annual report 2009

Corangamite Financial Services Limited

ABN 80 105 703 099

Anglesea & District **Community Bank®** Branch
Winchelsea & District **Community Bank®** Branch

Contents

Chairman's report

For year ending 30 June 2009

It is with great pleasure that I can report to you on behalf of the Company that despite the global credit collapse and extremely difficult trading conditions your Company has traded profitably and exceeded its growth target by $5 million.

The business holdings as at the 30 June 2009 were $135 million a growth of $25 million over the previous 12 months.

The international credit crisis did effect our trading position especially during the very volatile period of November to March when term deposits were in the 7 - 8% range and Treasury notes were at 3.75% - 4.5%. This significantly impacted upon our income streams.

Nonetheless, your Company produced a profit of $75,789 after allowing for the business expenses, accounting adjustments and provisions of over $110,000 for various Community grants.

In the circumstances it is a pleasure to announce that the Board has resolved to pay a 4¢ fully franked dividend in respect of shares held as at 5 November 2009.

In the course of running our business, the Board has negotiated with Bendigo and Adelaide Bank Ltd, the renewal of the Franchise Agreement to include a further 5 year (i.e. 3x5 years), such Agreement to be amended to recognise our ownership of the freehold premises at Main Street Winchelsea.

The purchase of the land at Moriac has been completed, appropriate permits obtained and a contract signed with a local builder to commence building the medical facility at Moriac.

The premises will be leased to Hesse Rural Health and additionally the Board is considering the viability of provisioning some financial facility.

Recently the Dementia Wing at Hesse Hospital was opened, a showpiece for the state of the art management of this ever increasing condition facing our communities.

Our collaboration with Hesse Rural Health is simply an example of the Bank's engagement with the Community to secure outcomes both for the benefit of our shareholders and the communities in which we live.

We have also provided "in principle" support to the proposed redevelopment of a 6 star energy rated and carbon neutral facility for Anglesea CFA.

The Board has additionally allocated funds for Regional Marketing programs, one of which provided 10,000 students and teachers in our catchment to attend a live performance at Geelong Performing Arts Centre (GPAC).

As part of the constant review and renewal of our business strategies, the Board has developed a 5 year business plan, directing the future growth and development of the business.

Six years ago Ken McDonald wrote to the Community via our Prospectus, inviting subscriptions to invest in the Company so as to deliver significant social and economic benefits to our region and the prospect of positive returns to the shareholders. Additionally and importantly it provided the opportunity to return banking services and to retain some control over local capital.

Chairman's report continued

I believe that your Board has not only achieved all of those outcomes, but has exceeded all of these expectations. Additionally the **Community Bank®** branches have provided great leadership in the development and promotion of important issues within our community.

The Board is of the opinion that to serve the future growth and development, it is important that our staff are adequately supported. With this in mind we have restructured our staffing positions with the appointment of two new personnel.

Rosemary Gillett has been appointed as Manager of Winchelsea. We are indeed fortunate to obtain her services as she brings a wealth of experience and enthusiasm. We wish her all the best.

Additionally we have created a new role of Business Development Manager to facilitate the projected growth of the business, to support Jeremy Morris and the Board in the strategic planning and business development and be able to relieve our Branch Managers and Executive Manager whilst on leave.

On behalf of the shareholders and members of the Board, I take this opportunity to thank Jeremy Morris and his staff for the contribution towards the continuing success of our business in very difficult and challenging times, together with Judy Munro, our Company Secretary/executive Officer for her contribution to the smooth running of the business and ensuring due compliance.

Also thanks and appreciation are extended to all our volunteer Directors for the outstanding contribution they have made on your behalf in developing and maintaining the business.

Just prior to last year's AGM one of our Directors, Michael Hancock, passed away very unexpectedly. Mike had been part of the Anglesea Steering Committee and joined the Board when Anglesea **Community Bank®** Branch got up and running.

Mike was a very passionate supporter of the **Community Bank®** model and provided great encouragement and support in the development of the business. Both his presence and his contribution have been sadly missed by the Board.

Further, the Board appointed Michael Fitzpatrick as an Associate Director to fill the vacancy left by Mike Hancocks passing. Michael has made a significant contribution and is greatly appreciated.

Founding Director, Lloyd Gosling retired in November 2008 but continued to act as an Associate Director and the Board greatly appreciates his wise counsel and contribution to the running of the business.

The performance of your Company was recognised when Corangamite Financial Services Ltd won the "Best First Year Entry" Business Excellence Awards sponsored by the Geelong Advertiser. Entering the Awards, provided us with the opportunity to step outside our business, to measure our business against a range of other businesses and provide some audit on how your business is being conducted. We are doing well but we can do it better.

Finally I would like to express both my personal appreciation, and also on your behalf, to Pat Murnane, our Regional Manager and his staff who provide us with great support and counsel.

John Tebbutt

Chairman

Manager's report

For year ending 30 June 2009

The 2008/2009 financial year was challenging with unforeseen economic conditions as the effects of the global financial crisis set in. The uncertainties in what was to come caused many to take a very conservative approach and prepare to 'weather the storm'.

Despite the turbulent economic climate, we were again able to exceed our budget growing $23 million with some strong deposit volumes at Anglesea branch. We achieved deposit growth of $18 million with attractive interest rates in the first quarter, later supported by the comfort of the Government deposit guarantee as people transferred funds from other forms of investment. I commend our staff for these great results with their positive and confident outlook and passion for our Community Company and its objectives.

Although our growth budgets were exceeded, our income was hindered by the falling interest rates with the Reserve Bank reducing the cash rate by 4.25% including three 1.00% drops. The effect of these reductions coupled with the public's general cautiousness in the financial climate, caused a change in the product mix of account holdings and a significant slimming of our interest earnings. No financial services provider was immune to the consequences of the financial climate, however Corangamite Financial Services was very well insulated and we have recently seen an improvement in our earnings with stabilising interest rates and likewise, the return of consumer confidence within our market.

Our status within our communities is continuing to develop as our message of being more than a bank assisting and delivering Community outcomes becomes increasingly evident. We have been eagerly working with numerous local clubs and organisations assisting and guiding them toward their goals. This to me is extremely rewarding as helping build stronger communities is what we are about. Our staff are receiving more and more enquiries for support and guidance from Community groups and organisations both from within and outside of our branches.

Moving into the new financial year, we have again set ourselves a challenging growth target and other objectives which we believe we will be positioned to achieve. Our history shows that we have been very successful in building our business volumes with a customer base that now exceeds 3,500 and holdings of $135 million, and we intend to continue this growth curve.

We have developed a new position of Business Development Manager which has been eagerly filled by Ms Megan Wood. Megan has been working closely with our existing staff in a business banking capacity with Bendigo and Adelaide Bank Ltd, and also brings great banking expertise and knowledge of the local area. Also, we have Ms Rosemary Gillett joining us as the Winchelsea Branch Manager, replacing Carlin Veale. Rosemary is also an existing Bendigo and Adelaide Bank Ltd employee and brings with her a wealth of Bendigo and Adelaide Bank Ltd experience and enthusiasm. Both Rosemary and Megan will compliment our structure and are committed to our Community Company's pursuits and endeavours. I would like to thank Carlin for his service and wish him all the best as he seeks opportunities closer to his family network in Warrnambool.

Manager’s report continued

Finally, I would like to thank our Anglesea and Winchelsea staff for their support over the past year as their commitment and enthusiasm at the front line has again been outstanding. Also, thanks to our customers who put their money where their mouth is to support their Community and give us the opportunity to assist them to achieve their financial needs.

The commitment and passion of Company Directors and Officers never ceases to amaze me. The number of hours they spend maintaining and building our business on behalf of your Community is exceptional. I would also like to extend my appreciation to Bendigo and Adelaide Bank Ltd and in particular Pat Murnane and the Geelong Regional Office staff for their ongoing support.

Jeremy Morris

Branch Manager

Community contributions

As well as enhancing the banking facilities and assisting in the retention of local retail spending within the area we operate, we have also been able to make some significant contributions back into our communities delivering upon the **Community Bank®** philosophy - to build stronger communities.

The community contributions of our Company extend beyond donations and sponsorships. Our staff and Directors assist or partner with many local groups and organisations. Some of the organisations we have been working with include:-

- Anglesea Men's Shed Committee
- Upper Barwon Landcare Network
- Anglesea Meals on Wheels
- Hesse Rural Health Service
- Anglesea Fire Station Redevelopment Committee
- Eastern Reserve Committee of Management
- Anglesea Bowls Club

Our Company has also established 11 'Community Partnerships' who receive an income stream by encouraging their supporters to bank with our Anglesea or Winchelsea branches. These Community Partnerships are with:-

- Eastern Reserve Committee of Management
- Anglesea Bowls Club
- Anglesea Netball Club
- Anglesea Tennis Club
- Anglesea Football Club
- Winchelsea Football Club
- Winchelsea Golf Club
- Winchelsea Bowls Club
- Anglesea Surf Life Saving Club
- Anglesea Motor Yacht Club
- Anglesea CFA

To support these Community Partnerships, new or existing customers sign a linking document within the bank branches, authorising the bank to return to the organisation, a percentage of the banks income from their banking business. This offer is available to core deposit and loan Bendigo and Adelaide Bank Ltd accounts held at our branches. No names nor banking details are disclosed to the club nor is the customer's interest compromised in any way.

Community contributions continued

In total, more than $110,000 was returned to over 50 local clubs and groups in the 2008/2009 financial year including:-

Aireys Open Mic Festival

Anglesea Art House

Anglesea Art Walk

Anglesea Bowling Club

Anglesea Cycle & Coffee Club

Anglesea Football Club

Anglesea Football Club (U 10's)

Anglesea Lions Club

Anglesea Live

Anglesea Netball Club

Anglesea Netball Club (U 10's)

Anglesea Primary School

Anglesea RSL

Anglesea Surf Life Saving Club

Anglesea Tennis Club

Barwon Health Foundation

Barwon Valley Pony Club

Otway and Suf Coast Tourism

Bellbrae Primary School

Birregurra Festival

Birregurra Golf Club

Blue Cross Family Day

Camp Wilkin

Cancer Council Victoria

Deans Marsh Poineer Festival

East Otway Landcare Network

GPAC Education Program

Hesse Rural Health Service

Life Education Geelong

Lorne Kindergarten

Modewarre Scouts

Ovarian Cancer Council

Smith Family for Life

Sue Vaughan Cancer Foundation

Surf Coast Arts

Aireys Inlet Festival of Words

Upper Barwon Landcare Network

Winchelsea Community House

Winchelsea Football Club

Winchelsea Football Ladies Auxiliary

Winchelsea Girl Guides

Winchelsea Golf Club

Winchelsea Primary School

Winchelsea RSL

Winchelsea Senior Citizens

Winchelsea Uniting Church

Directors' report

For year ending 30 June 2009

Your Directors present this report on the Company for the financial year ended 30 June 2009.

Directors

The names of each person who has been a Director during the year and to the date of this report are:

Robert John Earl

Stanley Lloyd Gosling AM KSJ (Resigned 11/11/2008)

John McKenzie Knuckey

James Thomas Lidgerwood

Jeannette Mathison

Kenneth Ian McDonald

John Hubert Tebbutt

Michael Frederick Stuart Hancock (Deceased 19th October 2008)

Russell Raymond Hattwell

Lachlan James Morgan Wilson

Michael Cole McConnell

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

Company Secretaries

The name of each person who is a Company Secretary at the end of the financial year together with their qualifications and experience are:

Name:	**Judith Lorraine Munro**
Occupation:	Project Manager.
Background Information:	Original member of Steering Committee to get **Community Bank®** branch initially established. 4 years Executive Officer to the Board. 3 years Company Secretary.
Resides:	Gherang

Directors' report continued

Meetings of Directors

During the financial year, 11 meetings of Directors were held. Attendances by each Director during the year were as follows:

	No. Board meeting eligible to attend	No. attended
K. I. McDonald	11	11
R.J. Earl	11	10
J. Mathison	11	9
J.H. Tebbutt	11	10
J.T. Lidgerwood	11	9
S.L. Gosling	5	3
J.M. Knuckey	11	6
M.F.S. Hancock	3	1
R.R. Hattwell	11	9
L.J.M. Wilson	11	6
M.C. McConnell	11	7

Operation results

The net profit of the Company after providing for income tax was $75,789 (2008 - $69,456).

Review of operations

The Company began operation in November 2003 and has grown steadily with assets under management now exceeding expectations. In the past financial year the Company exceeded its banking business growth budget by $5m despite the very difficult and turbulent trading conditions.

As a Company with a core business of providing financial services on behalf of the Bendigo and Adelaide Bank Ltd we are bound by its policies and procedures, the interest rates of the products set by the bank as well as being influenced by the banks brand reputation and marketplace perception.

Significant changes in state of affairs

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

Principal activities

The principal activities of the Company during the year related to the development of the **Community Bank®** branches with the support of the Bendigo and Adelaide Bank Ltd. No significant change in the nature of these activities occurred during the year.

Directors' report continued

After balance date events

No specific 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 subsequent financial years. The Company is subject to the global, national and local economic conditions with the majority of the current economic reports and forecasts indicate improvement upon conditions experienced during 2008/2009. Since the conclusion of the financial year, we have experienced an improvement in revenue from our existing business holdings as income has increased with interest rates stabilising following the rate volatility of 2008/2009.

The Board is hopeful that despite the continuing uncertainties associated with the global financial crisis our business will continue to grow.

Future developments

The likely developments in the operations of the Company and the expected results of those operation in future financial years are as follows:

The Board has developed a 5 Year Business Plan and anticipates continuing in implementing that plan and seeking out new opportunities to enhance and grow the business.

Environmental issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a State or Territory.

Dividends

There were dividends paid during the year amounting to $56,848 (2008 - $42,636).

Indemnifying Officer or Auditor

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an Officer or Auditor of the Company.

Proceedings on behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party.

The Company was not a party to any such proceedings during the year.

Share options

No options to shares in the Company have been granted during the financial year and there were no options outstanding at the date of this report.

Directors' report continued

Directors particulars

The Directors responsible in office at the date of this report together with their qualifications, experience and special responsibilities are:

Name:	**Kenneth Ian McDonald**
Occupation:	Agricultural adviser – crop production and grain marketing.
Background Information:	Self-employed business owner, Director of three agricultural businesses. Long time local resident.
Resides:	Winchelsea
Name:	**Jeannette Mathison**
Occupation:	Partner in farm business. Registered Nurse (Div 1)
Background Information:	Board member of Hesse Rural Health Service. Long time resident of Winchelsea.
Resides:	Winchelsea
Name:	**James Thomas Lidgerwood**
	Company Treasurer
Occupation:	Agricultural sales / farming
Background Information:	Self employed business owner. Involved with the local church and public hall committee.
Resides:	Winchelsea
Name:	**Lachlan James Morgan Wilson**
Occupation:	Manager of Agribusiness Theme
Background Information:	Graduate of Marcus Oldham College.
Resides:	Winchelsea
Name:	**John Hubert Tebbutt**
Occupation:	Barrister at Law
Background Information:	Past president Torquay Golf Club, licensed legal practitioner (Vic), accredited mediator (Vic Bar). Foundation Director of the Geelong Community Enterprise.
Resides:	Torquay
Name:	**Robert John Earl**
Occupation:	Civil Engineer / Contractor
Background Information:	Past president of the Civil Contractors Association (Geelong Region), member of the Winchelsea Strategic Planning Committee (Surf Coast Shire), long time local resident.
Resides:	Winchelsea
Name:	**John McKenzie Knuckey**
Occupation:	Business proprietor – agricultural retail and manufacturing.
Background Information:	Past executive of local sporting clubs. Long time resident.
Resides:	Winchelsea

Directors' report continued

Name:	**Russell Raymond Hattwell**
Occupation:	Retired
Background Information:	Well known Anglesea resident.
Resides:	Anglesea
Name:	**Michael Cole McConnell**
Occupation:	Builder, property developer
Background Information:	Member Master Builders of Victoria.
Resides:	Anglesea

Auditors' declaration

A copy of the Auditor's independence declaration as required under s 307C of the Corporations Act 2001 is set out in the attached financial reports.

This report of the Directors is signed in accordance with a resolution of the Board of Directors.

John Tebbutt
Director

Dated 16 September 2009.

Auditor’s independence declaration

To the members of Corangamite Financial Services Limited

As Auditor for Corangamite Financial Services Limited for the year 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of Auditor independence requirements of the Corporations Act 2001, in relation to the audit,

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Corangamite Financial Services Limited and the entities it controlled during the period.

Davidsons Assurance Services

Stephen Wight

47 Yarra Street,
Geelong VIC 3220

Dated 16 September 2009.

Financial statements

Income statement
For year ending 30 June 2009

	Note	2009 $	2008 $
Revenue from ordinary activities	2	1,263,801	1,143,666
Other revenue		-	-
Expenses from ordinary activities			
Administration & general costs		254,892	277,755
Franchise costs		25,653	24,000
Employee benefits		615,864	511,036
Depreciation		47,877	56,882
Impairment		23,420	-
Amortisation		-	15,000
Occupancy costs		52,793	55,945
Information technology costs		101,023	86,411
Finance costs		322	-
Other expenses		32,410	20,689
Total expenses from ordinary activities		**1,154,254**	**1,047,718**
Net profit / (loss) from ordinary activities before income tax expense	**3**	**109,547**	**95,948**
Income tax expense	4	33,758	26,492
Net profit / (loss) for the year		**75,789**	**69,456**
Basic earnings per share (cents per share)		0.053	0.049

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet
As at 30 June 2009

	Note	2009 $	2008 $
Current assets			
Cash and cash equivalents	7	177,162	609,529
Trade & other receivables	8	98,544	83,691
Prepayments	12	5,056	9,247
Total current assets		**280,762**	**702,467**
Non-current assets			
Deferred tax asset	9	15,525	12,080
Property, plant & equipment	10	584,270	102,751
Intangible assets	11	122,234	79,561
Prepayments	12	-	3,000
Financial assets	13	60,220	84,240
Total non-current assets		**782,249**	**281,632**
Total assets		**1,063,011**	**984,099**
Current liabilities			
Trade & other payables	14	31,519	32,703
Short term provisions	15	39,577	33,193
Current tax liabilities		29,033	19,162
Borrowings	16	6,120	-
Total current liabilities		**106,249**	**85,058**
Non-current liabilities			
Long term provisions	15	11,948	6,138
Borrowings	16	32,971	-
Total non-current liabilities		**44,919**	**6,138**
Total liabilities		**151,168**	**91,196**
Net assets		**911,843**	**892,903**
Equity			
Issued capital	17	966,000	966,000
Retained earnings	18	(54,157)	(73,097)
Total equity		**911,843**	**892,903**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Receipts from customers		1,296,116	1,097,616
Interest received		30,480	31,882
Payments to suppliers and employees		(1,118,473)	(942,361)
Income tax paid		(27,332)	-
Net cash provided by (used in) operating activities	**19**	**180,790**	**187,137**
Cash flows from investing activities			
Proceeds from sale of property, plant & equipment		10,000	-
Purchase of property, plant & equipment		(534,410)	(2,230)
Purchase of share investments		-	(3,888)
Purchase of other non-current assets		(72,712)	-
Net cash (used in) investing activities		**(597,122)**	**(6,118)**
Cash flows from financing activities			
Proceeds from issue of shares		-	420
Proceeds from borrowings		39,091	
Dividends paid		(55,126)	(42,636)
Net cash provided by (used in) financing activities		**(16,035)**	**(42,216)**
Net increase / (decrease) in cash held		**(432,367)**	**138,803**
Cash & cash equivalents at the beginning of the financial period		609,529	470,726
Cash & cash equivalents at the end of the financial period	**7**	**177,162**	**609,529**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2009

	Note	Issued capital $	Retained earnings $	Total $
Balance at 1 July 2007		966,000	(99,917)	866,083
Profit / (loss) for the year		-	69,456	69,456
Dividend paid	6	-	(42,636)	(42,636)
Balance at 30 June 2008		**966,000**	**(73,097)**	**892,903**
Profit / (loss) for the period		-	75,789	75,789
Dividend paid	6	-	(56,848)	(56,848)
Balance at 30 June 2009		**966,000**	**(54,157)**	**911,843**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

This financial report covers Corangamite Financial Services Limited as an individual entity. Corangamite Financial Services Limited is a Company limited by shares, incorporated and domiciled in Australia.

Note 1. Statement of significant accounting policies

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with 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. 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 and 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.

a) Income tax

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 of 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 expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

a) Income tax (continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b) 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.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Note 1. Statement of significant accounting policies (continued)

b) Property, plant and equipment (continued)

Plant and equipment

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

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight line or diminishing value basis over their useful lives 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 for the lease or the estimated useful lives of the improvements.

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

Classes of fixed assets	**Depreciation rate**	
	2009	**2008**
Furniture and fittings	5-33%	5-33%
Leasehold improvements	20%	20%

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

An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Note 1. Statement of significant accounting policies (continued)

c) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified ‘at fair value through profit or loss’ in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

i. Financial asset at fair value through profit and loss

   Financial assets are classified at ‘fair value through profit or loss’ when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investments strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii. Loans and receivables

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

Note 1. Statement of significant accounting policies (continued)

c) Financial instruments (continued)

Classification and subsequent measurement (continued)

iii. Held-to-maturity investments

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

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Financial guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as financial liabilities at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- The likelihood of the guaranteed party defaulting in a year period;
- The proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- The maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

d) Impairment of assets

At each reporting date, the entity 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.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash–generating unit to which the asset belongs.

e) Intangibles

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The original franchise agreement term for the Winchelsea branch expired during the year. The renewal of the franchise agreement for a term of a further five years is currently being finalised. A payment of $72,712 has been made during the year for this renewal and is being amortised on a monthly basis over the life of the agreement.

f) Employee benefits

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

g) 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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

h) 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 borrowings in current liabilities on the balance sheet.

i) Revenue and other income

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.

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.

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

j) 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 Australian Taxation 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 expenses. 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.

k) Comparative figures

When required by accounting standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

l) Rounding

All amounts shown in the financial statements are expressed to the nearest dollar.

m) Receivables

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

Collectability of debts is reviewed on an ongoing basis. The Directors believe that the full amount of debt is recoverable, and no doubtful debt provision has been made at 30 June 2009.

Note 1. Statement of significant accounting policies (continued)

n) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates – impairment

The Company assesses impairment at each reporting date by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of goodwill at reporting date.

	2009 $	2008 $

Note 2. Revenue and other income

Operating activities		
Services revenue	1,233,321	1,111,784
Interest received – other persons	30,480	31,882
Total revenue from operating activities	**1,263,801**	**1,143,666**

Note 3. Profit before income tax

Operating profit before abnormal items and income tax has been determined after:

(i) Charging as an expense		
Interest expense	322	-
Depreciation		
• Leasehold improvements	39,205	46,265
• Furniture and fittings	3,747	6,158
• Computer software	4,386	4,459
• Motor vehicles	539	-

	2009 $	2008 $

Note 3. Profit before income tax (continued)

Impairment		
• Shares – Bendigo and Adelaide Bank Ltd	23,240	-
Amortisation of non-current assets		
• Franchise and training fees	32,894	39,000
Other provisions		
• leave entitlements	12,193	8,290

Note 4. Income tax expense

a) The prima facie tax on profit from ordinary activities before tax is reconciled to the income tax as follows:

Prima facie tax payable on operating profit before income tax at 30%	32,864	28,784
Add: tax effect of:		
• Other non-allowable deductions	7,026	(2,292)
Less: tax effect of		
• Other recoupments	722	-
• Investment allowance	5,410	-
Income tax expense attributable to profit from ordinary activities	**33,758**	**26,492**
Weighted average effective rate	30.82%	27.61%

Note 5. Auditor's remuneration

Remuneration of the Auditor of the Company for:

Auditing or reviewing the financial report	**5,800**	**5,450**

	2009 $	2008 $

Note 6. Dividends

Distributions paid:		
Declared fully franked ordinary dividend of 4 cents per share unfranked	56,848	42,636
Balance of franking account at year end adjusted for franking credits arising from:		
• payment of provision for income tax		
• dividends recognised as receivables		
and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years	26,747	-

Note 7. Cash

Cash on hand and at bank	41,523	17,463
Deposits at call	135,639	592,066
Total cash	**177,162**	**609,529**

Note 8. Trade & other receivables

Current		
Franchise income receivable	98,544	83,691
Total receivables	**98,544**	**83,691**

(a) Provision for impairment of receivables

Current trade and term receivables are non-interest bearing and generally on 30 day terms. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired.

The Directors have determined that there are no receivables currently subject to impairment.

Note 8. Trade & other receivables (continued)

Credit risk

The Company does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the Company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Company and the customer or counterparty to the transactions. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Company.

The balance of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount $	Past due and impaired $	<30 $	31-60 $	61-90 $	>90 $	Within initial trade terms $
2009							
Trade and term receivables	98,544	-	-	-	-	-	98,544
Total	**98,544**	**-**	**-**	**-**	**-**	**-**	**98,544**
2008							
Trade and term receivables	83,691	-	-	-	-	-	83,691
Total	**83,691**	**-**	**-**	**-**	**-**	**-**	**83,691**

The Company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

	2009 $	2008 $
(b) Financial assets classified as loans and receivables		
Trade and other receivables:		
- total current	98,544	83,691
Financial assets	98,544	83,691

	2009 $	2008 $

Note 9. Deferred tax asset

Future income tax benefit	15,525	12,080
The future income tax benefit is made up of the following estimated tax liabilities:		
Other	15,525	12,080
	15,525	**12,080**

Note 10. Property, plant & equipment

Land and buildings – Winchelsea	252,711	-
Land – Moriac	223,909	-
Leasehold improvements Winchelsea – at cost	66,249	66,249
Less: accumulated depreciation	(62,023)	(55,883)
	4,226	**10,366**
Leasehold improvements Anglesea – at cost	166,854	166,854
Less: accumulated depreciation	(133,620)	(100,555)
	33,234	**66,299**
Office furniture & fittings Winchelsea – at cost	51,459	40,026
Less: accumulated depreciation	(20,830)	(17,378)
	30,629	**22,648**
Office furniture & fittings Anglesea – at cost	7,597	6,277
Less: accumulated depreciation	(3,657)	(2,839)
	3,940	**3,438**
Motor vehicles – Winchelsea	36,160	-
Less: accumulated depreciation	(539)	-
	35,621	**-**
Total property, plant & equipment	**584,270**	**102,751**

Note 10. Property, plant & equipment (continued)

	Land & build Winch $	Land Moriac $	Leasehold impr. Winch $	Leasehold impr. Ang $	Furniture & fittings Winch $	Furniture & fittings Ang $	Motor Vehicles Winch $	Total $
Balance at 1 July 2007	-	-	23,608	99,084	25,477	4,252	-	152,421
Additions	-	-	-	2,230	-	-	-	2,230
Disposals	-	-	-	-	-	-	-	-
Depreciation	-	-	(13,242)	(35,015)	(2,829)	(814)	-	(51,900)
Balance at 30 June 2008	**-**	**-**	**10,366**	**66,299**	**22,648**	**3,438**	**-**	**102,751**
Additions	252,711	223,909	-	-	10,910	1,320	36,160	525,010
Disposals	-	-	-	-	-	-	-	-
Depreciation	-	-	(6,140)	(33,065)	(2,929)	(818)	(539)	(43,491)
Balance at 30 June 2009	**252,711**	**223,909**	**4,226**	**33,234**	**30,629**	**3,940**	**35,621**	**584,270**

Note 11. Intangibles

	2009 $	2008 $
Non-current		
Goodwill – Anglesea premises	35,000	35,000
Franchise fee – Winchelsea	72,712	60,000
Less: accumulated amortization	(9,412)	(55,759)
Franchise fee – Anglesea	60,000	60,000
Less: accumulated amortization	(36,066)	(24,066)
Total franchise fee	**87,234**	**40,175**
Computer software – Anglesea	13,377	13,377
Less: accumulated depreciation	(13,377)	(8,991)
	-	**4,386**
Total intangible assets	**122,234**	**79,561**

	2009 $	2008 $

Note 12. Prepayments

Current		
Rent – Anglesea	2,056	2,006
Training – Winchelsea	-	4,241
Training – Anglesea	3,000	3,000
	5,056	**9,247**
Non-current		
Training – Anglesea	-	3,000
	-	**3,000**
Total prepayments	**5,056**	**12,247**

Note 13. Financial assets

Non-current		
Available for sale financial assets	60,220	83,640
(a) Available-for-sale financial assets comprise		
Shares – Geelong Community Ent	40,760	40,760
Shares – Bendigo and Adelaide Bank Ltd	19,460	42,880
	60,220	**83,640**

Available for sale financial assets comprise investments in the ordinary issued capital of various entities.

There are no fixed returns or fixed maturity dates attached to these investments.

	Shares Geelong Community Enterprises	Shares Bendigo and Adelaide Bank Ltd
Opening balance 1/7/2007	40,760	42,880
Balance 30/6/2008	40,760	42,880
Impairment		(23,240)
Balance 30/6/2009	**40,760**	**19,460**

Notes to the financial statements continued

	2009 $	2008 $

Note 14. Trade & other payables

	2009 $	2008 $
Current		
Trade and sundry creditors	31,519	32,703
Total payables	**31,519**	**32,703**

Note 15. Provisions

	2009 $	2008 $
Current		
Provision for annual leave	25,823	31,872
Provision for long service leave	13,754	1,321
	39,577	**33,193**
Non-current		
Provision for long service leave	11,948	6,139
	11,948	**6,139**
Total provisions	**51,525**	**39,332**
Total employees at reporting date:	**10**	**9**

Note 16. Borrowings

	2009 $	2008 $
Current		
Chattel mortgage	6,120	-
Non-current		
Chattel mortgage	32,971	-
Total borrowings	39,091	-
a. Total current and non-current secured liabilities:		
Chattel mortgage	39,091	-
b. The carrying amounts of non-current assets pledged as security are:		
Motor vehicle	35,621	-

	2009 $	2008 $

Note 17. Issued capital

Issued and paid up capital: 1,421,200 (2008: 1,421,200) ordinary shares, fully paid as at 30 June	966,000	966,000

	Number of shares 2009	Number of shares 2008
Opening balance	1,421,200	1,421,200
Shares issued	-	-
Closing balance	**1,421,200**	**1,421,200**

	2009 $	2008 $

Note 18. Retained profits

Retained profits at the beginning of the year	(73,098)	(99, 918)
Net profit (loss) attributable to members	77,789	69,456
Payment of dividend	(56,848)	(42,636)
Retained profits at the end of the year	**(54,157)**	**(73,098)**

Note 19. Cash flow information

(a) Reconciliation of net cash used in operating activities to operating result

Profit from ordinary activities after income tax	75,789	69,456

	2009 $	2008 $
Note 19. Cash flow information (continued)		
Non-cash flow in profit from ordinary activities:		
Depreciation	47,877	56,359
Amortisation	25,653	24,000
Impairment	23,420	-
(Increase) / decrease in receivables	(14,852)	(14,164)
(Increase) / decrease in prepayments	7,191	(12,994)
(Increase) / decrease in deferred tax assets	6,426	7,330
Increase / (decrease) in sundry creditors	(2,907)	3,708
Increase / (decrease) in provisions	12,193	27,454
Cash flows from operating activities	**180,790**	**187,137**

Note 20. Remuneration and retirement benefits

(a) The names of Directors whom have held office during the financial year are:

Robert John Earl	James Thomas Lidgerwood
Stanley Lloyd Gosling	Jeanette Mathison
John McKenzie Knuckey	Kenneth Ian McDonald
Michael Cole McConnell	John Hubert Tebbutt
Russell Raymond Hatwell	Michael Frederick Hancock
Judith Lorraine Munro - Secretary	Lachlan James Wilson

(b) Income paid

Income paid or payable to all Directors of the Company : $Nil (2008 $Nil)

Note 21. Related party transactions

There were no transactions with Directors of Director related entities during the year ended 30 June 2009.

Note 22. Contingent liabilities

There are no known contingent liabilities for Corangamite Financial Services Limited

Notes to the financial statements continued

Note 23. Segment reporting

Industry segment

Corangamite Financial Services Limited's only industry segment is the provision of branch banking services.

Geographical segment

Corangamite Financial Services Limited operates in Winchelsea and Anglesea, Victoria.

Note 24. Capital commitments

The Board advises that it has a commitment to develop the property acquired during the year at Moriac. As of the end of the financial year, the Board was yet to sign any building contracts but had received quotes in the order of $280,000 and believe that this would be indicative of their forward commitment to the project.

Note 25. Events after balance date

There are no events that have occurred since the end of the period to the date of signing the report which would have impacted the result for the period.

Note 26. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and loans.

The totals 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:

Categorisation of financial instruments

			Carrying amount	
	Note	**Category**	**2009 $**	**2008 $**
Financial assets				
Cash and cash equivalents	7	n/a	177,162	609,529
Receivables	8	Loans and receivables	98,544	83,691
Financial assets	13	Available for sale of financial assets (at fair value)	60,220	83,640

Note 26. Financial risk management (continued)

Categorisation of financial instruments (continued)

	Note	Category	Carrying amount 2009 $	Carrying amount 2008 $
Financial liabilities				
Payables	16	Financial liabilities measured at amortised cost	31,519	32,703
Borrowings	15	Financial liabilities measured at amortised cost	39,091	-

Financial risk management policies

The Directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Company operations. The Company does not have any derivative instruments at 30 June 2009.

Specific financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

(a) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Company is also exposed to earnings volatility on floating rate instruments.

Note 26. Financial risk management (continued)

(a) Interest rate risk (continued)

Interest rate exposure and ageing analysis of financial assets as at 30 June 2009

	Carrying amount $	Interest rate exposure: Fixed interest rate $	Variable interest rate $	Non interest bearing $	Not past due and not impaired $
2009					
Financial assets					
Cash and cash equivalents	177,162	135,639	41,304	219	177,162
Receivables	98,544	-	-	98,544	98,544
Financial assets	60,220	-	-	60,220	60,220
Total financial assets	**335,926**	**135,639**	**41,304**	**158,983**	**335,926**
Payables	31,519	-	-	31,519	31,519
Borrowings	39,091	39,091	-	-	39,091
Total financial liabilities	**70,610**	**39,091**	**-**	**31,519**	**70,610**
2008					
Financial assets					
Cash and cash equivalents	609,529	592,066	17,149	314	609,529
Receivables	83,691	-	-	83,691	83,691
Financial assets	83,640	-	-	83,640	83,640
Total financial assets	**776,860**	**592,066**	**17,149**	**167,645**	**776,860**
Payables	32,703	-	-	32,703	32,703
Borrowings	-	-	-	-	-
Total financial liabilities	**32,703**	**-**	**-**	**32,703**	**32,703**

(b) Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- Preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- Monitoring undrawn credit facilities;
- Obtaining funding from a variety of sources;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets;

Note 26. Financial risk management (continued)

(b) Liquidity risk (continued)

- Only investing surplus cash with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

	Within 1 year		1 to 5 years		Over 5 years		Total contractual cash flow	
	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $
Financial liabilities due for payment								
Loans	6,120	-	32,971	-	-	-	39,091	-
Trade and other payables	31,519	32,703	-	-	-	-	31,519	32,703
Total expected outflows	**37,639**	**32,703**	**32,971**	**-**	**-**	**-**	**70,610**	**32,703**
Financial assets – cash flows realisable								
Cash and cash equivalents	177,162	609,529	-	-	-	-	177,162	609,529
Trade, term and loan receivables	98,544	83,691	-	-	-	-	98,544	83,691
Other investments	-	-	-	-	60,220	83,640	60,220	83,640
Total anticipated inflows	**275,706**	**693,220**	**-**	**-**	**60,220**	**83,640**	**335,926**	**776,860**
Net (outflow)/inflow on financial instruments	238,067	660,517	(32,971)	-	60,220	83,640	265,316	744,157

Financial assets pledged as collateral

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts.

(c) Foreign exchange risk

The Company is not exposed to fluctuations in foreign currency.

(d) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the Board of Directors has otherwise cleared as being financially sound.

Note 26. Financial risk management (continued)

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the balance sheet. There are no material amounts of collateral held as security at 30 June 2009.

Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to parties securing the liabilities of certain related parties (refer note 16 for details)

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 8.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company. The trade receivables balance at 30 June 2009 and 30 June 2008 consist entirely of counterparties with external credit ratings provided by Standard and Poor's (S&P). The following table provides information regarding the credit risk relating to trade receivables based on S&P counterparty credit ratings.

	2009 $	2008 $
Trade receivables		
-BBB+ rates	98,544	83,691

Credit risk related to balances with banks and other financial institutions is managed by the Board of Directors in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's (S&P) rating of at least BBB+. The following table provides information regarding the credit risk relating to cash and money market securities based on S&P counterparty credit ratings.

	2009 $	2008 $
Cash and cash equivalents		
-BBB+ rates	98,544	83,691

Note 26. Financial risk management (continued)

(e) Price risk

The Company is not exposed to any significant price risk.

Sensitivity analysis

The following table illustrates sensitivities to the Company's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

		Interest rate risk			
		-1%		+1%	
	Carrying amount $	Profit $	Equity $	Profit $	Equity $
2009					
Financial assets					
Cash and cash equivalents	177,162	(1,771)	(1,771)	1,771	1,771
Receivables	98,544				
Financial assets	60,220				
Financial liabilities					
Trade creditors and accruals	31,519				
Borrowings	39,091				
2008					
Financial assets					
Cash and cash equivalents	609,529	(6,095)	(6,095)	6,095	6,095
Receivables	83,691				
Financial assets	83,640				
Financial liabilities					
Trade creditors and accruals	32,703				
Borrowings	-				

Note 27. Company details

The registered office and principal place of business of the Company is:

Corangamite Financial Services Limited
11 Main Street,
Winchelsea VIC 3241

Directors' declaration

The Directors of the Corangamite Financial Services Limited declare that:

1. The financial statements and notes, as set out on pages 12 to 38 are in accordance with the Corporation Act 2001 and:
    a. comply with Accounting Standards; and
    b. Give a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the period ended on that date; 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:

John Tebbutt
Director

Dated 16 September 2009.

Independent audit report

Independent Auditor's Report to the members of Corangamite Financial Services Limited

We have audited the accompanying financial report of Corangamite 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 and other explanatory notes and the Directors' declaration during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal 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, 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 (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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 judgment, including the assessment of the 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of Corangamite Financial Services Limited would be in the same terms if provided to the Directors as at the date of this Auditor's report.

Independent audit report continued

Auditor's opinion

In our opinion:

a. the financial report of Corangamite Financial Services Limited is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company financial position as at 30 June 2009 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.

b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Davidsons Assurance Services

Stephen Wight

47 Yarra Street,
Geelong VIC

Dated 16 September 2009.

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