



2009 annual report

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Chairman's report

For year ending 30 June 2009

On behalf of the Board it is a pleasant duty to bring you this Annual Report.

In a very successful year our business has grown from \$43.7 to \$65 million, a major achievement and very rewarding for all those involved. This has resulted in a small profit for our company for the first time.

The small profit shown on the following Audited Financial Statements has been effected by the current global financial irregularity and our partner, Bendigo Adelaide Bank, having had a difficult year; has positioned itself well to weather this storm. In the last two months of the financial year our margins have improved and should continue to improve in the new financial year.

To our Branch Manager, Les Vercoe, and his wonderful staff, once again a big thank you and congratulations on a wonderful year. I believe our branch to be very professional in the way they carry out their duties and the excellent service they give to our customers.

Another thank you I would like to make is to shareholders and customers in our community who have shown wonderful support for our branch. These are the people who will make possible bigger grants to the community in the future – the whole reason for us being in existence.

A thankyou also to Ken and Margaret Gibson at the Clunes Agency for the wonderful growth they have had in the last 12 months. Earlier this year we installed an ATM to offer a greater service to the people of Clunes. This has been well supported by the Clunes community.

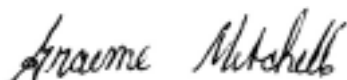
The Bendigo Market Development Fund has made it possible for us to be involved with \$17,125 worth of funds donated to not for profit charities in our District since our inception. Many more worthwhile projects will benefit from this in years to come.

During the coming year we will make our first major commitment of \$50,000 to the Doug Lindsay Community Centre at the Doug Lindsay Reserve. We are hopeful that many other projects such as this can be supported in the future.

At last year's Annual Meeting Mr Michael Daunt was appointed to our Board. Michael is well known in the local District and has been a wonderful asset to our Board. He has been very helpful in working with our Branch Manager Les.

To the Board goes my thanks for their wonderful commitment to the community and the work they have done to make this year another successful year. We did have a full Board review from an independent consultant and the Board was rated very highly. This is further proof of the Board's commitment to maintain the highest possible standards for the shareholders and I congratulate them on the results.

I challenge you all to continue to promote our branch for all banking, insurance and Telco products which will help our branch become bigger and better so that we can do more for our community.



Graeme Mitchell
Chairman

Manager's report

For year ending 30 June 2009

Whilst we are experiencing tough economic times and have done so for the majority of the financial year it is very pleasing to see our branch continue to grow. Our total footings as at June 30 2009 were \$65 million an increase of \$21 million for the year. Accounts totalled 2,987 up by almost 1,000 on last year. Our targeted growth for the year was \$20 million, so it was good to be able to achieve our target despite all the economic doom and gloom we keep hearing about.

One thing that has changed dramatically is the profit margins we have been able to achieve. Because of the reduction of interest rates our margins have also declined. This will improve over time particularly as Term Deposit holdings mature and are rolled over at substantially lower rates that they had previously enjoyed.

Our book is reasonably balanced with \$42 million in deposits and \$22 million in loans (approximately 65/35 split). The closer we can get to a 50/50 split the higher our returns would be. In other words if we could lend out the same amount as we hold in deposits, we wouldn't be relying on the overnight money market for a return on our excess funds.

I am confident that we have bottomed out in regard to margin returns as the last two months have shown significant improvement.

Over the past two years we have been able to contribute in excess of \$17,000 back into our community. The Board has also agreed to support the Doug Lindsay Reserve with a substantial contribution. This I believe enforces what we are all about, retuning capital back into the community to ensure a sustainable future for our community and future generations, while at the same time providing an excellent banking alternative.

Income is derived from many sources including margins and fees, however, we should never lose sight of the fact that good income can also be made through other channels such as insurance sales, financial advisor commissions, Community Telco and e*trade referrals. Shareholders can greatly assist our **Community Bank**[®] branch by simply asking for a quote next time they are renewing their existing insurance whether it be house, car, boat, caravan, travel or even health insurance. Life insurance is also available through our financial planner.

I would like to take this opportunity to congratulate my staff on another excellent year. Whilst our staff members remained constant throughout the year few major changes did occur. We welcomed Louise Jennings (Customer Relations Officer) to our staff in July 2008 and she has been a huge asset to our branch. I'm sure all of you who have had the pleasure of meeting Louise know what a pleasant experience it is to visit our branch. We are indeed fortunate to have such a wonderful and dedicated group of ladies to look after our banking and financial needs.

I alluded to a number of staff changes during the year and congratulations must go to:
Kristin Living who was married to Troy on October 11 2008
Lou Jeffreys who became engaged to David Beames in July 2008
Louise Jennings who became engaged to Damien Clark on May 14 2009 .

Manager's report continued

Lou and David were married in Salzburg, Austria on 31 July 2009 . We wish Lou and David every happiness for the future.

A big thank you must also go to our extended staff in Ken Bennett (Business Banking) Tim Tremain (Financial Planning) and Gavin Svanosio (Agribusiness Specialist) We are indeed fortunate to have these experts assisting us in achieving our growth targets whilst at the same time proving our customers with excellent service. Gavin has just recently been appointed to the Ballarat region on a full time basis and will be available to assist us grow our Agribusiness portfolio.

A significant part of our business is the Clunes Agency and we thank Ken and Margaret Gibson for their continued support at the Agency. In December 2008 we installed an ATM at the Clunes Agency. Our prime aim was to provide an additional service to the Clunes residents in allowing them access to 24/7 banking. We have been elated by the usage the Clunes ATM has been getting with recent months showing close to 2,400 transactions per month. The Creswick ATM has been achieving in excess of 5,000 monthly transactions on a regular basis. The past 12 months has seen a substantial increase in balances held at the Agency and we look forward to working with Ken and Marg to further develop the Clunes Agency.

In conclusion I would like to thank the Board of Directors for their continued support throughout the year. Whilst the Board members are continually looking for ways to increase our business (for the betterment of the community), in particular by referring prospective clients to the branch, you as a Shareholder can also play a key role in this regard. I ask you to remind your family and friends of the benefits the **Community Bank**[®] is providing to our community and that they can also make a difference by Banking with the Creswick & District **Community Bank**[®] Branch.



Les Vercoe
Branch Manager



Message from Bendigo Bank

2008/09 will go down as one of the most tumultuous financial years in history. The global financial crisis and its aftermath wiped trillions of dollars off the world's net wealth. Some of the biggest names in international banking disappeared; many other banks – vastly bigger than Bendigo Bank – turned to governments to bail them out. Not surprisingly, confidence sagged, reflected in rising unemployment and stock markets falling by around half their former valuations.

In short, we have seen the biggest financial meltdown since the Great Depression of nearly 80 years ago.

Amidst all that turmoil, though, our grassroots banking movement marched steadily on. Twenty new **Community Bank**[®] branches joined Bendigo Bank's national network. Around 120,000 new customers switched to the Bendigo style of banking. And 70 more communities continued their local campaign to open a **Community Bank**[®] branch.

Those statistics are impressive in themselves, but it is the story behind them that is really important.

That's the story of ordinary people – an awful phrase, but you know what I mean – who inherently understand that the role of bank is to feed *into* prosperity, rather than profit *from* it. That lesson was forgotten by many bankers across the globe, with devastating consequences. But it is now well understood by the residents of 237 towns and suburbs that own their own **Community Bank**[®] branch, because every day they see the fruits of their investment in locally owned banking.

Again, the statistics are impressive enough – \$29 million paid out in community projects and nearly \$11 million in local shareholder dividends. But again, the real stories lie behind the numbers – new community centres and fire trucks, more local nurses, new walking tracks and swimming pools, safer young drivers, more trees and fewer wasteful incandescent globes, innovative water-saving projects ... the list goes on.

And of course more money retained and spent locally. And more jobs. Fifteen hundred or so just in the branches alone. More because of the flow-on, or multiplier, effect of those wages being spent locally. And yet more because of the extra shopping now done in communities made more prosperous and active by having their own bank branch.

Community Bank[®] branches have not escaped the fallout from the global turmoil. Like Bendigo Bank, they have received less income than in normal times. But also like Bendigo Bank, they have not needed anyone's help to get through this crisis. And every day we are reminded that banks that are relevant and connected locally will be valued by their customers and communities. For the better of all.

Russell Jenkins
Chief General Manager Retail & Distribution

Directors' report

Your Directors submit their report of the company for the financial year ended 30 June 2009.

Directors

The names and details of the company's directors who held office during or since the end of the financial year are:

Graeme Mitchell Chairperson Business Proprietor	Margaret Giles Director Employment Consultant
Neville Giles Director Retired	Bernie Charleson Director Farmer
Janine Booth Director Business Proprietor	Bob Orr Director Retired
Brendan Smith Director Hotelier	Sussan Smith Director Nurse
Graham Stephens Director Retired Farmer	Marcus Walsh Director Business Proprietor
Quentin Turner Director Retired	Michael Daunt (appointed 22 July 2008) Director Retired

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

Principal activities

The principal activities of the company during the course of the financial year were in providing community banking services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Operating Results

Operations have performed in line with expectations. The profit/(loss) of the company for the financial year after provision for income tax was \$30,222 (2008: (71,278)).

Significant changes in the state of affairs

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

Directors' report continued

Significant events after the balance date

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

Likely Developments

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

Directors' Benefits

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

Indemnification and Insurance of Directors and Officers

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

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

Directors Meetings

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

Number of Meetings Held: 12

Number of Meetings Attended:

Graeme Mitchell	11
Margaret Giles	12
Neville Giles	7
Bernie Charleson	9
Janine Booth	11
Bob Orr	9
Brendan Smith	7
Sussan Smith	7
Graham Stephens	9
Quentin Turner	12
Marcus Walsh	7
Michael Daunt (appointed 22 July 2008)	11

Directors' report continued

Company Secretary

Brendan Smith was appointed the company secretary of Creswick & District Financial Services Ltd in 2006. Brendan's qualifications and experience include 31 years owning and operating hotels.

Corporate Governance

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

- (a) The establishment of an audit committee. Members of the audit committee are Bob Orr Marcus Walsh and Brendan Smith;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Auditor Independence Declaration

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

Richmond Sinnott & Delahunty

Chartered Accountants



172-176 McIvor Rd
PO Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail: rsd@rsdadvisors.com.au

Auditor's Independence Declaration

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

Warren Sinnott
Partner
Richmond Sinnott & Delahunty
Bendigo
7 August 2009

Signed in accordance with a resolution of the Board of Directors at Creswick on 7 August 2009.



Graeme Mitchell, Chairperson

Financial Statements

Income Statement For year ending June 2009

	<u>Notes</u>	2009 \$	2008 \$
Revenues from ordinary activities	2	526,750	302,959
Employee benefits expense	3	(245,188)	(212,481)
Charitable donations and sponsorship		(5,186)	(2,183)
Depreciation and amortisation expense	3	(26,938)	(26,620)
Other expenses from ordinary activities		<u>(205,646)</u>	<u>(161,335)</u>
Profit / (Loss) before income tax expense		43,792	(99,660)
Income tax (expense) / benefit	4	<u>(13,570)</u>	<u>28,382</u>
Profit / (Loss) after income tax expense		<u><u>30,222</u></u>	<u><u>(71,278)</u></u>
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	20	4.47	(10.54)
- diluted for profit / (loss) for the year	20	4.47	(10.54)

Financial Statements

Balance Sheet

For year ending June 2009

	<u>Notes</u>	2009	2008
		\$	\$
Current Assets			
Cash assets	6	283,362	220,211
Receivables	7	56,548	40,878
Total Current Assets		<u>339,910</u>	<u>261,089</u>
Non-Current Assets			
Property, plant and equipment	8	168,434	171,995
Deferred income tax asset	4	43,718	57,288
Intangible assets	9	53,945	75,945
Total Non-Current Assets		<u>266,097</u>	<u>305,228</u>
Total Assets		<u>606,007</u>	<u>566,317</u>
Current Liabilities			
Payables	10	48,248	40,696
Provisions	11	16,044	9,863
Total Current Liabilities		<u>64,292</u>	<u>50,559</u>
Total Liabilities		<u>64,292</u>	<u>50,559</u>
Net Assets		<u>541,715</u>	<u>515,758</u>
Equity			
Share capital	12	652,187	656,452
Accumulated losses	13	(110,472)	(140,694)
Total Equity		<u>541,715</u>	<u>515,758</u>

Financial statements continued

Statement of cash flows For year ending June 2009

	<u>Notes</u>	2009 \$	2008 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		543,701	303,280
Cash payments in the course of operations		(491,842)	(378,150)
Interest received		16,934	8,465
Net cash flows from/(used in) operating activities	14b	<u>68,793</u>	<u>(66,405)</u>
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(1,377)	(664)
Refund of costs for property, plant & equipment		-	3,376
Net cash flows from/(used in) investing activities		<u>(1,377)</u>	<u>2,712</u>
Cash Flows From Financing Activities			
Equity raising costs		(4,265)	-
Net cash flows from/(used in) financing activities		<u>(4,265)</u>	<u>-</u>
Net increase / (decrease) in cash held		63,151	(63,693)
Add opening cash brought forward		220,211	283,904
Closing cash carried forward	14a	<u>283,362</u>	<u>220,211</u>

Financial statements continued

Statement of changes in equity For year ending June 2009

	2009 \$	2008 \$
SHARE CAPITAL		
<i>Ordinary shares</i>		
Balance at start of year	656,452	656,452
Issue of share capital	-	-
Share issue costs	<u>(4,265)</u>	<u>-</u>
Balance at end of year	<u>652,187</u>	<u>656,452</u>
ACCUMULATED LOSSES		
Balance at start of year	(140,694)	(69,416)
Profit / (Loss) after income tax expense	30,222	(71,278)
Dividends paid	<u>-</u>	<u>-</u>
Balance at end of year	<u>(110,472)</u>	<u>(140,694)</u>

Notes to the Financial Statements

1. Basis of preparation of the Financial Report

(a) Basis of accounting

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

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

The financial report was authorised for issue by the Directors on 7 August 2009.

(b) Statement of compliance

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

(c) Significant accounting policies

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

Income tax

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

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

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

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

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

Notes to financial statements continued

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

Property, plant and equipment

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

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

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

<i>Class of Asset</i>	<i>Depreciation Rate</i>
Building improvements	2.5%
Furniture & fittings	30%

Impairment

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

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

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

Revaluations

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

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

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

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

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

Recoverable amount of assets

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

Notes to financial statements continued

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

Goods and services tax

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

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

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

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

Employee Benefits

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

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

Intangibles

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

Cash

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

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

Revenue

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

Receivables and Payables

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

Notes to financial statements continued

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

Interest Bearing Liabilities

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

Provisions

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

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

Contributed Capital

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

2. Revenue from ordinary activities

	2009	2008
	\$	\$
Operating activities		
- services commissions	509,816	294,494
- other revenue	-	-
Total revenue from operating activities	<u>509,816</u>	<u>294,494</u>
Non-operating activities:		
- interest received	16,934	8,465
- other revenue	-	-
Total revenue from non-operating activities	<u>16,934</u>	<u>8,465</u>
Total revenue from ordinary activities	<u><u>526,750</u></u>	<u><u>302,959</u></u>

3. Expenses

Employee benefits expense		
- wages and salaries	214,426	180,787
- superannuation costs	19,707	16,178
- workers' compensation costs	541	874
- other costs	10,514	14,642
	<u>245,188</u>	<u>212,481</u>
Depreciation of non-current assets:		
- building improvements	4,461	4,461
- furniture & fittings	477	159
Amortisation of non-current assets:		
- Intangibles	22,000	22,000
	<u>26,938</u>	<u>26,620</u>

Notes to financial statements continued

4. Income Tax Expense	2009	2008
	\$	\$
The prima facie tax on profit / (loss) before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit / (loss) before income tax at 30%	13,138	(29,898)
Add tax effect of:		
- Non-deductible expenses	<u>432</u>	<u>1,516</u>
<i>Current income tax expense / (benefit)</i>	<u>13,570</u>	<u>(28,382)</u>
Income tax expense / (benefit)	<u><u>13,570</u></u>	<u><u>(28,382)</u></u>
Deferred income tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	<u>43,718</u>	<u>57,288</u>
5. Auditors' Remuneration		
Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:		
- Audit or review of the financial report of the company	3,650	3,650
- Preparation and lodgement of income tax return	450	450
- Share registry services	<u>1,800</u>	<u>-</u>
	<u><u>5,900</u></u>	<u><u>4,100</u></u>
6. Cash Assets		
Cash at bank and on hand	<u>283,362</u>	<u>220,211</u>
7. Receivables		
Trade debtors	<u>56,548</u>	<u>40,878</u>
8. Property, Plant and Equipment		
<i>Building Improvements</i>		
At cost	178,442	178,442
Less accumulated depreciation	<u>(11,413)</u>	<u>(6,952)</u>
	<u>167,029</u>	<u>171,490</u>
<i>Furniture & Fittings</i>		
At cost	2,041	664
Less accumulated depreciation	<u>(636)</u>	<u>(159)</u>
	<u>1,405</u>	<u>505</u>
Total written down amount	<u><u>168,434</u></u>	<u><u>171,995</u></u>

Notes to financial statements continued

8. Property, Plant and Equipment (continued)	2009	2008
	\$	\$
Movements in carrying amounts		
<i>Building Improvements</i>		
Carrying amount at beginning of year	171,490	179,327
Additions	-	-
Disposals / (refund of costs)	-	(3,376)
Depreciation expense	(4,461)	(4,461)
Carrying amount at end of year	<u>167,029</u>	<u>171,490</u>
<i>Furniture & Fittings</i>		
Carrying amount at beginning of year	505	-
Additions	1,377	664
Disposals	-	-
Depreciation expense	(477)	(159)
Carrying amount at end of year	<u>1,405</u>	<u>505</u>
9. Intangible Assets		
<i>Franchise Fee</i>		
At cost	10,000	10,000
Less accumulated amortisation	(5,096)	(3,096)
	<u>4,904</u>	<u>6,904</u>
<i>Establishment Fee</i>		
At cost	100,000	100,000
Less accumulated amortisation	(50,959)	(30,959)
	<u>49,041</u>	<u>69,041</u>
	<u>53,945</u>	<u>75,945</u>
10. Payables		
Trade creditors	27,274	23,235
Other creditors and accruals	20,974	17,461
	<u>48,248</u>	<u>40,696</u>
11. Provisions		
Employee benefits	<u>16,044</u>	<u>9,863</u>
Number of employees at year end	<u>5</u>	<u>5</u>
12. Share Capital		
676,459 Ordinary Shares fully paid of \$1 each	676,459	676,459
Less: Equity raising costs	(24,272)	(20,007)
	<u>652,187</u>	<u>656,452</u>

Notes to financial statements continued

	2009	2008
	\$	\$
13. Accumulated Profits / (Losses)		
Balance at the beginning of the financial year	(140,694)	(69,416)
Profit / (Loss) after income tax	30,222	(71,278)
Balance at the end of the financial year	<u>(110,472)</u>	<u>(140,694)</u>
14. Cash Flow Statement		
(a) Reconciliation of cash		
Cash assets	<u>283,362</u>	<u>220,211</u>
(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities		
Profit / (Loss) after income tax	30,222	(71,278)
Non cash items		
- Depreciation	4,938	4,620
- Amortisation	22,000	22,000
Changes in assets and liabilities		
- (Increase) decrease in receivables	(15,670)	(19,349)
- (Increase) decrease in deferred income tax asset	13,570	(28,382)
- Increase (decrease) in payables	7,552	20,428
- Increase (decrease) in provisions	6,181	5,556
Net cashflows from/(used in) operating activities	<u>68,793</u>	<u>(66,405)</u>

15. Director and Related Party Disclosures

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

Graeme Mitchell
 Margaret Giles
 Neville Giles
 Bernie Charleson
 Janine Booth
 Bob Orr
 Brendan Smith
 Sussan Smith
 Graham Stephens
 Marcus Walsh
 Quentin Turner
 Michael Daunt (appointed 22 July 2008)

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

Notes to financial statements continued

15. Director and Related Party Disclosures (continued)

Directors shareholdings	2009	2008
Graeme Mitchell	10,001	10,001
Margaret Giles	3,001	3,001
Neville Giles	2,001	2,001
Bernie Charleson	5,000	5,000
Janine Booth	3,501	3,501
Bob Orr	5,001	5,001
Brendan Smith	6,000	6,000
Sussan Smith	1,001	1,001
Graham Stephens	1,501	1,501
Marcus Walsh	501	501
Quentin Turner	500	500
Michael Daunt (appointed 22 July 2008)	5,000	5,000

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

16. Subsequent Events

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

17. Contingent Liabilities

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

18. Segment Reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Creswick, Victoria.

19. Corporate Information

Creswick & District Financial Services Ltd is a company limited by shares incorporated in Australia.

The registered office is:

PO Box 350
Ballarat

The principal place of business is:

1 Raglan Street
Creswick

Notes to financial statements continued

20. Earnings per share	2009	2008
	\$	\$
Basic earnings per share amounts are calculated by dividing profit / loss after income tax by the weighted average number of ordinary shares outstanding during the year.		
Diluted earnings per share amounts are calculated by dividing profit / loss after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).		
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Profit / (Loss) after income tax expense	<u>30,222</u>	<u>(71,278)</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>676,459</u>	<u>676,459</u>

Notes to financial statements continued

21. Financial risk management

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

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

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

(a) Credit Risk

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

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

	<u>Carrying Amount</u>	
	<u>2009</u>	<u>2008</u>
	\$	\$
Cash assets	283,362	220,211
Receivables	56,548	40,878
	<u>339,910</u>	<u>261,089</u>

The Company's exposure to credit risk is limited to Australia by geographic area.

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

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

(b) Liquidity risk

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

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

Notes to financial statements continued

21. Financial risk management (continued)

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

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	over 1 to 5 years \$	more than 5 years \$
30 June 2009					
Payables	48,248	(48,248)	(48,248)	-	-
Interest bearing liabilities	-	-	-	-	-
	<u>48,248</u>	<u>(48,248)</u>	<u>(48,248)</u>	<u>-</u>	<u>-</u>
30 June 2008					
Payables	40,696	(40,696)	(40,696)	-	-
Interest bearing liabilities	-	-	-	-	-
	<u>40,696</u>	<u>(40,696)</u>	<u>(40,696)</u>	<u>-</u>	<u>-</u>

(c) Market risk

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

Interest Rate Risk

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

Sensitivity analysis

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

	<u>Carrying Amount</u>	
	<u>2009</u>	<u>2008</u>
	<u>\$</u>	<u>\$</u>
Fixed rate instruments		
Financial assets	207,170	191,291
Financial liabilities	-	-
	<u>207,170</u>	<u>191,291</u>
Variable rate instruments		
Financial assets	76,192	28,920
Financial liabilities	-	-
	<u>76,192</u>	<u>28,920</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

Notes to financial statements continued

21. Financial risk management (continued)

(d) Net fair values

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

(e) Capital management

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

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

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

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

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

Directors' Declaration

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

In the opinion of the directors:

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

- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Graeme Mitchell, Chairperson

Signed at Creswick on 7 August 2009.

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



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

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

SCOPE

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Creswick & District Financial Services Limited, for the year ended 30 June 2009.

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

Audit approach

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

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

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

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

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

Independent audit report continued

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

INDEPENDENCE

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

AUDIT OPINION

In our opinion, the financial report of Creswick & District Financial Services Limited is in accordance with:

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

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 7 August 2009

boardmembers



Bernie Charleson



Sussan Smith



Graham Stephens



Neville Giles



Janine Booth



Brendan Smith



Robert Orr



Marcus Walsh



Margaret Giles



Graeme Mitchell



Quentin Turner



Michael Daunt

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