

COLERAINE & DISTRICT
FINANCIAL SERVICES LIMITED
ABN 77 102 030 017

2009
ANNUAL
REPORT

Coleraine & District
Community Bank[®] Branch

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Chairman's report 30 June 2009

I am proud to present on behalf of my fellow Directors the seventh Annual Report of Coleraine & District Financial Services Limited to our shareholders and supporters. Our company owns and operates the franchise in partnership with the Bendigo and Adelaide Bank Limited which underpins the operation of Coleraine and District **Community Bank**[®] Branch.

Company performance

The accompanying financial statements report that we made an operating profit of \$2,405, which means this is the third consecutive year of profitability since we commenced this business in April 2003. We easily exceeded our budgeted annual business growth target of \$5.5 million by achieving a figure of \$8.3 million. Because of the impact of the Global Financial Crisis (GFC), profit margins have been severely squeezed and our budgeted profit figure of \$32,300 was impossible to achieve. However, these figures show that our business is still steadily growing according to forecasts, expenses are under control and we are extremely confident that these healthy trends will continue into the foreseeable future. My personal view is we can achieve a sustainable base business figure of \$65 million within the next three years – a remarkable target for a locally owned business!

Dividend payment to shareholders

As all shareholders would be aware, your Board declared our first dividend of three cents per share based on the 2007/08 financial year. This is a modest return on your investment but we have started the process of rewarding our patient shareholders and it is our intention to continue these rewards whilst at the same time returning appropriate levels of profits to community groups. When the effects of the GFC abate, we expect our profitability figures will improve significantly. Thank you to Trish Munro and Sandra Adams for organising the profit distribution using local resources rather than employing Computershare at a large cost.

Sponsorships

Community Banking is much more than providing efficient banking services. It also involves being a community leader helping good things happen in our community. Up until now we have handed back to our community relatively small amounts of funds for various local events and advertising deals. As we become more profitable we will be reinvesting much larger amounts back into our community. The concept is very simple really! The better our **Community Bank**[®] branch performs, the more funds are ploughed back into the district. So when you understand the concept, why wouldn't you bank with us?

Chairman's report 30 June 2009 continued

A list of the sponsorships we entered into during 2008/09 is listed at the end of my report. I should point out that funding for these sponsorships and advertising deals is provided by the Bendigo and Adelaide Bank Limited and obviously does not negatively impact on our profitability.

Acknowledgements

As our business grows each year, the demands we put on our volunteer Board members obviously become greater. I wish to thank our Company Secretary, Trish Munro and our Treasurer, Sandra Adams, for their excellent contribution during the past 12 months. Also I want to thank Grant Little who chairs the Business Development sub-committee, Coralie Coulson who chairs the Publicity and Public Relations sub-committee, Trish Munro who chairs the Governance and Audit sub-committee and finally thank you to Quentin Baudinette, who does an outstanding job co-ordinating repairs and improvements to the bank building as well as arranging advertising signs. Also I want to particularly highlight the significant contribution made by Elizabeth Britten in her first year as a Director. She has taken on a big workload and I appreciate her enthusiasm and professional attitude. To those other Directors I haven't mentioned, thank you for your contribution over the past year. You have all given me tremendous support and I consider it a real honour to work with you on such an important community enterprise. I also acknowledge the tremendous support given by our Warrnambool-based Regional Manager, Gary Attrill, who always finds ways of making things happen. Gary is great to work with and he loves the Coleraine community "can do" spirit!

Staffing

We all know that one of the key ingredients of our stunning success is the quality of our staff. I want to place on record the Board's sincere appreciation to Rosina and her staff for their commitment and dedication to our bank. Rosina has created and maintained a tremendous working environment both for staff and their customers and I congratulate the staff on the first rate reputation they have earned for providing excellent customer service. Having a resident Manager and staff who actually like dealing with customers is what sets our bank apart from the others and with over 2,200 accounts the **Community Bank**[®] model is working just beautifully in Coleraine! I also want to acknowledge the tireless efforts of our Customer Relationship Manager, Bindy Rentsch, who is a great backup for Rosina and the other staff – a real dynamo!

The future

Shareholders and customers have in place excellent staff and a hard working and united Board of Directors who have grown the business to almost \$50 million within six years. Our target is to grow the business to at least \$56 million within the next 12 months. We have consistently achieved our growth targets since inception and this trend should continue. You, as shareholders, own one of the most important businesses in the district and it will continue to service our community for future generations. This is at least one crucial service that our community controls; we decide when we open and what services we need and we decide how we redistribute our profits. As we grow each year and make more profits, we are able to partner with local government and other funding sources to facilitate some bigger projects for our district and that exciting prospect is happening now!

In conclusion, I want to inform shareholders that after six years as Board Chairman, I will not be seeking re-election in that role but I do intend to stay on as a Director for the long term. I have really enjoyed this position and have overseen business growth of about \$44 million whilst at the helm of this remarkable local business. Over the past 18 months I have taken on a part time paid "Mentor" role with the parent company assisting other towns establish community banks such as Dunkeld, Heywood, Port Fairy and Terang, and it is now time to pass the Chairman baton to another Director. I am very proud of my performance in this demanding role and I remain indebted to my fellow Directors for their strong support of me over the past six years.

A handwritten signature in black ink, appearing to read 'John Kane', written over a large, faint, oval-shaped watermark or background mark.

**John Kane
Chairman**

Sponsorships allocated for the year ended 30 June 2009

| | |
|--|---------------------|
| Coleraine & District Hospital | \$ 5,600.00 |
| Coleraine Golf Club | 650.00 |
| Coleraine Show Shearing Competition | 100.00 |
| Coleraine Floral Art | 150.00 |
| Tour of Southern Grampians Cycling Event | 500.00 |
| Coleraine Bowls Club | 300.00 |
| Coleraine Primary School Parents Club | 300.00 |
| Hamilton & District Darts Association | 300.00 |
| St Joseph's School Parents Association | 300.00 |
| Coleraine Auskick | 200.00 |
| Coleraine Race Club | 1,500.00 |
| Coleraine Cricket Club | 250.00 |
| Coleraine Lions Club | 50.00 |
| Wannon Community News | 100.00 |
| Coleraine Junior Netball | 200.00 |
| Coleraine Art Show | 150.00 |
| Coleraine Football & Netball Club | 300.00 |
| Coleraine P & A Society | 900.00 |
| Merino Golf Club | 200.00 |
| Coleraine Christmas Parade | 300.00 |
| Coleraine Child Care Centre | <u>900.00</u> |
| TOTAL | \$ 13,150.00 |

Manager's report 30 June 2009

I present the sixth annual report of Coleraine & District **Community Bank**[®] Branch of the Bendigo Bank.

The branch, in operation now since opening its doors in April 2003, has quietly thrived considering this year the bank has faced a global financial crisis. Customers are confident in their local banking facilities, and with the competitive range of products offered, we continue to see steady growth. The government guarantee on deposits gave our customers that much needed peace of mind.

This financial year the branch's business portfolio commenced at \$40.9 million and with a growth exceeding budget set at approx \$6 million, to an actual increase of \$8.3 million in overall business, the total figure at close of business on the 30 June 2009 was \$49.2 million. An excellent figure considering the economic uncertainty. Through sheer hard work and team effort to stay ahead of the financial crisis the results have by far proven that "where there is a will there is a way". Of course none of the above would have been possible if it were not for our customers who not only support the **Community Bank**[®] concept in which the model is built upon, but have faith in the banking products and services that Bendigo and Adelaide Bank offer when meeting their financial needs. A closer look at our business mix for the 2009 financial year showed deposits at \$26.3 million, lending \$18.3 million and other business \$4.5 million (newly named Rural Bank formerly Elders, Financial Planning, Superannuation, Leveraged Equities, Community Sector Banking).

Customer numbers continue to increase which is evident from the added account numbers. A reminder that Bendigo and Adelaide Bank offers specialised lending with agribusiness and business banking in which regular visits are made to meet this need. The branch has an excellent Financial Adviser whose service was most evident over the financial year where superannuation, shares, retirement, taxation advice etc was urgently sought. Our insurance is very competitive in the market when looking at our sales efforts.

Profits earned from our partnership with Bendigo Bank Telco will in turn be directed to a community project requiring a financial boost.

Manager's report 30 June 2009 continued

Staff changes to the Branch welcomed part-time CSO Michelle Ferey, relieving for Janelle Tooley who applied for an extension to her 12 month maternity leave. Part-time CSO Tamara Nash came back from maternity leave and the Branch also welcomed new member CSO Donna Cook who replaced CSO Caroline Bullen. Belinda Rentsch commenced a Diploma in Financial Planning; this will in turn greatly benefit the Branch as well as adding an extra skill to Belinda's profile. My staff are the backbone of the Branch, their support, work ethic, and willingness to go that extra mile is without a doubt why we are a success. I would like to thank Belinda, Donna, Michelle, Andrea and Tamara, because without their efforts we would not be the Branch we are today.

The Bank continues to thrive with its ongoing future extremely positive. Servicing our customers is of the utmost importance and is what separates us from the other banks. Personalised friendly customer service makes the customer feel welcome and relaxed so that we are able to offer them the best financial product. The customer benefits, the bank benefits and the community benefits; indeed a formula where everyone benefits.

In conclusion, thank you to Chairman John Kane and his Board of Directors. Their support, motivation, belief and total enthusiasm towards the **Community Bank**[®] model is the reason the company continues to head in the right direction. A variety of people with their own individual personalities brought together for the one concept - Community Banking.

Most importantly thank you to our customers who without a doubt continue to make the branch the success it is today.



Rosina Te Maipi
Branch Manager

Coleraine & District Financial Services Ltd

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Directors' Report

30 June 2009

Your directors present their report on the company for the financial year ended 30 June 2009.

1. General information

Directors

The names of the directors in office at any time during, or since the end of, the year are:

| Names | Appointed/Resigned |
|---|----------------------|
| John Thomas Kane Farmer | |
| Graeme Joseph Wallis Retired Local Government Manager | Retired 11/11/2008 |
| Quentin Arthur Baudinette Cabinet Maker | |
| Coralie Louise Coulson Part time Administrative Assistant | |
| Grant James Little Farm Manager | |
| Sandra Margaret Adams Clerical Assistant & Fellow of the Institute of Company Directors | |
| Leslie Eugene Brighton Baudinette Retired Automotive Engineer | Retired 11/11/2008 |
| Peter Joseph Leake Retired Bank Officer | Retired 11/11/2008 |
| Lachlan Malcolm McDonald Rural Merchandiser Proprietor/Farmer | |
| Patricia Ann Munro Bookkeeper/Farmer | |
| Alexandra Louise Kelso Farmer | |
| Alan Moss Human Resource Manager | Leave of absence |
| Elizabeth Britten - Retired Teacher | Appointed 11/11/2008 |
| Valerie Joyce Lawson | Appointed 24/03/2009 |
| Timothy James Johnston | Appointed 26/05/2009 |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of Coleraine & District Financial Services Ltd during the financial year were in providing community banking services under management rights to operate a franchised branch of Bendigo Bank Limited.

No significant change in the nature of these activities occurred during the year.

2. Business review

Dividends paid or declared

Dividends paid or declared since the start of the financial year are as follows:

- An unfranked dividend of \$ 14,084 was declared for payment on the 28th October 2008 for distribution in 2009-10.

Coleraine & District Financial Services Ltd

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Directors' Report

30 June 2009

2. Business Review (continued)

Operating Results

The profit of the company for the financial year after providing for income tax amounted to \$ 2,405 (2007/2008 \$33,772).

3. Director Information

Meetings of Directors

During the financial year, 11 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

| | Directors' Meetings | |
|---|---------------------|-----------------|
| | Eligible to attend | Number attended |
| John Thomas Kane Farmer | 11 | 10 |
| Graeme Joseph Wallis Retired Local Government Manager | 4 | 2 |
| Quentin Arthur Baudinette Cabinet Maker | 11 | 10 |
| Coralie Louise Coulson Part time Administrative Assistant | 11 | 8 |
| Grant James Little Farm Manager | 11 | 10 |
| Sandra Margaret Adams Clerical Assistant & Fellow of the Institute of Company Directors | 11 | 11 |
| Leslie Eugene Brighton Baudinette Retired Automotive Engineer | 4 | 4 |
| Peter Joseph Leake Retired Bank Officer | 4 | 3 |
| Lachlan Malcolm McDonald Rural Merchandiser Proprietor/Farmer | 11 | 7 |
| Patricia Ann Munro Bookkeeper/Farmer | 11 | 8 |
| Alexandra Louise Kelso Farmer | 11 | 10 |
| Alan Moss Human Resource Manager | 11 | - |
| Elizabeth Britten - Retired Teacher | 7 | 7 |
| Valerie Joyce Lawson | 3 | 3 |
| Timothy James Johnston | 2 | 2 |

No significant changes in the company's state of affairs occurred during the financial year.

Coleraine & District Financial Services Ltd

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Directors' Report

30 June 2009

4. Other Matters

After balance day events

No matters or circumstances have arisen since the end of the financial year which 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 financial years.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307c of the corporations Act 2001 is set out on page 4.

Likely Developments

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Matter

The companies operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a state or territory.

Options

No options over shares or interest in the company were granted owing or since the end of the financial year and were not options outstanding at the date of this report.

Indemnities

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or have been an officer or auditor of the company.

Proceedings against the company

No person has applied for leave of count to bring proceedings on behalf on the company or intervene in any proceedings to when the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed in accordance with a resolution of the Board of Directors:

Director:



Dated

24/9/09

Coleraine & District Financial Services Ltd

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Income Statement

For the Year Ended 30 June 2009

| | | 2009 | 2008 |
|--|------|--------------|---------------|
| | Note | \$ | \$ |
| Revenue | 2 | 379,396 | 365,538 |
| Other income | 2 | 32 | 3,176 |
| Employee benefits expense | | (218,728) | (180,103) |
| Depreciation, amortisation and impairments | | (16,169) | (15,954) |
| Other expenses | | (141,094) | (124,412) |
| Profit before income tax | | 3,437 | 48,245 |
| Income tax expense | | (1,032) | (14,473) |
| Profit attributable to members | | 2,405 | 33,772 |
| Earnings Per Share: | | | |
| Overall operations: | | | |
| Basic earnings per share (cents per share) | | 0.01 | 0.07 |

The accompanying notes form part of these financial statements.

Coleraine & District Financial Services Ltd

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Balance Sheet

30 June 2009

| | Note | 2009 \$ | 2008 \$ |
|----------------------------------|------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | 87,651 | 80,772 |
| Trade and other receivables | 5 | 40,294 | 39,002 |
| Total current assets | | 127,945 | 119,774 |
| Non-current assets | | | |
| Property, plant and equipment | 6 | 82,472 | 68,726 |
| Deferred tax assets | | 74,047 | 75,079 |
| Intangible assets | 7 | 50,722 | 64,503 |
| Total non-current assets | | 207,241 | 208,308 |
| TOTAL ASSETS | | 335,186 | 328,082 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 8 | 37,562 | 35,022 |
| Short-term provisions | 9 | 9,202 | 7,044 |
| Total current liabilities | | 46,764 | 42,066 |
| Non-current liabilities | | | |
| TOTAL LIABILITIES | | 46,764 | 42,066 |
| NET ASSETS | | 288,422 | 286,016 |
| EQUITY | | | |
| Issued capital | 10 | 469,472 | 469,472 |
| Reserve | | 14,084 | - |
| Retained earnings | | (195,134) | (183,456) |
| TOTAL EQUITY | | 288,422 | 286,016 |

Coleraine & District Financial Services Ltd

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Statement of Changes in Equity

For the Year Ended 30 June 2009

| | | 2009 | | | |
|------|--------------------------------|--------------------|----------------------|----------------------------------|----------------|
| | | Ordinary Shares | Retained Earnings | Community Projects Reserve | Total |
| Note | | \$ | \$ | \$ | \$ |
| | Balance at 1 July 2008 | 469,472 | (183,456) | - | 286,016 |
| | Profit attributable to members | - | 2,406 | - | 2,406 |
| | Transfers to and from reserves | - | - | 14,084 | - |
| | Sub-total | - | 2,406 | 14,084 | 2,406 |
| | Balance at 30 June 2009 | 469,472 | (181,050) | 14,084 | 288,422 |

| | | 2008 | | | |
|------|--------------------------------|--------------------|----------------------|----------------------------------|----------------|
| | | Ordinary Shares | Retained Earnings | Community Projects Reserve | Total |
| Note | | \$ | \$ | \$ | \$ |
| | Balance at 1 July 2007 | 469,472 | (217,228) | - | 252,244 |
| | Profit attributable to members | - | 33,772 | - | 33,772 |
| | Transfers to and from reserves | - | - | - | - |
| | Sub-total | - | 33,772 | - | 33,772 |
| | Balance at 30 June 2008 | 469,472 | (183,456) | - | 286,016 |

The accompanying notes form part of these financial statements.

Coleraine & District Financial Services Ltd

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Cash Flow Statement

For the Year Ended 30 June 2009

| | 2009 | 2008 |
|--|-----------------|-----------------|
| Note | \$ | \$ |
| Cash from operating activities: | | |
| Receipts from customers | 378,104 | 360,370 |
| Payments to suppliers and employees | (355,124) | (311,372) |
| Interest received | 32 | 3,176 |
| Net cash provided by (used in) operating activities | <u>23,012</u> | <u>52,174</u> |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment | <u>(16,133)</u> | <u>(69,218)</u> |
| Net cash provided by (used in) investing activities | <u>(16,133)</u> | <u>(69,218)</u> |
| Cash flows from financing activities: | | |
| Other activities: | | |
| Net increase (decreases) in cash held | 6,879 | (17,044) |
| Cash at beginning of financial year | <u>80,772</u> | <u>97,816</u> |
| Cash at end of financial year | <u>87,651</u> | <u>80,772</u> |

The accompanying notes form part of these financial statements.

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2009

1 Summary of Significant Accounting Policies continued

(j) Revenue continued

(a) General information

This financial report covers Coleraine & District Financial Services Ltd as an individual entity. Coleraine & District Financial Services Ltd is a company limited by shares, incorporated and domiciled in Australia.

(b) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(c) Comparatives

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

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The accompanying notes form part of these financial statements.

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2009

1 Summary of Significant Accounting Policies continued

(j) Revenue continued

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset

| | |
|---------------------|------|
| Buildings | 2.5% |
| Plant and Equipment | 20% |
| Computer Equipment | 40% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(f) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

(g) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(h) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

The accompanying notes form part of these financial statements.

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2009

1 Summary of Significant Accounting Policies continued

(j) Revenue continued

(i) Income taxes

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

(j) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Investment property revenue is recognised on a straight-line basis over a period of lease term so as to reflect a constant periodic rate of return on the net investment.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

The accompanying notes form part of these financial statements.

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2009

1 Summary of Significant Accounting Policies continued

(j) Revenue continued

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Rounding of Amounts

The company has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest \$ 1.

(m) Community Projects Reserve

This reserve records the value of dividends declared but not yet approved for payment.

(n) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods and which the company has not adopted early. A discussion of those future requirements and their impact on the company is as follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian

The accompanying notes form part of these financial statements.

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2009

Accounting Standards — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the company will be unable to be determined. The following changes to accounting requirements are included:

- acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
 - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
 - there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the company's policy);
 - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
 - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
 - where there is, in substance, no change to company interests, parent entities inserted above existing company's shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.
 - impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee;
- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the company. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
 - AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the company as a policy of capitalising qualifying borrowing costs has been maintained by the company.

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2009

- AASB 2008-1: Amendments to Australian Accounting Standard — Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.
- AASB 2008-2: Amendments to Australian Accounting Standards — Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, AASB 101, AASB 132 & AASB 139 & Interpretation 2] (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro-rata share of net assets only upon liquidation.
- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's 10 annual improvements project. No changes are expected to materially affect the company.
- AASB 2008-8: Amendments to Australian Accounting Standards — Eligible Hedged Items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the company .
- AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 —Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110] (applicable for annual reporting periods commencing from 1 July 2009). This amendment requires that non-current assets held for distribution to owners be measured at the lower of carrying value and fair value less costs to distribute.

The company does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the company's financial statements.

Coleraine & District Financial Services Ltd

77102030017

Notes to the Financial Statements

For the Year Ended 30 June 2009

2 Revenue

| | 2009 | 2008 |
|---------------------|----------------|----------------|
| | \$ | \$ |
| Sales revenue | | |
| - services revenue | 379,396 | 365,538 |
| - interest received | 32 | 3,176 |
| Total Revenue | <u>379,428</u> | <u>368,714</u> |

3 Auditors' Remuneration

| | 2009 | 2008 |
|---|-------|-------|
| | \$ | \$ |
| Remuneration of the auditor of the company for: | | |
| - auditing or reviewing the financial report | 1,850 | 1,700 |

4 Cash and cash equivalents

| | 2009 | 2008 |
|--------------|---------------|---------------|
| | \$ | \$ |
| Cash on hand | 87,651 | 80,772 |
| | <u>87,651</u> | <u>80,772</u> |

Reconciliation of Cash

| | 2009 | 2008 |
|---|---------------|---------------|
| | \$ | \$ |
| Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows: | | |
| Cash and cash equivalents | <u>87,651</u> | <u>80,772</u> |
| | <u>87,651</u> | <u>80,772</u> |

5 Trade and other receivables

| | 2009 | 2008 |
|-------------------|---------------|---------------|
| | \$ | \$ |
| CURRENT | | |
| Trade receivables | <u>39,083</u> | <u>35,258</u> |
| Prepayments | <u>1,211</u> | <u>3,744</u> |
| | <u>40,294</u> | <u>39,002</u> |

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2009

6 Property, plant and equipment

| | 2009 | 2008 |
|--|---------------|---------------|
| | \$ | \$ |
| PLANT AND EQUIPMENT | | |
| At cost | 3,526 | 3,526 |
| Accumulated depreciation | (3,246) | (3,142) |
| Total capital works in progress | 280 | 384 |
| Improvements | | |
| At cost | 94,945 | 78,812 |
| Accumulated depreciation | (12,753) | (10,470) |
| Total improvements | 82,192 | 68,342 |
| Total plant and equipment | 82,472 | 68,726 |
| Total property, plant and equipment | 82,472 | 68,726 |

(a) Movements in Carrying Amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year

| | Plant and Equipment | Improvements | Total |
|------------------------------------|------------------------|--------------|---------|
| | \$ | \$ | \$ |
| Current Year | | | |
| Balance at the beginning of year | 384 | 68,342 | 68,726 |
| Additions | - | 16,133 | 16,133 |
| Depreciation expense | (104) | (2,283) | (2,387) |
| Carrying amount at the end of year | 280 | 82,192 | 82,472 |

7 Intangible assets

| | 2009 | 2008 |
|---|----------|---------|
| | \$ | \$ |
| Licenses and Franchises | | |
| Cost | 68,909 | 68,909 |
| Accumulated amortisation and impairment | (18,187) | (4,406) |
| Net carrying value | 50,722 | 64,503 |

Coleraine & District Financial Services Ltd

77102030017

Notes to the Financial Statements

For the Year Ended 30 June 2009

7 Intangible assets continued

| | 2009 | 2008 |
|-------------------|--------|--------|
| | \$ | \$ |
| Total Intangibles | 50,722 | 64,503 |

8 Trade and other payables

| | 2009 | 2008 |
|--|--------|--------|
| | \$ | \$ |
| CURRENT | | |
| Unsecured liabilities | | |
| Trade payables | 12,063 | 12,332 |
| GST payable | 11,288 | 10,786 |
| Withholding taxes payable | 9,604 | 7,858 |
| Payroll and superannuation liabilities | 4,607 | 4,046 |
| | 37,562 | 35,022 |

9 Provisions

| | 2009 | 2008 |
|-----------------------|-------|-------|
| | \$ | \$ |
| Employee Entitlements | 9,202 | 7,044 |
| | 9,202 | 7,044 |

10 Issued Capital

Summary Table

| | 2009 | 2008 |
|---------------------------|---------|---------|
| | \$ | \$ |
| -(2008: 469,472) Ordinary | 469,472 | 469,472 |
| Total | 469,472 | 469,472 |

Coleraine & District Financial Services Ltd

77102030017

Notes to the Financial Statements

For the Year Ended 30 June 2009

11 Income tax expense

(a) The components of tax expense comprise:

| | 2009 | 2008 |
|-------------|--------------|---------------|
| | \$ | \$ |
| Current tax | 1,032 | 14,473 |
| | <u>1,032</u> | <u>14,473</u> |

12 Dividends

Dividends and distributions paid/payable

| | 2009 | 2008 |
|---|---------------|----------|
| | \$ | \$ |
| 2009 declared final unfranked ordinary dividend of 3 cents per share to be declared for payment in 2009-10. | 14,084 | - |
| | <u>14,084</u> | <u>-</u> |

13 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

| | 2009 | 2008 |
|--|---------------|---------------|
| | \$ | \$ |
| Net income/loss for the year | 2,405 | 33,772 |
| Cash flows excluded from profit attributable to operating activities | | |
| Non-cash flows in profit | | |
| Amortisation | 13,782 | 13,406 |
| Depreciation | 2,387 | 2,548 |
| Changes in assets and liabilities | | |
| (Increase)/decrease in trade and term receivables | (3,825) | (5,168) |
| (Increase)/decrease in prepayments | 2,533 | (150) |
| Increase/(decrease) in trade payables and accruals | 2,540 | (4,826) |
| Increase/(decrease) in deferred taxes payable | 1,032 | 14,473 |
| Increase/(decrease) in provisions | 2,158 | (1,881) |
| | <u>23,012</u> | <u>52,174</u> |

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2009

14 Company Details

Registered office

The registered office of the company is:
Coleraine & District Financial Services Ltd
59 Whyte Street
Coleraine VIC 3315

Principal place of business

The principal places of business are:
59 Whyte Street
Coleraine VIC 3315

15 Key Management Personnel Compensation

Remuneration of directors

| | Short-term Benefits \$ | Total \$ |
|--------------------|------------------------------|--------------|
| 2009 | | |
| Total Compensation | - | <u>3,000</u> |
| 2008 | | |
| Total Compensation | - | <u>-</u> |

Loans from Directors

Directors, and director-related entities, have provided the unsecured interest-free at call loans to the trust disclosed in the income statement.

- -

Distributions

Distributions to directors are identified in the income statement.

- -

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2009

16 Operating Lease Commitments

| | 2009 | 2008 |
|--|--------------|--------------|
| | \$ | \$ |
| Non-cancellable operating leases contracted for but not capitalized in the financial statements: | | |
| Payable – minimum lease payments: | | |
| - not later than 12 months | - | - |
| - between 12 months and 5 years | - | - |
| - greater than 5 years | 6,894 | 7,631 |
| | <u>6,894</u> | <u>7,631</u> |

17 Financial Risk Management

The Group's financial instruments consist of mainly of deposits with banks, local money and market instruments, long-term investments, accounts receivable and payable and a loan to its subsidiary.

The total for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

| | 2009 | 2008 |
|---|----------------|----------------|
| | \$ | \$ |
| Financial assets | | |
| Cash and cash equivalents | 87,651 | 80,772 |
| Loans and receivables | 40,294 | 39,002 |
| Available-for-sale financial assets | | |
| - Equity investments | - | - |
| | <u>127,945</u> | <u>119,774</u> |
| Financial Liabilities | | |
| Financial liabilities at amortised cost | | |
| - Trade and other payable | 37,562 | 35,022 |
| - Borrowings | - | - |
| | <u>37,562</u> | <u>35,022</u> |

18 Related Party Transactions

There are no related parties involved.

Coleraine & District Financial Services Ltd

77102030017

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 18, present fairly the company's financial position as at 30 June 2009 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations); and
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director 

Director 

Dated 24/9/09



COFFEY HUNT

199 Kororoit Street

PO Box 677

Warrnambool VIC 3280

TELEPHONE (03) 5562 3544

FAX (03) 5562 0589

WEBSITE www.coffeyhunt.com.au

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
COLERAINE & DISTRICT FINANCIAL SERVICES LIMITED**

Report on the financial report

We have audited the accompanying financial report of Coleraine & District Financial Services Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.



Auditor's opinion

In our opinion,

- (a) the financial report of Coleraine & District Financial Services Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view, of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Coffey Hunt.

COFFEY HUNT
CHARTERED ACCOUNTANTS

Christoph K.

C.J. KOL
PARTNER

Dated at Warrambool: 24th September 2009.



COFFEY HUNT

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF COLERAINE & DISTRICT FINANCIAL SERVICES LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

C.J. KOL
PARTNER
COFFEY HUNT

Dated at Warrnambool: 24th September 2009.

