


Chittering Financial Services Limited

ABN 77 096 017 506

2009

Annual Report

Bullsbrook Bindoon
Community Bank® Branch  **Bendigo Bank**



CHITTERING FINANCIAL SERVICES LIMITED
ABN 77 096 017 506
PROXY FORM

Registered Office: 185 Powderbark Rd, Lower Chittering WA 6084

I/We _____

of _____

being a member/members of Chittering Financial Services Limited hereby appoint

of _____

or in his/her absence, _____

of _____

or in his/her absence, the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the Annual General Meeting of the company to be held on Tuesday, 24 November 2009 or at any adjournment of that meeting.

Signed this _____ day of _____ 2009

Natural person or joint holder

Company

Signature of Shareholder

The Common Seal of _____
was affixed in accordance with its Constitution

Director _____

Director/Secretary _____

Unless otherwise instructed the proxy will vote as he or she thinks fit, or abstain from voting. Should the member wish to direct the proxy how to vote, the following should be completed.

		FOR	AGAINST	ABSTAIN
Agenda				
Item no:				
2	Adoption of Financial Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Re-election and Election of Directors			
	Acceptance of resignation of Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Acceptance of resignation of Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Re-election of nominated Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Re-election of nominated Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Chittering Financial Services Limited

Financial Statements

as at

30 June 2009

Chairman's Report

Manager's Report

Directors' Report

Income Statement

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Cash Flow

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Financial Instruments

Directors Declaration

Audit Report

Chairman's Report

The economic downturn in latter 2008 and early 2009 stabilised our ever increasing monthly growth, however Chittering Financial Services Limited finished the 2008/09 financial year ahead of our budget estimate returning a net profit after tax of \$93,081.00, returning an earning per share to \$18.16.

Chittering Financial Services Limited remains in a strong financial position and once again returns a dividend of 10 cents per share to shareholders.

Financial Year	Cents per share	Total distribution
2006/07	5 cents	\$24,935
2007/08	10 cents	\$49,871
2008/09	10 cents	\$49,871

With continuing support and confidence for Bullsbrook & Bindoon **Community Bank®** branches by the Community our direct funding to local voluntary organisations and sporting bodies have increased by 50%. Communities are stimulated by development; with this in mind we have this year directed \$15,000 to a Community Enterprise Fund aimed to assist the Community with a major project in the future.

Financial Year	Sponsorships	Donations	Community Enterprise Fund	Total
2006/07	500	1,140		1,640
2007/08	1,600	5,000		6,600
2008/09	6,250	7,240	\$15,000	28,490

Encouraging strong business indicators in the last few months are yielding rewards for the personal banking service provided by Bullsbrook & Bindoon **Community Bank®** branches. Bullsbrook **Community Bank®** Branch is now serviced by three full time tellers and Bindoon **Community Bank®** Branch is providing a five day service commencing next month.

The Board remains focussed on ensuring your **Community Bank®** branches extend their commitment to our local communities. Planning over the past two years towards establishing a branch in Ellenbrook has been challenging, building delays having set back our anticipated opening by nine months to early November 2009. With increased staff flexibility between our three branches your Branch Manager Ray Povey and his team can now offer dedicated service for every banking need.

In conclusion I would like to thank my fellow directors and our energetic employees for their contributions to our record performance this year.



Bruce Rowley
Chairman

Manager's Report

Despite the financial problems of the world we achieved remarkable growth with all targets being exceeded. Our income was affected for several months by the margin income pressures.

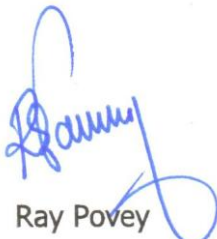
In despite of that we did very well due to a well balanced deposit /lending portfolio. It is very important that our business be diverse and I am pleased to say that we increased our agribusiness lending this year. Our general insurance income continues to grow and I welcome all shareholders to obtain a quote from any of our staff in branch. We now have a great product called rural lifestyle property insurance for all people living on the old 5 acre blocks.

Bendigo and Adelaide Bank products and services continue to be very competitive and diverse. We are able to provide all that the major banks offer including a free initial consultation with our financial planning specialists..

We have many challenges ahead and we are very well placed to take advantage of the opportunities.

Thank you very much to my staff and board for their support and hard work in placing our Bullsbrook & Bindoon **Community Bank®** branches in a very strong position.

Thank you to our loyal customers for their support and promoting our Bullsbrook & Bindoon **Community Bank®** branches through recommendations to non customers.



Ray Povey
Branch Manager

Chittering Financial Services Ltd
ABN 77 096 017 506
Directors' Report

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:

Bruce Sydney Rowley
Chairman
Retired

Delma Jean Baum
Secretary
Business Proprietor

Ross Albert Bishop
Non-Executive Director
Licensee of liquor store

Ian David Smith
Non-Executive Director
Retired

Gemma Diane Bonomi
Non-Executive Director
Company Director

Diane Lee Broad
Non-Executive Director
Retired farmer & journalist

Kathleen Anne Crofts (Resigned 1 December 2008)
Non-Executive Director
Homemaker

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

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

Principal activities

The principal activities of the Company during the course of the financial year were in providing community banking 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.

Operating Results

Operations have continued to perform in line with expectations. The profit of the Company for the financial year after provision for income tax was \$93,081 (2008: \$136,671).

Dividends	Year Ended 30 June 2009	
	Cents Per Share	\$
Dividends paid in the year:		
- As recommended in the prior year report	10	49,871

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. The company is on course to open a new branch at Ellenbrook in late 2009.

Chittering Financial Services Ltd
ABN 77 096 017 506
Directors' Report

Significant events after the balance date

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

Likely Developments

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

Directors' Benefits

Bruce Rowley is the landlord for the Bindoon branch premises and rent for the year ended 30 June 2009 of \$10,976 was paid. Delma Baum received \$6,600 for the year ended 30 June 2009 to host the company website.

No other Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

Indemnification and Insurance of Directors and Officers

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

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

Directors Meetings

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

Number of Meetings Held:	12
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Number of Meetings Attended:

Bruce Sydney Rowley	11
Delma Jean Baum	12
Ross Albert Bishop	11
Ian David Smith	12
Gemma Diane Bonomi	12
Diane Lee Broad	10
Kathleen Anne Crofts (Resigned 1 December 2008)	3

Chittering Financial Services Ltd
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Directors' Report

Company Secretary

Delma Jean Baum has been the company secretary of Chittering Financial Services Ltd since 2001. Her qualifications and experience include a background in engineering prior to migrating to Australia in 1996. She was the Director of a computer software development company since 1978 and former President of the Volunteer Sea Search and Rescue Association of WA.

Corporate Governance

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

- (a) The establishment of an audit committee. Members of the audit committee are Bruce Rowley, Delma Baum and Ian Smith.
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Auditor Independence Declaration

The directors received the following declaration from the auditor of the Company:

Richmond Sinnott & Delahunt
Chartered Accountants



172 McIvor Road
PO Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail: rsd@rsdadvisors.com.au

Auditor's Independence Declaration

In relation to our audit of the financial report of Chittering Financial Services Ltd for the financial year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunt
Bendigo
17 September 2009

Signed in accordance with a resolution
of the Board of Directors at Chittering
on 17 September 2009.

Bruce Sydney Rowley, Chairman

Chittering Financial Services Limited
ABN 77 096 017 506
Income Statement
for the year ended 30 June 2009

	<u>Notes</u>	2009 \$	2008 \$
Revenue from ordinary activities	2	873,698	841,173
Employee benefits expense	3	(475,313)	(395,673)
Charitable donations and sponsorship		(6,054)	(1,006)
Depreciation and amortisation expense	3	(24,146)	(27,289)
Finance costs	3	(2)	(9)
Other expenses from ordinary activities		<u>(225,390)</u>	<u>(213,490)</u>
Profit before income tax expense		142,793	203,706
Income tax expense	4	<u>49,712</u>	<u>67,035</u>
Profit after income tax expense		<u><u>93,081</u></u>	<u><u>136,671</u></u>
Earnings per share (cents per share)			
- basic for profit for the year	21	18.66	27.40
- diluted for profit for the year	21	18.66	27.40
- dividends paid per share	20	10.00	5.00

The accompanying notes form part of these financial statements

Chittering Financial Services Limited
ABN 77 096 017 506
Balance Sheet
As at 30 June 2009

	<u>Notes</u>	2009 \$	2008 \$
Current Assets			
Cash assets	6	294,263	198,783
Receivables	7	89,249	88,317
Total Current Assets		<u>383,512</u>	<u>287,100</u>
Non-Current Assets			
Property, plant and equipment	8	26,278	31,503
Deferred income tax asset	4	-	43,197
Intangible assets	9	35,041	15,000
Total Non-Current Assets		<u>61,319</u>	<u>89,700</u>
Total Assets		<u>444,831</u>	<u>376,800</u>
Current Liabilities			
Payables	10	55,939	60,545
Current tax payable	4	6,515	-
Provisions	11	27,747	14,695
Total Current Liabilities		<u>90,201</u>	<u>75,240</u>
Non-Current Liabilities			
Provisions	11	11,237	1,377
Total Non-Current Liabilities		<u>11,237</u>	<u>1,377</u>
Total Liabilities		<u>101,438</u>	<u>76,617</u>
Net Assets		<u>343,393</u>	<u>300,183</u>
Equity			
Share capital	12	495,209	495,209
Retained earnings / (accumulated losses)	13	(151,816)	(195,026)
Total Equity		<u>343,393</u>	<u>300,183</u>

The accompanying notes form part of these financial statements

Chittering Financial Services Limited
ABN 77 096 017 506
Cash Flow Statement
For the year ended 30 June 2009

	<u>Notes</u>	2009 \$	2008 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		960,666	818,216
Cash payments in the course of operations		(776,466)	(595,910)
Interest paid		(2)	(9)
Interest received		115	42
Net cash flows from/(used in) operating activities	14b	<u>184,313</u>	<u>222,339</u>
Cash Flows From Investing Activities			
Payment for intangible assets		(35,083)	(25,000)
Payments for property, plant and equipment		(3,879)	(9,321)
Net cash flows from/(used in) investing activities		<u>(38,962)</u>	<u>(34,321)</u>
Cash Flows From Financing Activities			
Dividends paid		(49,871)	(23,610)
Net cash flows from/(used in) financing activities		<u>(49,871)</u>	<u>(23,610)</u>
Net increase/(decrease) in cash held		95,480	164,408
Add opening cash brought forward		198,783	34,375
Closing cash carried forward	14a	<u><u>294,263</u></u>	<u><u>198,783</u></u>

The accompanying notes form part of these financial statements

Chittering Financial Services Limited
ABN 77 096 017 506
Statement of Changes in Equity
for the year ended 30 June 2009

	2009 \$	2008 \$
SHARE CAPITAL		
<i>Ordinary shares</i>		
Balance at start of year	495,209	495,209
Issue of share capital	-	-
Share issue costs	<u>-</u>	<u>-</u>
Balance at end of year	<u><u>495,209</u></u>	<u><u>495,209</u></u>
 RETAINED EARNINGS / (ACCUMULATED LOSSES)		
Balance at start of year	(195,026)	(306,762)
Profit after income tax expense	93,081	136,671
Dividends paid	<u>(49,871)</u>	<u>(24,935)</u>
Balance at end of year	<u><u>(151,816)</u></u>	<u><u>(195,026)</u></u>

The accompanying notes form part of these financial statements

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
for the year ended 30 June 2009

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 17 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.

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
for the year ended 30 June 2009

1. Basis of preparation of the Financial Report (continued)

Property, plant and equipment

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

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

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

<i>Class of Asset</i>	<i>Depreciation Rate</i>
Plant & Equipment	18.75-40%

Impairment

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

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

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

Revaluations

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

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

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

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

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

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.

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
for the year ended 30 June 2009

1. Basis of preparation of the Financial Report (continued)

Goods and services tax

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

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

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

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

Employee Benefits

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

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

Intangibles

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

Cash

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

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

Comparative Figures

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

Revenue

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

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
for the year ended 30 June 2009

1. Basis of preparation of the Financial Report (continued)

Receivables and Payables

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

Interest Bearing Liabilities

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

Provisions

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

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

Contributed Capital

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

2. Revenue from ordinary activities

	2009	2008
	\$	\$
Operating activities		
- services commissions	873,583	841,131
Total revenue from operating activities	<u>873,583</u>	<u>841,131</u>
Non-operating activities:		
- interest received	115	42
Total revenue from non-operating activities	<u>115</u>	<u>42</u>
Total revenue from ordinary activities	<u><u>873,698</u></u>	<u><u>841,173</u></u>

Chittering Financial Services Limited
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Notes to the Financial Statements
for the year ended 30 June 2009

3. Expenses	2009	2008
	\$	\$
Employee benefits expense		
- wages and salaries	418,494	342,348
- superannuation costs	36,246	32,324
- other costs	20,573	21,001
	<u>475,313</u>	<u>395,673</u>
Depreciation of non-current assets:		
- plant and equipment	9,104	17,179
Amortisation of non-current assets:		
- intangibles	15,042	10,110
	<u>24,146</u>	<u>27,289</u>
Finance Costs:		
- Interest paid	2	9
Bad debts	298	67
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%	42,838	61,112
Add tax effect of:		
- Non-deductible expenses	6,874	5,923
<i>Current income tax expense</i>	<u>49,712</u>	<u>67,035</u>
Income tax expense	<u>49,712</u>	<u>67,035</u>
Tax liabilities		
Current tax payable	<u>6,515</u>	<u>-</u>
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.	<u>-</u>	<u>43,197</u>

Chittering Financial Services Limited
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Notes to the Financial Statements
for the year ended 30 June 2009

5. Auditors' Remuneration

	2009	2008
	\$	\$
Amounts received or due and receivable by RSM Bird Cameron Partners, for:		
- Audit or review of the financial report of the Company	-	5,350
- Other services in relation to the Company	-	4,200
	<u>-</u>	<u>9,550</u>

Amounts received or due and receivable by Richmond Sinnott & Delahunty, for:
- Audit or review of the financial report of the Company

3,650	-
<u>3,650</u>	<u>-</u>
<u>3,650</u>	<u>9,550</u>

6. Cash Assets

Cash at bank and on hand	<u>294,263</u>	<u>198,783</u>
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7. Receivables

Prepayments	229	210
Trade debtors	89,020	88,107
	<u>89,249</u>	<u>88,317</u>

8. Property, Plant and Equipment

Plant and equipment

At cost	216,297	212,418
Less accumulated depreciation	<u>(190,019)</u>	<u>(180,915)</u>
	<u>26,278</u>	<u>31,503</u>
Total written down amount	<u>26,278</u>	<u>31,503</u>

Movements in carrying amounts

Plant and equipment

Carrying amount at beginning of year	31,503	39,361
Additions	3,879	9,321
Disposals	-	-
Depreciation expense	<u>(9,104)</u>	<u>(17,179)</u>
Carrying amount at end of year	<u>26,278</u>	<u>31,503</u>

Chittering Financial Services Limited
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Notes to the Financial Statements
for the year ended 30 June 2009

9. Intangible Assets

	2009	2008
	\$	\$
<i>Franchise Fee</i>		
At cost	50,000	25,000
Less accumulated amortisation	<u>(20,000)</u>	<u>(10,000)</u>
	<u><u>30,000</u></u>	<u><u>15,000</u></u>
 <i>Preliminary Expenses</i>		
At cost	18,149	8,066
Less accumulated amortisation	<u>(13,108)</u>	<u>(8,066)</u>
	<u><u>5,041</u></u>	<u><u>-</u></u>
 Total written down amount	<u><u>35,041</u></u>	<u><u>15,000</u></u>

10. Payables

Trade creditors	35,794	42,988
GST payable	16,929	16,231
Dividend payable	<u>3,216</u>	<u>1,326</u>
	<u><u>55,939</u></u>	<u><u>60,545</u></u>

11. Provisions

Current employee benefits	<u>27,747</u>	<u>14,695</u>
Non-current employee benefits	<u>11,237</u>	<u>1,377</u>
Number of employees at year end	<u>13</u>	<u>9</u>

12. Share Capital

498,709 Ordinary Shares fully paid of \$1 each	498,709	498,709
Cost of raising equity	<u>(3,500)</u>	<u>(3,500)</u>
	<u><u>495,209</u></u>	<u><u>495,209</u></u>

13. Retained Earnings / (Accumulated Losses)

Balance at the beginning of the financial year	(195,026)	(306,762)
Profit after income tax	93,081	136,671
Dividends	<u>(49,871)</u>	<u>(24,935)</u>
Balance at the end of the financial year	<u><u>(151,816)</u></u>	<u><u>(195,026)</u></u>

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
for the year ended 30 June 2009

14. Cash Flow Statement	2009	2008
	\$	\$
(a) Reconciliation of cash		
Cash assets	294,263	198,783
	<u>294,263</u>	<u>198,783</u>
(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities		
Profit after income tax	93,081	136,671
Non cash items		
- Depreciation	9,104	17,179
- Amortisation	15,042	10,110
Changes in assets and liabilities		
- (Increase) decrease in receivables	(932)	(22,698)
- (Increase) decrease in deferred income tax asset	43,197	66,818
- Increase (decrease) in income tax payable	6,515	-
- Increase (decrease) in payables	(4,606)	10,345
- Increase (decrease) in provisions	22,912	3,914
Net cashflows from/(used in) operating activities	<u>184,313</u>	<u>222,339</u>

15. Director and Related Party Disclosures

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

Bruce Sydney Rowley
Delma Jean Baum
Ross Albert Bishop
Ian David Smith
Gemma Diane Bonomi
Diane Lee Broad
Kathleen Anne Crofts (Resigned 1 December 2008)

Bruce Rowley is the landlord for the Bindoon branch premises and rent for the year ended 30 June 2009 of \$10,976 was paid. Delma Baum received \$6,600 for the year ended 30 June 2009 to host the company website.

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

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
for the year ended 30 June 2009

15. Director and Related Party Disclosures (continued)

Directors shareholdings	2009	2008
Bruce Sydney Rowley	10,000	10,000
Delma Jean Baum	201	201
Ross Albert Bishop	10,000	10,000
Ian David Smith	500	500
Gemma Diane Bonomi	2,000	2,000
Diane Lee Broad	-	-
Kathleen Anne Crofts (Resigned 1 December 2008)	1,000	1,000

There was no movement in directors shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

16. Subsequent Events

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

17. Contingent Liabilities

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

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 two geographic areas being Bullsbrook & Bindoon, Western Australia.

19. Corporate Information

Chittering Financial Services Ltd is a company limited by shares incorporated in Australia

The registered office is: 19 Binda Place
Bindoon WA 6502

The principal place's of business are: 2533 Great Northern Highway
Bullsbrook WA 6084

13 Binda Place
Bindoon WA 6502

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20. Dividends paid or provided for on ordinary shares

	2009	2008
	\$	\$
Dividends paid during the year		
Unfranked dividends - 10 cents per share (2008: 5 cents per share)	<u>49,871</u>	<u>24,935</u>

The tax rate at which dividends have been franked is 0% (2008: 0%).

21. Earnings per share

Basic earnings per share amounts are calculated by dividing profit 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 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 after income tax expense	<u>93,081</u>	<u>136,671</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>498,709</u>	<u>498,709</u>

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
For the year ended 30 June 2009

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:

	<u>Carrying Amount</u>	
	2009	2008
	\$	\$
Cash assets	294,263	198,783
Receivables	89,249	88,317
	<u>383,512</u>	<u>287,100</u>

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables is due from Bendigo and Adelaide Bank Ltd.

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

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

(b) Liquidity risk

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

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

Chittering Financial Services Limited
ABN 77 096 017 506
Notes to the Financial Statements
For the year ended 30 June 2009

22. Financial risk management (continued)

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

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	over 1 to 5 years \$	more than 5 years \$
30 June 2009					
Payables	55,939	(55,939)	(55,939)	-	-
	<u>55,939</u>	<u>(55,939)</u>	<u>(55,939)</u>	<u>-</u>	<u>-</u>
30 June 2008					
Payables	60,545	(60,545)	(60,545)	-	-
	<u>60,545</u>	<u>(60,545)</u>	<u>(60,545)</u>	<u>-</u>	<u>-</u>

(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.

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	-	-
Financial liabilities	-	-
	<u>-</u>	<u>-</u>
Variable rate instruments		
Financial assets	294,263	198,783
Financial liabilities	-	-
	<u>294,263</u>	<u>198,783</u>

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.

Chittering Financial Services Limited
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Notes to the Financial Statements
For the year ended 30 June 2009

22. Financial risk management (continued)

(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.

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.

Chittering Financial Services Ltd
ABN 77 096 017 506
Directors' Declaration

In accordance with a resolution of the directors of Chittering Financial Services Limited,
I state that:

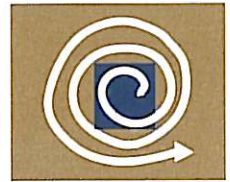
In the opinion of the directors:

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

A handwritten signature in dark ink, appearing to read 'B. Rowley', is enclosed within a faint rectangular border.

Bruce Sydney Rowley, Chairman

Signed at Chittering on 17 September 2009.



**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF CHITTERING FINANCIAL
SERVICES 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 Chittering Financial Services Limited, for the year ended 30 June 2009.

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

Audit approach

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

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

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

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

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

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

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 Chittering Financial Services Limited is in accordance with:

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

Richmond Sinnott & Delahunt

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 17 September 2009

Bullsbrook Bindoon **Community Bank**[®] Branch
1/13 Binda Place Bindoon WA 6502
Phone: 9576 0333 Fax: 9576 0400
2355 Gt Northern Hwy Bullsbrook WA 6804
Phone: 9571 2355 Fax: 9571 3925

Franchisee: Chittering Financial Services Limited.
185 Powderbark Rd. WA 6084
Phone: 9571 0002 Fax: 9571 0003
ABN 77 096 017 506

www.bendigobank.com.au, Bendigo and Adelaide Bank Limited, The Bendigo Centre,
Bendigo, VIC, 3550 ABN 11 068 049 178, AFSL 237879, (PSWAR7001) (09/07)