annual report | 2009

Byford & Districts Community
Development Services Limited
ABN 49 105 289 450

Byford & Districts Community Bank® Branch

Contents

Chairman's report

For year ending 30 June 2009

As always it gives me great pleasure to present the Annual Report for the Byford & Districts Community Development Services Ltd to you, our valued shareholders.

In a financial year that has proved quite testing at times I'm more than happy to report that as a Company and a **Community Bank®** Branch we have continued to grow our business in a healthy way. As you will see from the Manager's report our figures have continued to grow in a steady fashion and this has enabled us to continue contributing to our shareholders, community groups and organisations, as was our promise when we formed this Company.

Despite a depressing margin squeeze which took us all by surprise, through careful management by both the Branch Manager and Staff in conjunction with a conservative board we managed to see our way through the hardest months and still maintain our profitable status.

As the first half of the financial year was such a successful period we were able to make a significant contribution to our community through our Community Grants program. This year I'm very pleased to say that we have contributed a total of $35,000 to 43 different community groups ranging from schools to sporting groups to volunteer groups and everything in between. This is on top of the 8 cent per share that we paid to each shareholder as a fully franked dividend for the 2007/2008 financial year. For the 2008/2009 financial year I'm pleased to announce that despite the downturn in the economy we will still be paying a fully franked dividend to our shareholders, though due to the economy we have made the decision that it would be prudent to cap the dividend at 5c per share for this year.

We would not have achieved such wonderful results if it weren't for the hard work and dedication of our fantastic staff and board members. I'd personally like to extend a very big heartfelt thank you to each and every member of our staff and board for all their efforts that have helped us continue to grow in such a steady fashion.

For the coming financial year we have committed ourselves to working alongside various community groups in the area to help them further their causes. This year we will be working alongside the Jarrahdale Community Association to help them with their park project and the Serpentine-Jarrahdale Landcare group who do great things in our Shire. These 2 projects were identified at a very successful Community Forum that was held recently. As we begin to work hand in hand with our community groups, rather than just handing them money we believe that the philosophy of the **Community Bank®** model will come to the forefront and the bonds that will be formed will benefit not only the community but also Byford & Districts **Community Bank®** Branch through community partnerships.

In closing, I'd once again like to thank all of our wonderful shareholders who continue to bank with us and encourage those of you who have still not committed to the Bendigo Bank experience to come along and join us at your Byford & Districts **Community Bank®** Branch, you won't regret it - you'll be doing something good for your Community!

Kim Simpson

Chairman

Manager's report

For year ending 30 June 2009

Well what an interesting year we have had, a Global Financial Crisis that nobody predicted which resulted in a lot of uncertainty with our customers.

This uncertainty has also impacted on our results, especially in the first half of the financial year. The second half showed some improvement and inturn we finished the year showing some growth and profits, albeit not to budget.

These economic conditions had the most effect on our lending volumes.

In spite of this Byford & Districts **Community Bank®** Branch continued to grow and was profitable for the financial year. We did experience growth in all areas of the business and at the end of June 2009 we had achieved a total business portfolio of $69.7 million, with growth of $11.9 million over the preceding 12 month period. This can be broken down into a total of $44.85 million in deposits with growth of $8.16 million and a lending total of $24.86 million, with growth of $3.84 million respectively. Our account numbers continue to grow with 595 new accounts and a total of 4,769 accounts held. This growth in account numbers was the most pleasing result as it shows that we continue to inspire the local community to join us and start to have a banking relationship with us or alternatively for existing customers, it means a further expansion of their current banking relationship.

The other pleasing aspect of our branch is the ongoing consistent high level of service that is provided by all staff members. They all strive to deal with every customer in the renowned Bendigo Bank way. We are certain that this service is one of the key factors of our ongoing success. In conclusion I would like to thank everyone else who is involved in Byford & Districts **Community Bank®** Branch as it has been a slightly tougher year, however I am more than confident that we can continue to grow, be successful and provide the banking services that everyone expects.

Tony Greipl
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:

Kim Michaela Simpson
Chairperson

Age: 39

Occupation: Self Employed Travel Agent

Edward William Eikelboom
Secretary

Age: 44

Occupation: Accountant

Raymond John Marchetti
Treasurer

Age: 51

Occupation: Accountant/Farmer

Peter John Eva
Director

Age: 64

Occupation: Business Proprietor

John Arthur Turner
Director

Age: 59

Occupation: Retired

Jan Harrmanous Hidding
Director

Age: 57

Occupation: Business Manager

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

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

Company Secretary

The Company Secretary is Edward Eikelboom. Edward was appointed to the position of Secretary on 15 August 2006. Edward currently works as an Accountant.

Principal activities

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

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

Directors' report continued

Operating results

Operations have continued to perform in line with expectations. The profit of the Company for the financial year after provision for income tax was:

	Year ended 30 June 2009 $	Year ended 30 June 2008 $
	84,863	178,838

Remuneration report

Remuneration received by Directors during the financial year were as follows:

	Position held	Remuneration received
Kim Michaela Simpson	Chairperson	$4,000
Edward William Eikelboom	Secretary	$1,500
Raymond John Marchetti	Treasurer	$3,000

Fees and payments to non executive directors reflect the demands which are made on and the responsibiities of the Directors. Non executive Directors' fees are reviewed annually by the Board. The Chairman's, Secretary's and Treasurer's fees are determined independently to the fees of non executive directors. All Director remuneration is inclusive of committee fees.

No other Director of the Company receives any remuneration for services provided as Director to the Company.

Dividends

	Year ended 30 June 2009	
	Cents	$
Dividends paid in the year:	8	54,189

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.

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.

Directors' report continued

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:

	Number of Board meetings eligible to attend	Number attended
Kim Michaela Simpson	11	11
Edward William Eikelboom	11	10
Raymond John Marchetti	11	7
Peter John Eva	11	10
John Arthur Turner	11	11
Jan Harrmanous Hidding	11	7

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.

Directors' report continued

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.

AFS

partners in success

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Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the directors of Byford & Districts Community Development 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 30th day of September 2009

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Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

Income statement
For year ending 30 June 2009

	Note	2009 $	2008 $
Revenues from ordinary activities	3	744,306	742,625
Salaries and employee benefits expense		(334,780)	(284,458)
Charitable donations, sponsorship, advertising & promotion		(69,460)	(29,761)
Occupancy and associated costs		(52,924)	(47,520)
Systems costs		(27,680)	(20,551)
Depreciation and amortisation expense	4	(26,782)	(28,113)
Finance costs	4	(2,985)	(304)
General administration expenses		**(105,882)**	**(83,174)**
Profit before income tax expense		123,813	248,744
Income tax expense	5	(38,950)	(69,906)
Profit for the period		**84,863**	**178,838**
Profit attributable to members of the entity		**84,863**	**178,838**
Earnings per share (cents per share)		c	c
- basic for profit for the year	21	12.53	26.40
- dividends paid per share	19	8.00	5.00

The acCompanying notes form part of these financial statements.

Financial statements continued

Balance sheet
As at 30 June 2009

	Note	2009 $	2008 $
Assets			
Current assets			
Cash assets	6	599,090	539,369
Trade and other receivables	7	72,107	85,287
Total current assets		**671,197**	**624,656**
Non-current assets			
Property, plant and equipment	8	141,547	151,283
Intangible assets	9	6,000	18,000
Deferred tax assets	10	7,553	6,431
Total non-current assets		**155,100**	**175,714**
Total assets		**826,297**	**800,370**
Liabilities			
Current liabilities			
Trade and other payables	11	32,741	38,037
Borrowings	12	11,447	11,447
Current tax liabilities	5	40,072	34,774
Provisions	13	19,039	17,800
Total current liabilities		**103,299**	**102,058**
Non-Current Liabilities			
Borrowings	12	18,318	25,793
Provisions	13	12,992	11,505
Total non-current liabilities		**31,310**	**37,298**
Total liabilities		**134,609**	**139,356**
Net assets		**691,688**	**661,014**
Equity			
Issued capital	14	647,456	647,456
Retained profits	15	44,232	13,558
Total equity		**691,688**	**661,014**

The acCompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2009

	Note	2009 $	2008 $
Cash flows from operatingactivities			
Receipts from customers		713,151	747,677
Payments to suppliers and employees		(591,223)	(516,039)
Interest paid		(2,985)	(304)
Interest received		42,262	22,118
Income taxes paid		(34,774)	-
Net cash provided by operating activities	**16**	**126,431**	**253,452**
Cash flows from investing activities			
Payments for property, plant and equipment		(5,046)	(40,269)
Net cash used in investing activities		**(5,046)**	**(40,269)**
Cash flows from financing activities			
Proceeds from borrowings		-	37,890
Repayment of borrowings		(7,475)	(650)
Dividends paid		(54,189)	(28,348)
Net cash provided by/(used in) financing activities		**(61,664)**	**8,892**
Net increase in cash held		59,721	222,075
Cash at the beginning of the financial year		539,369	317,294
Cash at the end of the half-year	**6(a)**	**599,090**	**539,369**
		599,090	539,369
		-	-

The acCompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2009

	Note	2009 $	2008 $
Total equity at the beginning of the period		661,014	516,043
Net profit for the period		84,863	178,838
Net income/expense recognised directly in equity		-	-
Total income and expense recognised by the entity for the year		**84,863**	**178,838**
Dividends provided for or paid		(54,189)	(33,867)
Shares issued during period		-	-
Costs of issuing shares		-	-
Total equity at the end of the period		**691,688**	**661,014**
		-	-

The acCompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 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 assets.

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

<u>Current tax</u>

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.

Note 1. Summary of significant accounting policies (continued)

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.

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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.

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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.

Borrowings

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

Financial instruments

<u>Recognition and initial measurement</u>

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.

<u>Derecognition</u>

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.

<u>Classification and subsequent measurement</u>

(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.

Note 1. Summary of significant accounting policies (continued)

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.

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 of 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.

Note 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.

(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.

	2009 $	**2008 $**

Note 3. Revenue from ordinary activities

Operating activities:		
- services commissions	703,717	714,666
- other revenue	1,193	740
Total revenue from operating activities	**704,910**	**715,406**
Non-operating activities:		
- interest received	39,396	27,219
Total revenue from non-operating activities	**39,396**	**27,219**
Total revenues from ordinary activities	**744,306**	**742,625**

4. Expenses

Depreciation of non-current assets:		
- plant and equipment	6,432	11,878
- leasehold improvements	4,058	14,554
- motor vehicle	4,292	176
Amortisation of non-current assets:		
- franchise agreement	12,000	12,000
	26,782	**38,608**
- interest paid	**2,985**	**304**
Bad debts	**146**	**981**

Notes to the financial statements continued

		2009 $	2008 $

Note 5. Income tax expense

The components of tax expense comprise:			
- Current tax		40,072	34,774
- Deferred tax on provisions		(1,123)	(6,431)
- Recoupment of prior year tax losses		-	42,304
- Over provision in respect to prior years		1	(741)
		38,950	**69,906**
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit		123,813	248,744
Prima facie tax on profit from ordinary activities at 30%		37,143	74,623
Add tax effect of:			
- non-deductible expenses		3,600	3,600
- timing difference expenses		1,123	649
- blackhole expenses		(1,794)	(1,794)
Current tax		40,072	77,078
Movement in deferred tax	10.	(1,123)	(6,431)
Over provision in respect to prior years		1	(741)
		38,950	**69,906**

Note 6. Cash assets

Cash at bank and on hand	49,090	139,369
Term deposits	550,000	400,000
	599,090	**539,369**
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 bank and on hand	49,090	139,369
Term deposit	550,000	400,000
	599,090	**539,369**

Notes to the financial statements continued

	2009 $	2008 $

Note 7. Trade and other receivables

	2009 $	2008 $
Trade receivables	63,078	72,104
Prepayments	9,029	13,182
	72,107	**85,286**

Note 8. Property, plant and equipment

	2009 $	2008 $
Plant and equipment		
At cost	62,351	57,305
Less accumulated depreciation	(28,999)	(22,567)
	33,352	**34,738**
Leasehold improvements		
At cost	96,936	96,936
Less accumulated depreciation	(18,612)	(14,554)
	78,324	82,382
Motor vehicle		
At cost	34,339	34,339
Less accumulated depreciation	(4,468)	(176)
	29,871	34,163
Total written down amount	**141,547**	**151,283**
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	34,738	35,755
Additions	5,046	5,930
Less: depreciation expense	(6,432)	(6,947)
Carrying amount at end	**33,352**	**34,738**
Leasehold improvements		
Carrying amount at beginning	82,382	86,440
Less: depreciation expense	(4,058)	(4,058)
Carrying amount at end	**78,324**	**82,382**
Motor vehicle		
Carrying amount at beginning	34,163	-
Additions	-	34,339
Less: depreciation expense	(4,292)	(176)
Carrying amount at end	**29,871**	**34,163**
Total written down amount	**141,547**	**151,283**

	2009 $	2008 $

Note 9. Intangible assets

Franchise fee		
At cost	60,000	60,000
Less: accumulated amortisation	(54,000)	(42,000)
	6,000	**18,000**

Note 10. Deferred tax

Deferred tax asset		
- Opening balance	6,431	41,563
- Deferred tax on provisions	1,123	6,431
- Recoupment of prior year tax losses	-	(42,304)
- Over provision in respect to prior years	(1)	741
- Closing balance	**7,553**	**6,431**

Note 11. Trade and other payables

Trade creditors	8,149	10,718
Other creditors & accruals	24,592	27,319
	32,741	**38,037**

Note 12. Borrowings

Current		
Chattel mortgage	**11,447**	**11,447**
Non current		
Chattel mortgage	**18,318**	**25,793**

The chattel mortgage is repayable monthly with the final instalment due May 2012. Interest is recognised at an average rate of 9.61%.

Notes to the financial statements continued

	2009 $	2008 $

Note 13. Provisions

Current		
Employee provisions	**19,039**	**17,800**
Non current		
Employee provisions	**12,992**	**11,505**
Number of employees at year end	**6**	**6**

Note 14. Contributed equity

677,360 Ordinary shares fully paid of $1 each (2008: 677,360)	677,360	677,360
Less: equity raising expenses	(29,904)	(29,904)
	647,456	**647,456**

Rights attached to shares

(a) Voting rights

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

On a show of hands or a poll, each shareholderattending 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 shareholder and has also been appointed as proxy for another shareholder) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a shareholder and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each shareholder 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 shareholders 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 shareholders 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 Bank 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).

Note 14. Contributed equity (continued)

(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 any of the following applies:

- They control or own 10% or more of the shares in the Company (the "10% limit").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the Company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, 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 shareholder has a prohibited shareholding interest, it must serve a notice requiring the shareholder (or the shareholder'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.

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

Note 15. Retained earnings/accumulated losses

	2009 $	2008 $
Balance at the beginning of the financial year	13,558	(131,413)
Net profit from ordinary activities after income tax	84,863	178,838
Dividends paid	(54,189)	(33,867)
Balance at the end of the financial year	**44,232**	**13,558**

Notes to the financial statements continued

	2009 $	2008 $

Note 16. Statement of cashflows

Reconciliation of loss from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	84,863	178,838
Non cash items:		
- depreciation	14,782	26,432
- amortisation	12,000	12,000
Changes in assets and liabilities:		
- increase in receivables	13,180	(32,125)
- decrease in other assets	(1,122)	35,132
- increase in payables	(5,296)	33,764
- increase in tax payables	5,298	-
-increase in provisions	2,726	15,249
Net cashflows provided by operating activities	**126,431**	**269,290**

Note 17. Auditors' remuneration

Amounts received or due and receivable by the		
Auditor of the Company for:		
- audit & review services	3,200	3,000
- non audit services	1,380	1,275
	4,580	**4,275**

Note 18. Director and related party disclosures

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

Kim Michaela Simpson

Edward William Eikelboom

Raymond John Marchetti

Peter John Eva

John Arthur Turner

Jan Harrmanous Hidding

Note 18. Director and related party disclosures (continued)

No Director or related entity has entered into a material contract with the Company. Directors' fees have been paid as disclosed in note 20 - key management personnel disclosures .

Directors' shareholdings	**2009**	**2008**
Kim Michaela Simpson	3,001	3,001
Edward William Eikelboom	2,500	-
Raymond John Marchetti	-	-
Peter John Eva	1,000	2,001
John Arthur Turner	10,001	10,001
Jan Harrmanous Hidding	-	-

	2009	**2008**
	$	**$**

Note 19. Dividends paid or provided

Dividends paid during the year		
100% (2008: 100%) franked dividend - 8 cents (2008: 5 cents) per share	54,188	33,867
The tax rate at which dividends have been franked is 30% (2008: 30%).		

Note 20. Key management personnel disclosures

Remuneration received by Directors during the financial year were as follows:

	Position held	**Remuneration received**
Kim Michaela Simpson	Chairperson	$4,000
Edward William Eikelboom	Secretary	$1,500
Raymond John Marchetti	Treasurer	$3,000

Fees and payments to non executive directors reflect the demands which are made on and the responsibiities of the Directors. Non executive Directors' fees are reviewed annually by the Board. The Chairman's, Secretary's and Treasurer's fees are determined independently to the fees of non executive directors. All Director remuneration is inclusive of committee fees.

No other Director of the Company receives any remuneration for services provided as Director to the Company.

	2009 $	2008 $

Note 21. Earnings per share

	2009 $	2008 $
(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	84,863	178,838

	2009	2008
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	677,360	677,360

Note 22. 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.

Note 23. Contingent liabilities

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

Note 24. 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 Byford and surrounding districts, Western Australia.

Note 25. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
6/837 South Western Highway	6/837 South Western Highway
Byford WA 6122	Byford WA 6122

Note 26. Financial instruments

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 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 Balance Sheet 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

			Fixed interest rate maturing in									
Financial instrument	Floating interest rate		1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average effective interest rate	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	$	$	$	$	$	$	$	$	$	$	%	%
Financial assets												
Cash assets	49,090	139,369	550,000	400,000	-	-	-	-	-	-	-	6.02
Receivables	-	-	-	-	-	-	-	-	58,077	72,105	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	11,447	11,447	18,318	25,793	-	-	-	-	9.61	9.61
Payables	-	-	-	-	-	-	-	-	30,523	38,039	N/A	N/A

Director’s declaration

In accordance with a resolution of the Directors of Byford & Districts Community Development 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.

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

Kim Michaela Simpson

Chairman

Raymond John Marchetti

Treasurer

Signed on the 30 September 2009

Independent audit report

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INDEPENDENT AUDITOR'S REPORT

To the members of Byford & Districts Community Development Services Limited

We have audited the accompanying financial statements of Byford & Districts Community Development 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 Byford & Districts Community Development 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 Byford & Districts Community Development 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 30th day of September 2009

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Bendigo Bank