

annual report 2009



Canterbury Surrey Hills
Community Finance Limited
96 099 590 593

Canterbury, Ashburton and Surrey Hills
Community Bank[®] branches of Bendigo Bank

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Chairman's report

For year ending 30 June 2009

A significant year in many ways

2008/2009 has been a year of challenge, new ventures and pleasing results.

This year I'd like to touch on the highlights and challenges that the Board has experienced, as we manage our Company. Details of these issues will be summarised overleaf in our Highlights and Challenges pages.

The Board has wrestled with some difficult decisions these past 12 months, as the world plunged into an economic crisis. Fortunately the Australian banking sector is strong by international comparisons, and that has put us in good stead to survive these turbulent times with positive results. We've been careful with our spending and our significant business growth over the last 12 months is testament to this careful management.

Business grows, profitability slows

I am proud to announce that the level of business held by our branches increased by 39% to \$233 million as at 30 June 2009. That being said, the economic crisis, combined with the investment required to open a third branch in Ashburton, has had some significantly negative effects on our profits over the last 12 months.

The large and rapid interest rate falls at the start of the global economic crisis affected our planned profits. Income, usually derived from interest was reduced, and for some long term deposits we were paying higher interest than we charged for loans. Rates seem to have stabilised for now, allowing us to plan for the next 12 months, and concentrate on building our profit margin. Already our income levels have returned to similar levels as experienced this time last year. By bringing further business to our three branches, increased profitability should follow.

I encourage you all to think of how your banking, and that of family and friends, can help grow our business, and therefore increase our ability to give back to our local communities.

Continuing our commitment to sponsorships and grants

Your Directors decided to maintain the planned level of sponsorships during the year, even though income was lower than expected. This decision was not taken lightly, but we acknowledge the importance that sponsorship plays in increasing awareness of and bringing business to our three branches, specifically from the members and supporters of our sponsored organisations.

It's not hard to remember what we are doing all this for. As at the end of the financial year, we have distributed over \$500,000 in sponsorships and grants to more than 100 local not-for-profit organisations. A fantastic result, remembering that we have only been profitable for just over three years, and that the opening of our Ashburton branch late last year required a substantial financial commitment.

In view of the past 12 months' financial situation, your Directors are not proposing to pay a dividend or capital reduction to shareholders for the last financial year. For our initial shareholders, a form of return was obtained through a one-for-one bonus issue early in the financial year. For new shareholders who joined us during the capital raising for our Ashburton branch, it is important to remember that very few **Community**

Chairman's report continued

Bank® Companies pay a dividend within four years of opening. We are confident, however, that subject to a continuation of improved banking conditions and growing support from customers, you will receive a return during the next financial year.

Bringing new skills to our table

Your Board has seen many changes since the last annual general meeting. David Orford, one of the founding Directors and deputy chairman from the beginning, decided to retire from the Board. We owe David our appreciation for his enthusiasm, general counsel and unstinting support to the original Surrey Hills steering committee. After six years on our Board, Director and chair of our marketing committee, Liz Grant, has decided to step down as a Director from late October. Liz has been the backbone of our marketing efforts and through Liz, our Company has helped the **Community Bank**® branches improve their marketing efforts.

Three new Directors have been appointed since last year's AGM. They were appointed from the Ashburton/Glen Iris area. Cathy van der Zee, Gordon McFarlane and Michael Hills were three active members of the Ashburton Steering Committee and have been keen contributors to our Board ever since. I am proud to say that the Board of Canterbury Surrey Hills Community Finance Limited is now considered one of the leading Boards of Australia's 200 **Community Bank**® Companies.

On the frontline

I wish to pay special thanks to our 17 staff for an incredible effort over the past challenging 12 months; at times a difficult task indeed.

We saw a number of resignations, unfortunately due to illness, or the opportunities for staff to work closer to home. We thank those staff for their dedication to their job, and the effort they made each day to bring the best service to our customers. We know that their decisions to leave were difficult.

Over the last two years, we made an additional staff appointment in all three branches. Each branch now has a Customer Relations Officer, whose role is to assist customers and answer any queries. Our CROs work within the customer area, rather than behind a counter, and their friendly presence is helping us to reduce queuing, and to attend to customers' needs efficiently. CROs also assist our Managers in opening accounts and arranging small loans.

From 1 July this year, we welcome our new Senior Manager. Nick Coker will have overall management of our three branches, and is already making a noticeable impact, particularly in delivering new business opportunities to our branches. As our staff and Managers work with Nick, we have great expectations in growing our level of business significantly. We'd like our three branches to be regarded amongst the most successful of the 240 **Community Bank**® branches throughout Australia. I am sure that with our new Senior Manager, our enthusiastic and dedicated staff, and a talented team of Directors, we are well on the way to achieving this goal.



Dick Menting
Chairman

Senior Manager's report

For year ending 30 June 2009

It has been a very exciting, but also challenging year. On 22 October 2008, we opened Ashburton **Community Bank**[®] branch, being the third site for the Canterbury Surrey Hills Community Finance Limited. This exciting development happened within the same week that the world experienced the first labour pains of what we all refer to now as the Global Financial Crisis. We witnessed the turmoil of the global economic market as sharemarkets tumbled and the bubble burst. We are very pleased, however to report that the support of the local community for the new branch, together with ongoing growth and support for the other two established branches (Canterbury and Surrey Hills), has delivered some exceptional results.

Deposits for the year increased by \$65 million, and loans increased by \$7 million. This total of \$72 million far exceeded the \$20 million achieved the year before. Our total combined business over the three sites is now sitting at \$233 million, which represents a 39% increase from last year. We also increased account numbers by 925 which represents 15% growth for the year, and products per customer also increased, which is telling us that our customers want to do more with us. With a strong deposit book, a key focus will be to increase our lending by way of both residential and commercial loans, as well as continuing to focus on our past successes.

We have had a number of staff changes throughout the sites as well as the new team at our Ashburton Branch joining the group. Phillip Adderly joined the team as relieving Customer Service Officer, and has supported all branches with enthusiasm.

We were very fortunate to secure Linda Jones as our new Branch Manager at Ashburton. She is well-known throughout the shopping strip, having been the local ANZ Branch Manager in Ashburton for the previous 4 years. Linda brings to our newest branch a wealth of knowledge and local community spirit. Linda has been well supported by Elizabeth Fida, Ashburton's new Customer Relationship Officer, as well as Beverley Bjornesjo and Sonia McLeish, both Customer Service Officers. All four staff members have settled in well and have achieved some great results. We are looking forward to celebrating the branch's 1st birthday late in October.

Yvonne Christie joined the team at Canterbury during the year taking on the role of Branch Manager. Yvonne brings substantial experience to the role with over 15 years of banking background. Sam Randeniya has been promoted to Senior Customer Service Officer and this coincided with Tim Ross joining the team as a new Customer Service Officer. Canterbury has been affected by a number of staff changes over the past 12 months and we are confident that the current team, which includes Vanessa Hallum, Customer Relationship Officer, and Fiona McLaughlin, Customer Service Officer, will steady the ship.

Surrey Hills branch also had a number of changes, with both Kaye Paxman resigning, and Alison Morrison retiring. We welcomed most recently Cheryl Harvey as our new Customer Service Officer, joining the team from another **Community Bank**[®] branch. We are in the process of filling the Senior Customer Service Officer

Senior Manager's report continued

position vacated by Kaye. Branch Manager Fiona Kerr has been well supported by team member Alistair Cooke, Customer Relationship Officer, and Sophie Anastasiou and Adriana Horska, both Customer Service Officers.

I have recently joined the team, bringing with me over 20 years' experience in the finance industry and a background in business banking and people management. I am looking forward to driving the success of the business and supporting local communities and customers. With my appointment, I am pleased to advise that our Branch Manager at Surrey Hills, Fiona Kerr, will become more senior within the group as she begins to take on some further responsibilities in addition to her Branch Manager role at Surrey Hills. This will greatly benefit the group, allowing me to focus on business development, overall performance and community involvement.

We have a strong well-managed business that is well supported by the Board of Directors who are passionate about delivering results to our local communities. The tireless hours that they all put in has resulted in the success of our branches to date. I am very excited to be working closely with the Board, delivering support and sharing in their passion and drive for the benefit of the wider community.

I would also like to personally thank all the staff for their success and support of the business over the past 12 months. I believe that, with the team structure we now have in place, and the focus on the group going forward, the business is well positioned for a very successful year ahead.

With over \$500,000 distributed to the local communities by way of grants and sponsorships (since 2003), we are all excited with the prospect of perhaps doubling this in the next two years. The ongoing support of our local businesses, customers, shareholders and community groups is paramount to ensure this can be achieved. We can not understate the importance of your ongoing support and I would like to thank you all. Please contact any of our staff to discuss future opportunities that we may be able to assist you with. As the business grows, we are provided with the opportunity to give back more, and with this, the effect on our local communities is priceless.



Nick Coker
Senior Manager

Highlights, challenges and opportunities

Highlights

Ashburton Community Bank® Branch opening

Following on from the growing successes of Surrey Hills and Canterbury **Community Bank®** branches, the Board was approached by a committee of Ashburton locals aiming to open a **Community Bank®** branch in Ashburton's busy High Street shopping strip. The Board felt that our Company was in a good position to expand our network of branches, and our expertise and experience in running two **Community Bank®** branches, was keenly sought by the Ashburton Steering Committee. In a small period of time, feasibility studies were carried out with favourable responses, and by August 2008 it was deemed that we had enough community pledges to facilitate the opening of a new Branch. In October the share offer was launched before a packed crowd at the Ashburton Bowls Club. Suitable premises were leased, the branch was fitted out and staff hired, all in what seemed to be a matter of months.

On 22 October 2008 Ashburton **Community Bank®** Branch was opened by the Premier of Victoria, Mr John Brumby, amidst cheers from Board members, Bendigo and Adelaide Bank Ltd support staff, branch staff, local dignitaries, the Chairman of Bendigo and Adelaide Bank Ltd, Mr Robert Johanson, locals, hundreds of burgundy and gold balloons, a large cake and the ever-popular sausage sizzle.

Ashburton **Community Bank®** Branch quickly built its business book to over \$30 million within its first four months. It is a testament to the hard work and dedication of Ashburton **Community Bank®** Steering Committee, who had a dream, and worked incredibly hard to see it to fruition.

Business grows in a tough year

Despite the global economic crisis experienced particularly in the latter half of the 2008/2009 financial year, business held by our branches increased by 39% to \$233 million as at 30 June 2009. This growth is testament to the hard work performed by our branch Managers, staff and our dedicated team of Directors. The new branch in Ashburton certainly contributed to this growth, with many new accounts opened and business relationships established. It shows that our local communities have confidence in our **Community Bank®** branches, and in our product, and the belief that moving their banking across to our branches can be both a sound decision, and can help contribute to the positive impacts our sponsorships and grants can bring to their local communities.

More community groups and clubs benefit from our support

Our sponsorship and grants program continued to deliver a large range of monetary support to local sporting clubs, schools, community and interest groups over the past 12 months. From setting up school banking at local primary schools, to sponsoring traders' street festivals, community forums, funding community buses, partnering in youth foundation funding with the State Government and the City of Boroondara, to funding an electronic scoreboard for a large sports ground. Over 100 local not-for-profit groups and clubs received some degree of sponsorship or grant from our branches this year. As our branches continue to grow, so does our ability to give back to our communities. Since the commencement of our first branch six years ago, we have distributed over \$560,000 in sponsorships and grants to our community groups, and by October 2009 that figure is expected to have increased to around \$700,000.

Highlights, challenges and opportunities continued

Board growth

The Board of Canterbury Surrey Hills Community Finance Limited currently consists of ten Directors, bringing to the table a range of professional skills from the banking, financial, marketing, retail and administrative sectors. Three new Directors, all of whom were active members of the Ashburton **Community Bank**[®] Steering Committee, joined the Board at the 2008 AGM, and their skills, counsel and passion for the **Community Bank**[®] objectives have been greatly appreciated in these past 12 months.

Planning and strategic direction has been a prime objective in the past twelve months, and the entire Board and senior staff attended a planning day in early February to reflect, dream and plan for future directions for the three **Community Bank**[®] branches, and the management thereof.

Challenges

Expected losses

Opening a new **Community Bank**[®] branch is an expensive exercise, and the Board was prepared and fully expected the net losses experienced because of our investment in our third **Community Bank**[®] branch at Ashburton. The losses were, however, within our planned net outcome for the year.

Unexpected world financial situation

Most people in our communities will know first hand by now the effects that the Global Economic Crisis has had on business and industry, both here in Australia and internationally. Fortunately, in Australia we seem to be in a comparatively good position, however the crisis has caused a reduction in our Company's gross income for the year by some \$250,000. We are confident that over the next 12 months we will be able to work to recoup this shortfall, and grow our income substantially.

Staffing changes

2008/2009 saw an unusually high amount of staff changes, due to illness, promotion to other Bendigo and Adelaide Bank Ltd positions or relocation. It's important that we retain good staff, and make sure their work is fulfilling and challenging. It's also important that a familiar face is in the branch to greet and assist our customers each time they visit. Objectives for 2009/2010 include the maintenance and professional support of our current staff, up-skilling them and building strong, motivated teams. Our three Managers, under the guidance of our new Senior Manager, Nick Coker, are now working towards these goals with their staff, and the Board feels that, with 17 staff across our three branches, there is a great opportunity to move this objective forward.

Highlights, challenges and opportunities continued

Future opportunities

Building the business

Our branches are well established now, and the Board has experienced eight years of meetings, challenges and on occasions steep learning curves. We understand how the **Community Bank**[®] model works, and now we are starting to be able to really make a difference within our communities. Making a difference through sponsorships and grants can only be made possible if our business grows. Building the business is imperative; sourcing new opportunities to help businesses, traders, community organisations and individuals manage their banking and optimise their financial situation.

Building on our partnership opportunities through sponsorship

Sponsorship partnerships with community foundations, local councils and state and federal government can mean our sponsorship dollar can go a long way to contributing our local communities. We are already a partner in the Youth Foundations Victoria Initiative, along with the City of Boroondara and the State Government. Our substantial contribution has meant that an exciting and innovative youth project has been established in the Ashburton/Ashwood area – one of the few areas in the eastern suburbs earmarked for such a project. Partnerships bring us into contact with a vast range of people and organisations, and with that, opportunities to bring business to our branches, and equally, opportunities to provide much needed sponsorship and grants.

Supporting business locally

Adding a Senior Manager with many years experience in business banking to our staff from 1 July 09 will help facilitate new banking relationships with these local companies, businesses and traders. Our new Company website, slated for launch in late 2009, will allow businesses and community groups who bank with us to be represented online, and the site will become a hub of local community information and links, as well as an easy way to access our Directors, staff and information about our banking products, via the wider Bendigo and Adelaide Bank Ltd website. Also planned for the next six months is a business breakfast, featuring interesting speakers and ideal local networking opportunities.

Sponsored clubs

Giving back to our community.

Local clubs and organisations have benefited from sponsorships and grants from Canterbury, Ashburton and Surrey Hills **Community Bank**[®] branches. What a difference banking with our branches can make to our local communities. Below are all the community organisations we have been proud to support.

Community groups and events

Anglican Church of St Paul
Alkira
Ashburton Community Centre
Ashburton Festival
Box Hill/Canterbury Chess Club
Burwood Village Festival
Canterbury Council of Churches
Canterbury Toy Library
Carols in Hamilton Street
Country Womens' Association
 Burwood
Foundation Boroondara
Foundation Boroondara Kinder
Friends of Back Creek
Friends of Surrey Park
Hamilton Street Traders
Holy Trinity Anglican Church
 Surrey Hills
Learning For Life Autism Centre
Life Education Victoria
Maling Probus Club
Maling Road KristKindl
Melbourne Ballet Company
Neighbourhood Watch
Parent Support Network
Pied Piper Toy Library
Power Neighbourhood House
Rotary Canterbury Art Market
Rotary Mont Albert & Surrey Hills
Boroondara Scouts
Surrey Hills Festival
Surrey Hills Ladies Probus Club
Surrey Hills Neighbourhood Centre
Surrey Hills Sustainability Expo
Surrey Hills Traders X-Mas Party
3 WBC radio
YMCA

Community welfare

BassCare
Ashburton Area Youth Foundation
Balwyn Welfare Centre
CamCare
Samarinda Lodge

Schools & early childhood

Ashburton Primary School
Belmore Special School
Camberwell Grammar Friends of
 Kayaking
Camberwell High School
Canterbury Girls Secondary
 College
Canterbury Norwood Kindergarten
Florence Road Pre School
Mont Albert Primary School
Our Holy Redeemer Primary School
Our Lady's Primary School
St Michaels' Primary School
Strathcona Baptist Girls Grammar
Surrey Hills Baptist Children's
 Centre
Surrey Hills Primary School

Sporting clubs

Ashburton Bowls Club
Ashburton Mens' Soccer Club
Ashburton Willows Cricket Club
Ashburton Womens' Soccer Club
Ashy Redbacks
Balwyn Cricket Club
Balwyn Football Club
Balwyn Junior Football Club
Boroondara Eagles Football Club
Boroondara Hawks Junior Football
 Club
Boroondara Lions Soccer Club
Boroondara Netball Association

BUGS Gymnastics
Burwood Tennis Club
Burwood Uniting Canterbury
 Cricket Club
Camberwell Central Bowls Club
Camberwell Hockey Club
Camberwell Lacrosse
Camberwell Magpies Cricket Club
Camberwell Sharks Jnr Football
 Club
Canterbury Cricket Club
Canterbury Football Club
Canterbury Junior Football Club
Canterbury Tennis Club
Deepdene Bears Cricket Club
East Camberwell Tennis Club
East Malvern Golf Club
Hawthorn Amateur Football Club
Hawthorn Basketball
Hawthorn Basketball 3on3
Hawthorn Magic Jnr Basketball
Mont Albert Cricket Club
Mont Albert Junior Cricket Club
Old Camberwell Grammarians
 Football Club
Old Scotch Cricket Club
Old Scotch Football Club
Old Scotch Cycling Club
Riversdale Soccer Club
South Yarra Football Club
South Camberwell Basketball Club
STC South Camberwell Cricket
 Club
St Kevins Cricket Club
Surrey Hills Uniting Church Tennis
 Club
Surrey Park Cricket Club
Surrey Park Lacrosse
Surrey Park Swimming Club

Treasurer's report

For year ending 30 June 2009

Operating results

The profit of the Company for the financial period after provision for income tax was:

Period ended 30 June 09	Period ended 30 June 08
\$ (891)	\$ 221,904

Dividends

The Directors have not declared a dividend for the financial year ended 30 June 2009.

Significant changes in the state of affairs

On 25 September 2008, the Company issued a prospectus for capital raising to assist in funding the establishment of a third franchised branch of Bendigo and Adelaide Bank Ltd in Ashburton. This prospectus raised \$406,748 in equity.

The branch opened on 22 October 2008.

Significant events after the balance date

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



Juliann Byron

Treasurer

Directors' report

For year ending 30 June 2009

Your Directors submit the financial 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:

Director	Experience	Responsibilities
Hans Diederick Menting Chairman - non-executive Bcom, MBA(Melb), AICD	Banking, finance & administration for 35 years. Small business owner/operator & Councillor.	Member - Staff Committee Member - Sponsorship Committee
Robert Einar Stensholt Deputy Chairman - non-executive BA, BD(Hons), M Int. Law Dip. Phil	State MP, Former Director of a consulting Company, senior research fellow, Assoc. Dir. Gen. AusAID, Diplomat, teacher.	Chairman - Staffing Committee Member - Finance Committee
Damien Leo Hudson Director – non-executive	10 years experience in real estate & management.	Chairman - Asset Management Committee Member - Sponsorship Committee
Elisabeth Kay Grant Director – non-executive BA Graphic Design	Advertising, design, marketing, corporate communications, education. Director of graphic design consultancy.	Chairman - Marketing Committee Member - Staff Committee
Juliann Ruth Byron Director- non-executive Treasurer BCom, Grad Dip CM, FCPA, FICD,ACIS,FTIA	Finance, Company Secretary, management & governance. Director of Western Health & Victorian Cytology Service.	Chairman - Finance Committee Member - Audit & Governance Committee
Trevor Roland Kempton Director- non-executive	Small business owner, business management & marketing.	Member - Marketing Committee

Directors' report continued

<p>Leigh Warren Smith Director – non-executive</p>	<p>Business owner, business management experience. Director of Allsmith Pty Ltd, Goulburn Motor Group (Vic) Pty Ltd, Goulburn Motor Group (Vic) Properties Pty Ltd, Quatro Grande Pty Ltd, Quatro Grande Properties Pty Ltd.</p>	<p>Member - Sponsorship Committee Member - Marketing Committee</p>
<p>Gordon Lennox McFarlane Director – non-executive Cert Bus (Acc), B Bus, CPA, MBA JP in Victoria (Appointed 24 September 2008)</p>	<p>Executive, Melbourne Water business management, finance, contract management, governance. Sugarloaf Pipeline Alliance ALT.</p>	<p>Chairman - Audit & Governance Committee Member - Asset Management Committee Member - Staff Committee</p>
<p>Michael Ronald Hills Director – non-executive Company Secretary B.Ec(Hons) CPA Registered Tax Agent (Appointed 24 September 2008)</p>	<p>Banking, economics, corporate & strategic planning, administration. Director of Foundation Boroondara Ltd and Melbourne High School Foundation Ltd.</p>	<p>Company Secretary Member - Finance Committee Member - Asset Management Committee</p>
<p>Catherine Anne van der Zee Director – non-executive BA, MBA (Appointed 24 September 2008)</p>	<p>Business planning and analysis, environmental management in industry, state and local government. Involvement in environmental and community projects in the Ashburton and Glen Iris areas.</p>	<p>Member - Marketing Committee Member - Governance & Audit Committee</p>
<p>Jane Selina Martino Director – non-executive B. Arts (Hons) (Appointed 22 July 2009)</p>	<p>Owner & Executive Director of Undertow Media PR, Marketing & Events Agency 2002 - current. Over 15 years experience in consumer communications and event management. Director of the Bastion Group. Active mother of three and community member.</p>	<p>Member - Marketing Committee Member - Staff Committee</p>
<p>Zoe Clair Hart Director – non-executive B.Comm. CPA,. DipFS(fp) (Appointed 22 July 2009)</p>	<p>Business Strategy development and implementation. Business Development client generation & retention focus within local & international banking & finance industries finance/business Manager for Vic not for profit. Student mentor (secondary, university and post graduate). Active mother of two.</p>	<p>Member - Marketing Committee Member - Sponsorship Committee</p>

Directors' report continued

Derek Forbes Mortimer

Director – non-executive

(Resigned 27 August 2008)

David Charles Orford

Director - non executive

(Resigned 28 February
2009)

Directors were in office for the entire year except where otherwise stated.

Principal activities

The principal activities of the Company during the course of the financial year were in providing **Community Bank**[®] services under management rights to operate three franchised branches of Bendigo and Adelaide Bank Ltd in Canterbury, Surrey Hills and Ashburton, Victoria.

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

Operating results

The profit/(loss) of the Company for the financial year after provision for income tax was (\$891) (2008: \$221,904).

Dividends

No dividend was paid in the year ended 30 June 2009 (2008: 2 cents per share). A 10 cent per share capital return was paid in the year ended 30 June 2009 (2008: 8 cents per share).

Significant changes in the state of affairs

On 25 September 2008, the Company issued a prospectus for a capital raising to assist in funding the establishment of a third franchised branch of Bendigo and Adelaide Bank Ltd in Ashburton.

This branch subsequently opened on 22 October 2008.

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

Significant events after the balance date

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

Likely developments

The Company will continue its policy of providing banking services to the community.

Directors' report continued

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 apart from the following:

K-Mack Lockers Pty Ltd of which Dick Menting is a Director received a payment of \$620 (2008: Nil) for the purchase of filing cabinets during the year ended 30 June 2009.

Design Grant Pty Ltd of which Elizabeth Grant is a Director received payments of \$6,496 (2008: Nil) for printing, stationery and marketing during the year ended 30 June 2009.

An allowance was paid to some Directors to cover expenses incurred on behalf of the Company. The total paid in allowances for the year was \$6,750 (2008: \$5,500).

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.

Remuneration report

Following approval at the 2008 Annual General Meeting Directors receive a yearly fee. Office holders of the Board and committee Chairperson's receive higher fees than other Directors. These payments are made in recognition of the work load undertaken by Directors that would otherwise have to be carried out by paid executive staff and/or professional service providers.

Additional payments made to office holders and committee Chairperson's are determined at Board level and take account of the relative workloads involved. Directors can elect to not receive any payments.

Prior to 1 July 2008 no Directors' fees were paid as the positions were held on a voluntary basis.

Directors' report continued

Director remuneration for the year ended 30 June 2009

	Primary benefits salary & fees 2009 \$	Primary benefits salary & fees 2008 \$
Hans Diederick Menting	21,000	-
Robert Einar Stensholt	-	-
Damien Leo Hudson	2,000	-
Elisabeth Kay Grant	4,000	-
Juliann Ruth Byron	10,000	-
Trevor Roland Kempton	1,000	-
Leigh Warren Smith	4,000	-
Gordon Lennox McFarlane (appointed 24 September 2008)	1,500	-
Michael Roland Hills (appointed 24 September 2008)	4,000	-
Catherine Anne van der Zee (appointed 24 September 2008)	1,000	-
Jane Selina Martino (appointed 22 July 2009)	-	-
Zoe Clair Hart (appointed 22 July 2009)	-	-
Derek Forbes Mortimer (resigned 27 August 2008)	-	-
David Charles Orford (resigned 28 February 2009)	1,500	-

Executive remuneration for the year ended 30 June 2009

The current Company Secretary, Michael Hills receives \$3,000 p.a. for his duties by way of additional Directors' fees. This amount is included in the total remuneration received by him.

All other duties of an executive nature are carried out by the Directors.

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

Indemnification and insurance of Directors and Officers

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

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

Directors' report continued

Directors' meetings

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

Number of meetings held: 11

Number of meetings attended:

Hans Diederick Menting	11
Robert Einar Stensholt	10
Damien Leo Hudson	10
Elisabeth Kay Grant	8
Juliann Ruth Byron	9
Trevor Roland Kempton	8
Leigh Warren Smith	10
Gordon Lennox McFarlane (appointed 24 September 2008)	8
Michael Roland Hills (appointed 24 September 2008)	9
Catherine Anne van der Zee (appointed 24 September 2008)	9
Jane Selina Martino (appointed 22 July 2009)	-
Zoe Clair Hart (appointed 22 July 2009)	-
Derek Forbes Mortimer (resigned 27 August 2008)	1
David Charles Orford (resigned 28 February 2009)	3

Corporate governance

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

- (a) The continuance of an Audit & Governance Committee. Members of this Committee are Juliann Byron, Gordon McFarlane and Catherine van der Zee;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Company Secretary

The Company Secretary is Mr Michael Hills. Mr Hills was appointed to the position of Company Secretary on 22 October 2008 replacing Mr Derek Mortimer. Mr Hills has extensive knowledge of the not for profit sector, has instigated the formation of a number of charitable trusts and holds other Company Secretary positions in not for profit companies.

Directors' report continued

Share information

In accordance with Bendigo Stock Exchange listing rules the Company provides the following information as at 9 September 2009, which is within 6 weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders
1 to 1,000	305
1,001 to 5,000	343
5,001 to 10,000	74
10,001 to 100,000	28
100,001 and over	NIL
Total shareholders	750

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There are 5 shareholders holding less than a marketable parcel of shares (\$500 in value).

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

There are no unquoted equity securities.

The following table shows the 10 largest shareholders.

Shareholder	Number of shares	Percentage of capital
Adrienne Leslie Murray	100,000	3.86
Kevin Francis & Joan McCormack	49,000	1.89
Harry Keith Atkinson	40,000	1.54
Richard Middleton <Marpjz Super Fund A/c>	40,000	1.54
Leigh & Felicity Smith <EB Investment Fund A/c>	40,000	1.54
Wayne & Erica Austen	38,000	1.47
John Henry & Patricia Noreen Anderson	30,000	1.16
K D B Pty Ltd	21,000	0.81
Melvin William & Gillian Austin	20,000	0.77
Lily Lim <The Bien-Lim Family A/c>	20,000	0.77
	398,000	15.36

Directors' report continued

Security register

The security register (share register) is kept at:

Richmond Sinnott & Delahunty

172 - 176 McIvor Road,

Bendigo VIC 3551

Phone: (03) 5443 1177

Annexure 3A

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

Auditor independence declaration

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

Richmond Sinnott & Delahunty

Chartered Accountants

Directors' report continued

Richmond Sinnott & Delahunty Chartered Accountants



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

9 September 2009

The Directors
Canterbury Surrey Hills Community Finance Limited
143 Mailing Road
CANTERBURY VIC 3126

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Canterbury Surrey Hills Community Finance Limited for the year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Signed in accordance with a resolution of the Board of Directors at Melbourne, Victoria on 9 September 2009.

Hans Diederick Menting
Chairman

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenue from ordinary activities	2	1,691,616	1,432,702
Employee benefits expense	3	(841,932)	(566,679)
Charitable donations and sponsorship		(219,984)	(104,904)
Depreciation and amortisation expense	3	(64,713)	(91,943)
Other expenses from ordinary activities		(554,519)	(338,696)
Profit before income tax expense		10,468	330,480
Income tax expense	4	11,359	108,576
Profit/(Loss) after income tax expense		(891)	221,904
Earnings per share (cents per share)			
- basic for profit/(loss) for the year	21	(0.04)	22.09
- diluted for profit/(loss) for the year	21	(0.04)	22.09
- dividends per share	20	-	2.00

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Current assets			
Cash assets	6	353,624	462,500
Receivables	7	326,663	210,519
Total current assets		680,287	673,019
Non-current assets			
Property, plant and equipment	8	330,333	93,667
Deferred income tax asset	4	22,527	33,886
Intangible assets	9	189,695	63,053
Total non-current assets		542,555	190,606
Total assets		1,222,842	863,625
Current liabilities			
Payables	10	135,478	82,569
Provisions	11	36,297	26,640
Total current liabilities		171,775	109,209
Total liabilities		171,775	109,209
Net assets		1,051,067	754,416
Equity			
Share capital	12	1,302,239	1,004,697
Accumulated losses	13	(251,172)	(250,281)
Total equity		1,051,067	754,416

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			
Cash receipts in the course of operations		1,721,252	1,459,818
Cash payments in the course of operations		(1,720,776)	(1,136,549)
Interest received		21,127	24,216
Net cash flows provided from operating activities	14b	21,603	347,485
Cash flows from investing activities			
Payments for property, plant and equipment		(259,492)	(6,489)
Payments for intangible assets		(168,529)	(61,084)
Net cash flows (used in) from investing activities		(428,021)	(67,573)
Cash flows from financing activities			
Member contributions		406,748	-
Dividends paid		-	(21,841)
Return of capital		(109,206)	(87,365)
Net cash flows (used in) financing activities		297,542	(109,206)
Net increase in cash held		(108,876)	170,706
Add opening cash brought forward		462,500	291,794
Closing cash carried forward	14a	353,624	462,500

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 \$
Share capital			
Ordinary shares			
Balance at start of year		1,004,697	1,092,062
Return on capital of 10 cents (2008: 8 cents) per share		(109,206)	(87,365)
Issue of share capital		406,748	-
Balance at end of year		1,302,239	1,004,697
Retained earnings/(accumulated losses)			
Balance at start of year		(250,281)	(450,344)
Profit/(loss) after income tax expense		(891)	221,904
Dividends paid		-	(21,841)
Balance at end of year		(251,172)	(250,281)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 9 September 2009.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

(c) Significant accounting policies

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

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to the financial statements continued

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

Property, plant and equipment

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

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

Class of asset	Depreciation rate
Plant & Equipment	7.5 - 100%

Impairment

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

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

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

Recoverable amount of assets

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

Goods and services tax

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

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

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

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

Notes to the financial statements continued

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

Employee benefits

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

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

Intangibles

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

Cash

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

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

Comparative figures

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

Revenue

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

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Interest bearing liabilities

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

Notes to the financial statements continued

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

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

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

Contributed capital

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

	2009 \$	2008 \$
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Note 2. Revenue from ordinary activities

Operating activities:

- services commissions	1,670,489	1,408,486
Total revenue from operating activities	1,670,489	1,408,486

Non-operating activities:

- interest received	21,127	24,216
- other revenue	-	-
Total revenue from non-operating activities	21,127	24,216
Total revenue from ordinary activities	1,691,616	1,432,702

Note 3. Expenses

Employee benefits expense

- wages and salaries	690,229	485,548
- superannuation costs	79,089	39,787
- workers' compensation costs	1,452	1,797
- other costs	71,162	39,547
	841,932	566,679

Notes to the financial statements continued

	2009 \$	2008 \$
Note 3. Expenses (continued)		
Depreciation of non-current assets:		
- plant and equipment	22,826	65,424
Amortisation of non-current assets:		
- intangibles	41,887	26,519
	64,713	91,943
Bad debts	523	912

Note 4. Income tax expense

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

Prima facie tax on profit before income tax at 30%	3,140	99,144
Add tax effect of:		
- Non-deductible expenses	8,219	9,432
Current income tax expense	11,359	108,576
Income tax expense	11,359	108,576
Deferred income tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	22,527	33,886

Note 5. Auditors' remuneration

Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	3,650	3,650
- Valuation of the Company	1,000	1,000
	4,650	4,650

Note 6. Cash assets

Cash at bank and on hand	353,624	462,500
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Notes to the financial statements continued

	2009 \$	2008 \$
Note 7. Receivables		
Accrued income	188,216	133,005
Deposits	24,321	4,080
Prepayments	114,126	73,434
	326,663	210,519

Note 8. Property, plant and equipment

Plant and equipment

At cost	737,658	478,166
Less accumulated depreciation	(407,325)	(384,499)
Total written down amount	330,333	93,667

Movements in carrying amounts

Plant and equipment

Carrying amount at beginning of year	93,667	152,602
Additions	259,492	6,489
Disposals	-	-
Depreciation expense	(22,826)	(65,424)
Carrying amount at end of year	330,333	93,667

Note 9. Intangible assets

Franchise fee

At cost	224,810	157,424
Less accumulated amortisation	(127,130)	(99,153)
	97,680	58,271

Preliminary expenses

At cost	215,536	114,393
Less accumulated amortisation	(123,521)	(109,611)
	92,015	4,782
	189,695	63,053

Notes to the financial statements continued

	2009 \$	2008 \$
Note 10. Payables		
PAYG withholding	16,464	13,241
Other creditors and accruals	119,014	69,328
	135,478	82,569

Note 11. Provisions

Employee benefits	36,297	26,640
Number of employees at period end	17	11

Note 12. Share capital

1,092,062 Ordinary Shares fully paid to 82 cents (2008: 92 cents) each	895,491	1,004,697
406,748 Ordinary Shares fully paid to \$1 each	406,748	-
	1,302,239	1,004,697

- 1,092,062 shares were issued on 3 October 2008 as a bonus at the ratio of 1:1.

Movement in ordinary shares

Balance at beginning of year	1,004,697	1,092,062
Issued capital	406,748	-
Return on capital of 10 cents per share (2008: 8 cents)	(109,206)	(87,365)
Balance at end of year	1,302,239	1,004,697

Note 13. Accumulated losses

Balance at the beginning of the financial year	(250,281)	(450,344)
Profit/(loss) after income tax	(891)	221,904
Dividends paid	-	(21,841)
Balance at the end of the financial year	(251,172)	(250,281)

Notes to the financial statements continued

	2009 \$	2008 \$
Note 14. Cash flow statement		
(a) Reconciliation of cash		
Cash at bank and on hand	353,624	462,500
(b) Reconciliation of profit/(loss) after tax to net cash provided from operating activities		
Profit/(loss) after income tax	(891)	221,904
Non cash items		
- Depreciation	22,826	65,424
- Amortisation	41,887	26,519
Changes in assets and liabilities		
- (Increase) decrease in receivables	(116,144)	(89,596)
- Increase (decrease) in payables	52,909	4,466
- Increase (decrease) in provisions	9,657	10,192
- (Increase) decrease in deferred income tax asset	11,359	108,576
Net cashflows provided from operating activities	21,603	347,485

Note 15. Director and related party disclosures

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

Hans Diederick Menting

Robert Einar Stensholt

Damien Leo Hudson

Elisabeth Kay Grant

Juliann Ruth Byron

Trevor Roland Kempton

Leigh Warren Smith

Gordon Lennox McFarlane (appointed 24 September 2008)

Michael Roland Hills (appointed 24 September 2008)

Catherine Anne van der Zee (appointed 24 September 2008)

Jane Selina Martino (appointed 22 July 2009)

Zoe Clair Hart (appointed 22 July 2009)

Derek Forbes Mortimer (resigned 27 August 2008)

David Charles Orford (resigned 28 February 2009)

Notes to the financial statements continued

Note 15. Director and related party disclosures (continued)

Other than detailed below no Director or related entity has entered into a material contract with the Company.

K-Mack Lockers Pty Ltd of which Dick Menting is a Director received a payment of \$620 (2008: Nil) for the purchase of filing cabinets during the year ended 30 June 2009.

Design Grant Pty Ltd of which Elizabeth Grant is a Director received payments of \$6,496 (2008: Nil) for printing, stationery and marketing during the year ended 30 June 2009.

An allowance was paid to some Directors to cover expenses incurred on behalf of the Company. The total paid in allowances for the year was \$6,750 (2008: \$5,500).

Following approval at the 2008 Annual General Meeting Directors receive a yearly fee. Office holders of the Board and committee Chairperson's receive higher fees than other Directors. These payments are made in recognition of the work load undertaken by Directors that would otherwise have to be carried out by paid executive staff and/or professional service providers.

Additional payments made to office holders and committee chairperson's are determined at Board level and take account of the relative workloads involved. Directors can elect to not receive any payments.

Prior to 1 July 2008 no Directors' fees were paid as the positions were held on a voluntary basis.

Director Remuneration for the year ended 30 June 2009:

	Primary benefits salary & fees 2009 \$	Primary benefits salary & fees 2008 \$
Hans Diederick Menting	21,000	-
Robert Einar Stensholt	-	-
Damien Leo Hudson	2,000	-
Elisabeth Kay Grant	4,000	-
Juliann Ruth Byron	10,000	-
Trevor Roland Kempton	1,000	-
Leigh Warren Smith	4,000	-
Gordon Lennox McFarlane (appointed 24 September 2008)	1,500	-
Michael Roland Hills (appointed 24 September 2008)	4,000	-
Catherine Anne van der Zee (appointed 24 September 2008)	1,000	-
Jane Selina Martino (appointed 22 July 2009)	-	-
Zoe Clair Hart (appointed 22 July 2009)	-	-
Derek Forbes Mortimer (resigned 27 August 2008)	-	-
David Charles Orford (resigned 28 February 2009)	1,500	-

Notes to the financial statements continued

Note 15. Director and related party disclosures (continued)

Directors' shareholdings	2009	2008
Hans Diederick Menting	7,002	2,501
Robert Einar Stensholt	18,500	5,001
Damien Leo Hudson	12,802	6,401
Elisabeth Kay Grant	6,000	3,000
Juliann Ruth Byron	8,000	4,000
Trevor Roland Kempton	-	-
Leigh Warren Smith	40,000	13,500
Gordon Lennox McFarlane (appointed 24 September 2008)	2,500	-
Michael Roland Hills (appointed 24 September 2008)	2,000	-
Catherine Anne van der Zee (appointed 24 September 2008)	2,000	-
Jane Selina Martino (appointed 22 July 2009)	-	-
Zoe Clair Hart (appointed 22 July 2009)	-	-
Derek Forbes Mortimer (resigned 27 August 2008)	-	-
David Charles Orford (resigned 28 February 2009)	10,002	5,001

During the year bonus shares were issued for no consideration at the rate of 1 share for every 1 held.

All Directors who hold shares received these shares other than Gordon McFarlane, Michael Hills and Catherine van der Zee.

Hans Menting purchased an additional 2,000 shares, Robert Stensholt purchased an additional 8,498 shares Leigh Smith purchased an additional 13,000 shares, Gordon McFarlane purchased 2,500 shares, Michael Hills purchased 2,000 shares and Catherine van der Zee purchased 2,000 shares during the year ended 30 June 2009. All shares have a face value of \$1 per share.

Note 16. Subsequent events

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

Note 17. Contingent liabilities

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

Notes to the financial statements continued

Note 18. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients.

The economic entity operates in one geographic area being the City of Boroondara, Victoria.

Note 19. Corporate information

Canterbury Surrey Hills Community Finance Ltd is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is:

Registered office	Principal place of business
143 Mailing Road, Canterbury VIC 3126	Surrey Hills Community Bank [®] Branch 107 Union Road, Surrey Hills VIC 3127
	Canterbury Community Bank [®] Branch 143 Mailing Road, Canterbury VIC 3126
	Ashburton Community Bank [®] Branch 241 High Street, Ashburton VIC 3147

2009
\$

2008
\$

Note 20. Dividends paid or proposed for on ordinary shares

(i) Dividends paid during the year

Unfranked dividends - Nil cents per share (2008: 2 cents per share)	-	21,841
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Notes to the financial statements continued

	2009 \$	2008 \$
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Note 21. Earnings per share

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

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

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

Profit/(loss) after income tax expense	(891)	221,904
Weighted average number of ordinary shares for basic and diluted earnings per share	2,103,263	1,092,062

Note 22. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2009 \$	2008 \$
Cash assets	353,624	462,500
Accrued income and deposits	212,537	137,085
	566,161	599,585

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(a) Credit risk (continued)

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of accrued income is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2008: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
30 June 2009					
Payables	135,478	(135,478)	(135,478)	–	–
	135,478	(135,478)	(135,478)	–	–
30 June 2008					
Payables	82,569	(82,569)	(82,569)	–	–
	82,569	(82,569)	(82,569)	–	–

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular Board meetings.

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis

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

	Carrying amount	
	2009	2008
	\$	\$
Fixed rate instruments		
Financial assets	211,250	311,287
Financial liabilities	-	-
	211,250	311,287
Variable rate instruments		
Financial assets	142,374	151,213
Financial liabilities	-	-
	142,374	151,213

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

(d) Net fair values

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

(e) Capital management

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

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(e) Capital management (continued)

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

- (i) the Distribution Limit is the greater of:
 - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2009 can be seen in the Income Statement.

There were no changes in the Company's approach to capital management during the year.

Directors' declaration

In accordance with a resolution of the Directors of Canterbury Surrey Hills Community Finance Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2009.



Hans Diederick Menting

Chairman

Signed in Melbourne on 9 September 2009.

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CANTERBURY SURREY HILLS COMMUNITY FINANCE LIMITED

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

SCOPE

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Canterbury Surrey Hills Community Finance Limited, for the year ended 30 June 2009.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

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Independent audit report continued

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. -

AUDIT OPINION

In our opinion, the financial report of Canterbury Surrey Hills Community Finance Limited is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 9 September 2009

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