

annual report 2009



Caloundra City
Community Support Services Limited
ABN 76 122 651 969

Caloundra Community Bank® Branch

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Chairman's report

For year ending 30 June 2009

What an interesting year to be involved in banking! The Global Financial Crisis caused changes to our business almost on a daily basis. The government guarantee on deposits created a boom for our Branch but the erosion of our margins created just as big a bane.

I applaud Rory and his staff for being on the 'front line' answering customer's questions and helping where possible. Rory has been an excellent Manager with respect to chasing down leads and being involved heavily in the community. His reports and recommendations to the Board have been clear and proactive.

I have had great support again from all members of the Board. Their willingness to give their time, without reimbursement, to attend meetings at different times is much appreciated. We all realise that their ideas and knowledge are a bonus to the Company. I would especially like to thank the 'Big 3' - Colin, Stephen and Stew - for their extra effort and expertise without which the Company would not run so well.

Next financial year we will be getting more heavily involved in the community, especially junior sporting groups, and telling our story over and over. We have already given over \$25,000 to the community and we need people to see that is what is different about our **Community Bank**[®] Branch.

Finally, I would urge you, the shareholders, to come in and do your banking business at our Branch. You will find the service both pleasant and professional. If you do bank with us, please recommend a friend or family member to do the same.

Yours in the community.



Craig Pullen

Chairman

Manager's report

For year ending 30 June 2009

With two years behind us, the Caloundra **Community Bank**[®] Branch has grown remarkably well over the past 12 months given the circumstances. This has been only possible given the efforts of the staff, the Board, our regional team and a huge support from the local Caloundra community.

As at 30 June 2008, our footings sat at \$32 million, which represented significant growth for our new **Community Bank**[®] Branch. Now at 30 June 2009 the figure stands at almost \$45million. Whilst not anywhere like the growth of the previous year, 2007/08 was really our first year of operation where we attracted a lot of local people who had previously banked elsewhere. We certainly believe that the growth in 2008/09 is still a tremendous result and one all of us can be very proud of.

Of course we need to continue to strive toward that ultimate point in our business where we become profitable and in a position to give something substantial back to our community and just as important, pay a dividend to our shareholders. This would give us a great deal of pleasure and be the start of a great community partnership.

We continue to make presentations to local businesses and community groups and are always looking for opportunities to further spread the Bendigo brand and presence in Caloundra. Our **Community Bank**[®] Branch staff are a great team and have a genuine desire to help customers with their day to day banking, finance and insurance needs.

We gained a new team member in this financial year. Lesley has brought with her a great deal of past banking experience which has very much contributed to our branch operation. All of our staff are now very knowledgeable on all banking and financial products and are well respected by all of the customers. Their input as a team has been a major component in our current and future success.

I would like to take this opportunity to thank all of our shareholders and current customers for your loyalty and support. Without you, we would not have achieved our results to date. To those shareholders who are not yet our customers, I urge you become involved in our growth. Our success depends solely on the support received from the surrounding community especially our shareholders. On behalf of the Company, I extend to you all an invitation to experience the Bendigo way.

Together with the ongoing support and commitment of our staff, our Directors and our strong regional support team, I am confident of having a very successful coming financial year.



Rory J Connolly
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:

Craig Leon Pullen

Chairman

Age: 40

Veterinary Surgeon

Director of the Suncoast Animal Hospital. Currently President of the Qld Division of the Australian Veterinary Association. Experienced Referee and Coach of Rugby (School level).

Interests in shares: 4,001

Neil Thomas Behm

Director

Age: 65

Retired

Former Superintendent of Police and District Officer Sunshine Coast. Chairman Caloundra Catholic Foundation. Involvement over many years with Junior Sporting Groups, Aged Care, Community Groups and Service organisations.

Interests in shares: 1,001

Stephen Jon Hall

Secretary

Age: 47

Teacher

Experience in School Administration over 26 years. Leadership role in schools (Principal, Deputy). Involved in leadership roles in community organisations/clubs.

Interests in shares: 2,001

Peter Bernard Ryan

Director (Appointed 10 November 2008)

Age: 74

Retired

Licensed Real Estate Agent for 25 years. Licensed Auctioneer and Pilot. Business owner and private Company Director for 30 years. Member of various Community organisations.

Interests in shares: 2,000

Margaret Ann Rattle

Director

Age: 71

Retired

40 years experience in the finance sector. Involvement in community organisations (Rotary) and sporting groups. Previously a "Keep Fit" Instructor for the Queensland Keep Fit Association.

Interests in shares: 1,001

John Colin Rose

Treasurer

Age: 69

Retired

22 years experience in the RAAF. Experience as a Operations Manager for a large flower/bulb farming business. Involved in leadership roles in community organisations/clubs.

Interests in shares: 7,501

Directors' report continued

Stewart Robert Martin

Director

Age: 52

Restaurant Owner

Contract Fitter for a number of NSW power stations.

Various management roles for Queensland CSR.

Member of several Sugar Industry Advisory Groups.

Currently owner/manager of Restaurants in Caloundra.

Interests in shares: 1,001

Rex William Barnes

Director

Age: 59

Licensed Plumber

Business owner for over 30 years. President of Caloundra City Water Polo Club. Member of body corporate for Crowne Plaza Resort Pelican Waters.

Interests in shares: 501

Emma Bowhay

Director (Appointed 2 July 2008)

Age: 23

Self Employed

Holds Certificate II in Retail and Certificate IV in Small Business Development and Marketing.

Member of Rotary and Chamber of Commerce.

Interests in shares: 500

Dennis Blumenthal

Director (Resigned 26 November 2008)

Age: 72

Retired

16 years experience in RAN & Reserves (Dental Branch). Experience in Management (Motel) and Sales/Business (Real Estate). Qualified Dental Prosthetist. Held leadership positions in the Coast Guard Caloundra.

Interests in shares: 12,001

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 Stephen Jon Hall. He was appointed to the position of Secretary on 9 November 2006. Stephen holds a Diploma of Teaching as well as a Bachelor of Education. He has worked for Education Queensland over the past 26 years, 23 years of that being in School Administration. Stephen has been involved in Human Resource Management, Staff Review, Training and Development, Behaviour Management, Program Co-ordination/Management, Budgeting, Annual Review processes, Annual Operational Planning, Curriculum Co-ordination, School - Community Programs and general School operations.

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

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

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

	Year ended 30 June 2009 \$	Year ended 30 June 2008 \$
	(86,018)	(160,300)

Remuneration report

(a) Remuneration of Directors

All Directors of the Company are on a voluntary basis, therefore no remuneration guidelines have been prepared.

(b) Remuneration of Area and Branch Managers

The Board is responsible for the determination of remuneration packages and policies applicable to the Branch Manager and all the staff. The Branch Manager is invited to the Board meetings as required to discuss performance and remuneration packages.

The Board's policy in respect of the Branch manager is to maintain remuneration at parity within the **Community Bank®** network and local market rates for comparable roles.

There are no executives who are directly accountable and responsible for the strategic direction and operational management of the entity. This is wholly a board role.

There are therefore no Specified Executives.

Dividends

No dividends were declared or paid for the previous year and the Directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

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 17 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
Craig Leon Pullen	10	10
John Colin Rose	10	6
Stephen Jon Hall	10	9
Stewart Robert Martin	10	7
Margaret Ann Rattle	10	9
Rex William Barnes	10	7
Neil Thomas Behm	10	7
Emma Bowhay (Appointed 2 July 2008)	10	3
Peter Bernard Ryan (Appointed 10 November 2008)	6	5
Dennis Blumenthal (Resigned 26 November 2008)	5	3

Directors' report continued

Non audit services

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

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

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

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the Auditor;
- none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.


Auditors' independence declaration

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out in the financial statements within this report.

Signed in accordance with a resolution of the Board of Directors at Caloundra, Queensland on 7 September 2009.



Craig Leon Pullen, Chairman



Stephen Jon Hall, Secretary



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**Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001
to the directors of Caloundra City Community Support 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 7th day of September 2009

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	3	328,077	204,025
Salaries and employee benefits expense		(248,714)	(245,318)
Charitable donations, sponsorship, advertising & promotion		(9,613)	(7,504)
Occupancy and associated costs		(69,333)	(58,936)
Systems costs		(34,304)	(35,429)
Depreciation and amortisation expense	4	(25,218)	(22,424)
General administration expenses		(65,244)	(65,405)
Loss before income tax credit		(124,348)	(230,990)
Income tax credit	5	38,330	70,690
Loss for the period		(86,018)	(160,300)
Loss attributable to members of the entity		(86,018)	(160,300)
Earnings per share (cents per share)		c	c
- basic for profit for the year	19	(11.00)	(20.54)

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	612	106,824
Trade and other receivables	7	10,792	7,806
Total current assets		11,405	114,630
Non-current assets			
Property, plant and equipment	8	189,658	207,596
Intangible assets	9	5,667	7,667
Deferred tax assets	10	173,492	135,162
Total non-current assets		368,817	350,425
Total assets		380,221	465,055
Liabilities			
Current liabilities			
Trade and other payables	11	14,981	16,995
Interest bearing liabilities	12	3,198	-
Total current liabilities		18,179	16,995
Total liabilities		18,179	16,995
Net assets		362,043	448,060
Equity			
Contributed equity	13	751,177	751,177
Accumulated losses	14	(389,134)	(303,117)
Total equity		362,043	448,060

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Receipts from customers		367,046	185,352
Payments to suppliers and employees		(475,939)	(416,387)
Interest received		4,763	18,231
Net cash used in operating activities	16	(104,130)	(212,804)
Cash flows From Investing Activities			
Payments for property plant and equipment		(5,279)	(17,096)
Net cash used in investing activities		(5,279)	(17,096)
Cash flows From Financing Activities			
Proceeds from issue of shares		-	9,300
Net cash used in financing activities		-	9,300
Net decrease in cash held		(109,409)	(220,600)
Cash at the beginning of the financial year		106,823	327,423
Cash at the end of the financial year	6(a)	(2,586)	106,823

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Note	2009 \$	2008 \$
Total equity at the beginning of the period		448,060	599,060
Net loss for the period		(86,018)	(160,300)
Net income/expense recognised directly in equity		-	-
Total income and expense recognised by the entity for the year		(86,018)	(160,300)
Dividends provided for or paid		-	-
Shares issued during period		-	9,300
Costs of issuing shares		-	-
Total equity at the end of the period		362,043	448,060

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

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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.

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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.

Payment terms

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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

Recognition and initial measurement

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

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

Derecognition

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

Classification and Subsequent Measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Financial liabilities

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

Impairment

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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 or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

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

Contributed equity

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

Earnings per share

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

Notes to the financial statements continued

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

Notes to the financial statements continued

Note 2. Financial risk management (continued)

- (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 \$
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Note 3. Revenue from ordinary activities

Operating activities:

- services commissions	325,385	185,301
- other revenue	125	51
Total revenue from operating activities	325,509	185,352

Non-operating activities:

- interest received	2,568	18,673
Total revenue from non-operating activities	2,568	18,673
Total revenues from ordinary activities	328,077	204,025

Note 4. Expenses

Depreciation of non-current assets:

- plant and equipment	13,510	10,716
- leasehold improvements	9,708	9,708

Amortisation of non-current assets:

- franchise agreement	2,000	2,000
	25,218	22,424

Notes to the financial statements continued

	2009 \$	2008 \$
Note 5. Income tax expense		
The components of tax expense comprise:		
- Current tax	-	-
- Deferred tax on provisions	-	-
- Recoupment of prior year tax losses	-	-
- Future income tax benefit attributable to losses	(38,330)	(70,690)
	(38,330)	(70,690)

The prima facie tax on loss from ordinary activities

before income tax is reconciled to the income tax expense as follows:

Operating loss	(124,348)	(230,990)
Prima facie tax on loss from ordinary activities at 30%	(37,304)	(69,297)
Add tax effect of:		
- non-deductible expenses	600	600
- timing difference expenses	658	(133)
- other deductible expenses	(2,284)	(1,860)
Current tax	(38,330)	(70,690)

Note 6. Cash assets

Cash at bank and on hand	612	9,735
Investment account	-	97,088
	612	106,824

The above figures are reconciled to costs at the end of the financial year as shown in the statement of cashflows.

6(a). Reconciliation of cash

Cash at bank and on hand	612	9,735
Investment account	-	97,088
Bank overdraft	(3,198)	-
	(2,586)	106,824

Notes to the financial statements continued

	2009 \$	2008 \$
Note 7. Trade and other receivables		
Trade receivables	7,327	7,806
Prepayments	3,465	-
	10,792	7,806

Note 8. Property, plant and equipment

Plant and equipment		
At cost	83,173	77,894
Less accumulated depreciation	(29,473)	(15,963)
	53,700	61,931
Leasehold improvements		
At cost	156,915	156,915
Less accumulated depreciation	(20,958)	(11,250)
	135,957	145,665
Total written down amount	189,658	207,596
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	61,931	55,552
Additions	5,279	17,095
Disposals	-	-
Less: depreciation expense	(13,510)	(10,716)
Carrying amount at end	53,700	61,931
Leasehold improvements		
Carrying amount at beginning	145,665	155,373
Additions	-	-
Disposals	-	-
Less: depreciation expense	(9,707)	(9,708)
Carrying amount at end	135,958	145,665
Total written down amount	189,658	207,596

Notes to the financial statements continued

	2009 \$	2008 \$
Note 9. Intangible assets		
Franchise fee		
At cost	10,000	10,000
Less: accumulated amortisation	(4,333)	(2,333)
	5,667	7,667

Note 10. Deferred tax

Deferred tax asset		
- Opening balance	135,162	64,472
Future income tax benefits attributable to losses	38,330	70,690
Recoupment of prior year tax losses	-	-
Deferred tax on provisions	-	-
- Closing balance	173,492	135,162

Note 11. Trade and other payables

Trade creditors	12,781	14,995
Other creditors & accruals	2,200	2,000
	14,981	16,995

Note 12. Interest bearing liabilities

Current:

Bank overdraft	3,198	-
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The bank overdraft has an approved limit of \$100,000 and has an interest free period until 28 January 2010. From that time the overdraft will attract an interest rate of 9.64% per agreement with Bendigo and Adelaide Bank Limited.

Notes to the financial statements continued

	2009 \$	2008 \$
Note 13. Contributed equity		
782,171 Ordinary shares fully paid of \$1 each (2008: 772,871)	782,171	782,171
Less: equity raising expenses	(30,994)	(30,994)
	751,177	751,177

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 shareholder attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a 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 shareholder 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 members of the community who have contributed to the establishment and ongoing operation of the **Community Bank**[®] have the same ability to influence the operation of the Company.

(b) Dividends

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

(c) Transfer

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

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

Notes to the financial statements continued

Note 13. Contributed equity (continued)

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”).
- In the opinion of the Board they do not have a close connection to the community or communities in which the Company predominantly carries on business (the “close connection test”).
- Where the person is a shareholder, after the transfer of shares in the Company to that person the number of shareholders in the Company is (or would be) lower than the base number (the “base number test”). The base number is 247. As at the date of this report, the Company had 277 shareholders.

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 members, but that such a result may be necessary to enforce the prohibition.

Notes to the financial statements continued

	2009 \$	2008 \$
Note 14. Accumulated losses		
Balance at the beginning of the financial year	(303,117)	(142,817)
Net loss from ordinary activities after income tax	(86,018)	(160,300)
Balance at the end of the financial year	(389,134)	(303,117)

Note 15. Statement of cashflows

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

Loss from ordinary activities after income tax	(86,018)	(160,300)
Non cash items:		
- depreciation	23,218	20,424
- amortisation	2,000	2,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(2,986)	39,632
- (increase)/decrease in other assets	(38,330)	(70,690)
- increase/(decrease) in payables	(2,014)	(43,870)
Net cashflows used in operating activities	(104,130)	(212,804)

Note 16. 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	1,355	2,106
	4,555	5,106

Notes to the financial statements continued

Note 17. Director and related party disclosures

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

Craig Leon Pullen

John Colin Rose

Stephen Jon Hall

Stewart Robert Martin

Margaret Ann Rattle

Rex William Barnes

Neil Thomas Behm

Emma Bowhay (Appointed 2 July 2008)

Peter Bernard Ryan (Appointed 10 November 2008)

Dennis Blumenthal (Resigned 26 November 2008)

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

Stewart Robert Martin, in the capacity of restaurant owner, supplied food and catering for staff functions and board meetings to the value of

447 -

Rex William Barnes, in the capacity of licenced plumber, supplied and installed a new hot water heater to kitchen at the rear of the bank Branch to the value of

637 -

Emma Bowhay, in the capacity of owner of Leading Edge Caloundra, supplied television for bank Branch to the value of

1,599 -

Directors' shareholdings	2009	2008
Craig Leon Pullen	4,001	4,001
John Colin Rose	1	7,501
Stephen Jon Hall	2,001	2,001
Stewart Robert Martin	1,001	1,001
Margaret Ann Rattle	501	501
Rex William Barnes	501	1
Neil Thomas Behm	1,001	1,001
Emma Bowhay (Appointed 2 July 2008)	2,000	-
Peter Bernard Ryan (Appointed 10 November 2008)	2,000	-
Dennis Blumenthal (Resigned 26 November 2008)	12,001	12,001

Notes to the financial statements continued

2009
\$

2008
\$

Note 18. Key management personnel disclosures

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

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

Note 19. Earnings per share

(a) Profit attributable to the ordinary equity holders of the

Company used in calculating earnings per share

(86,018)

(160,300)

2009

Number

2008

Number

(b) Weighted average number of ordinary shares used

as the denominator in calculating basic earnings per share

782,171

780,326

Note 20. 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 21. Contingent liabilities

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

Note 22. 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 Caloundra, Queensland.

Note 23. Registered office/Principal place of business

Notes to the financial statements continued

The registered office and principal place of business is:

Registered office	Principal place of business
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Shop 1/99 Bulcock Street	Shop 1/99 Bulcock Street
Caloundra QLD 4551	Caloundra QLD 4551

Note 24. Financial Instruments

Net fair values

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

Credit risk

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

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

Interest rate risk

Financial instrument	Fixed interest rate maturing in											
	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	612	9,735	-	-	-	-	-	-	-	-	0.40	2.33
Select Mortgage	-	97,088									5.49	6.54
Receivables	-	-	-	-	-	-	-	-	10,792	7,806	N/A	N/A
Financial liabilities												
Interest bearing liabilities	3,198	-	-	-	-	-	-	-	-	-	N/A	N/A
Payables	-	-	-	-	-	-	-	-	14,981	16,995	N/A	N/A

Director's declaration

In accordance with a resolution of the Directors of Caloundra City Community Support Services Limited, we state that:

In the opinion of the Directors:

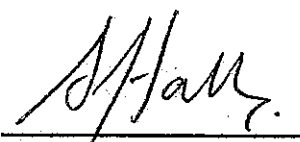
- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting 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.



Craig Leon Pullen

Chairman



Stephen Jon Hall

Secretary

Signed on 7 September 2009.

Independent audit report



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ABN 51 061 795 337

INDEPENDENT AUDITOR'S REPORT

To the members of Caloundra City Community Support Services Limited

We have audited the accompanying financial statements of Caloundra City Community Support 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.

Independent audit report continued

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 Caloundra City Community Support 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 Caloundra City Community Support Services Limited for the year ended 30 June 2009, complies with section 300A if the Corporations Act 2001.



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

Dated this 7th day of September 2009

Caloundra Community Bank® Branch

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Franchisee: Caloundra City Community Support Services Limited

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ABN: 76 122 651 969

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Bendigo and Adelaide Bank Limited,

The Bendigo Centre, Bendigo VIC 3550

ABN 11 068 049 178. AFSL 237879. (KKQAR9016) (09/09)

