / (loss) after income tax	142,191	155,207
Non cash items		
- Depreciation	12,131	13,815
- Amortisation	10,000	10,000
- Loss on sale of property, plant and equipment	-	5,940

	2009 $	2008 $

Note 15. Cash flow statement (continued)

Changes in assets and liabilities

	2009 $	2008 $
- (Increase) decrease in receivables	(12,404)	(10,591)
- (Increase) decrease in prepayments	(3,574)	(213)
- Increase (decrease) in payables	(1,143)	(1,654)
- Increase (decrease) in provisions	17,438	5,377
Net cash flows from/(used in) operating activities	**164,639**	**177,881**

Note 16. Director and related party disclosures

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

Sue-Anne Corcoran

David Philpott

Sonia Workman

Michelle Fahey

Neil Gorham

Graham Simmonds

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

Directors' shareholdings	**2009**	**2008**
Sue-Anne Corcoran	5,000	5,000
David Philpott	500	500
Sonia Workman	1,000	1,000
Michelle Fahey	500	500
Neil Gorham	200	200
Graham Simmonds	1,000	-

The holdings of David Philpott, Michelle Fahey, Sonia Workman and Julie Simmonds are held jointly with their spouses. There was no movement in Directors' shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

Note 17. Subsequent events

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

Note 18. Contingent liabilities

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

Note 19. Segment reporting

The economic entity operates in the financial services sector were it provides banking services to its clients. The economic entity operates in one geographic area being Boorowa & District.

Note 20. Corporate information

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

The registered office and principal place of business is 32 Marsden Street, Boorowa VIC 2586.

	2009 $	2008 $
Note 21. Dividends paid or provided for on ordinary shares		
(a) Dividends proposed and recognised as a liability		
Franked dividends - nil cents per share (2008: nil cents)	-	-
(b) Dividends paid during the year		
(i) Current year interim		
Franked dividends - 10 cents per share (2008: 6 cents per share)	38,111	23,239
(ii) Previous year final		
Franked dividends - nil cents per share (2008: 6 cents per share)	-	-
(c) Dividends proposed and not recognised as a liability		
Franked dividends - nil cents per share (2008: nil cents per share)	-	-

Note 21. Dividends paid or provided for on ordinary shares (continued)

(d) Franking credit balance

	2009 $	2008 $
The amount of franking credits available for the subsequent financial year are:		
• Franking account balance as at the end of the financial year	155,488	48,529
• Franking credits that will arise from the payment of income tax payable as at the end of the financial year	321	20,803
• Franking debits that will arise from the payment of dividends as at the end of the financial year	-	(9,960)
• Franking credits that will arise from the payment of dividends recognised as receivables at the reporting date	-	-
• Franking credits that the entity may be prevented from distributing in the subsequent year	-	-
	155,809	**59,372**

The tax rate at which dividends have been franked is 30% (2008: 30%).

Dividends proposed will be franked at a rate of 30% (2008: 30%).

Note 22. Earnings per share

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

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

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

	2009 $	2008 $
Profit/(loss) after income tax expense	**142,191**	**155,207**
Weighted average number of ordinary shares for basic and diluted earnings per share	**387,310**	**387,310**

Note 23. 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	480,867	353,169
Receivables	81,284	65,306
	562,152	**418,475**

The Company's exposure to credit risk is limited to Australia by geographic area. The entire 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 23. 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	31,444	(31,444)	(31,444)	–	–
Interest bearing liabilities	–	–	–	–	–
	31,444	**(31,444)**	**(31,444)**	**–**	**–**
30 June 2008					
Payables	30,493	(30,493)	(30,493)	–	–
Interest bearing liabilities	–	–	–	–	–
	30,493	**(30,493)**	**(30,493)**	**–**	**–**

(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 23. 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	324,969	305,336
Financial liabilities	-	-
	324,969	**305,336**
Variable rate instruments		
Financial assets	155,899	47,833
Financial liabilities	-	-
	155,899	**47,833**

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

(d) Net fair values

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

Note 23. 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 Boorowa Community Financial Services Limited, I state that:

In the opinion of the Directors:

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

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

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

(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; and

(c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2009.

Sue-Anne Corcoran
Director

Michelle Fahey
Director

Signed at Boorowa on 24 September 2009.

Independent audit report

Scope

We have audited the financial report, being the Statement by Directors, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements of Boorowa Community Financial Services Limited for the financial year ended 30 June 2008. The Company's Directors are responsible for the financial report. We have 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 to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the Company's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the Auditor's independence declaration has not changed as at the date of providing our audit opinion.

Audit opinion

In our opinion, the financial report of Boorowa Community Financial Services Limited is in accordance with:

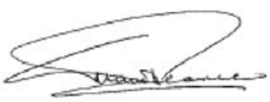
1. the Corporations Act 2001, including:

   (a) giving a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and

   (b) complying with Accounting Standards and the Corporations Regulations; and

2. other mandatory professional reporting requirements.

Signed on 24 September 2009.



Grant Pearce

Grant L Pearce, Chartered Accountant

35 Montague St, Goulburn

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Bendigo Bank