Upwey & District
Community Finance Limited
ABN 28 084 480 035

2009 annual report

Upwey & District **Community Bank®** Branch

Belgrave **Community Bank®** Branch

Cockatoo/Gembrook **Community Bank®** Branch

Upwey & District **Community Bank®** Group

Bendigo Bank

FINANCIAL REPORTS

UPWEY & DISTRICT COMMUNITY FINANCE LIMITED

A.C.N. 084 480 035

30 JUNE 2009

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Upwey & District Community Finance Ltd

Chairman's Report

It with great pride that I again report on another successful year and associated significant milestones that will be prominent in our history.

Our Business Achievements....

As will be detailed in other reports below, despite a period of economic difficulty, we have enjoyed continued (albeit reduced) growth with our Belgrave and Cockatoo-Gembrook branches and the Upwey branch continues to grow despite an increased number of re-domiciled Accounts and as mentioned in last year's report, a "natural" reduction due to matured loans and investments. Nevertheless, an outstanding effort by our Management team and staff.

The adverse economic climate referred to above has had an impact on the anticipated time that Belgrave and Cockatoo–Gembrook branches would attain profit status. Whereas we anticipated they would reach profit in 2010, it is now likely that will occur in 2011.

Your Board continues to be most confident that we will see increased business opportunities in the Cockatoo-Gembrook corridor in the longer term, which will further enhance the growth of this branch.

Our "remote" ATM's at Olinda and Marysville (prior to its destruction from the fires) are/were performing below our expectations. However, improved signage at both locations was starting to have an favourable effect at Marysville and has proven beneficial at Olinda. We remain most confident that improving the visual prominence of these facilities will continue to improve their performance.

A new ATM is about to be installed at Marysville.

I am proud to announce that a recent Feasibility Study has confirmed our belief that we should proceed to open a Sub Branch at Olinda–Mount Dandenong. Premises have been selected and we are hopeful that we will be opening the facility before Christmas.

We are extremely confident that we will be able to quickly develop on our existing business within the catchment and progress to the stage of converting the branch to a full **Community Bank®**.

Our Staff....

We report the following changes to our staff since our last report: Kym Sirre, who was working at our Cockatoo/Gembrook branch went on maternity leave in 2008 and resigned in May 2009 to be a stay at home mum to look after her twins. Lorraine Shiell joined our Upwey team with a good local knowledge as she previously worked for Ferntree Gully/Rowville **Community Bank®** branches.

It is extremely beneficial that we are fortunate to have a great team of staff committed to maintaining our outstanding customer relations record. I convey our Board's sincere appreciation to all for their continued excellent effort.

Our Management Team...

We continue to benefit from the excellent leadership of our Senior Group Manager Mike Fleming.

Mike continues to provide strong leadership to his team and has been able to develop his major business development role, including excellent progress with the Marysville area prior to and following the fires.

Upwey & District Community Finance Ltd

Chairman's Report cont.

It is important to recognise Mike's exemplary service to our customers following the tragic fires. Mike knew many of those who lost their lives in the fires and worked tirelessly with Tony Thompson to ensure we were able to provide the necessary support and banking services during an extremely difficult time.

We also extend our sincere appreciation to Luan Hanlen, Charmaine Jeffrey and Cory Sullivan for their excellent achievements at our Upwey, Belgrave and Cockatoo-Gembrook Branches during a difficult period.

Our Board...

It is with great pride that I can again report on the ongoing outstanding contribution of our Board.

All Directors continue to provide excellent support to me and display an impressive commitment to their roles and responsibilities. I extend my sincere appreciation to them all for their outstanding effort.

I make special mention of our Deputy Chairman Jean McLennan for her support to me and in her role as Chair of our Audit Committee. Jean is always willing to assist with attending to representative commitments which is greatly appreciated.

I must also recognise on behalf of the Board, Tony Thompson's assistance to Mike in providing post fire customer relations to our customers in the Marysville area. Tony suffered personal property and business loss, but stepped up to not only be of considerable assistance to Mike, but also assume a strong leadership role to his community of Marysville.

Our Community Support Initiatives...

Despite continuing to experience ongoing bureaucratic and regulatory obstacles, we are progressing with our investigation into the viability of a Retirement Village/Aged Activities Centre in the Upwey/Upper Ferntree Gully area.

Major delays were encountered with the Department of Planning but we are now progressing with discussions with the City of Knox for whom we are keen to get its support before we make another formal representation to the State Government. If we are able to obtain relevant approvals, we then prepare a submission to the State Government relative to appropriate sites and seek Federal/State funding support.

We are also proud to report that we have recently awarded $96,000 in grants and together with sponsorships already distributed in the last financial year, a total of $155,831 has been distributed to assist community groups continue their valuable work within their local communities. A total of $807,000 has been distributed since we commenced this initiative.

Your Investment...

It has been decided to allocate a dividend of 5 cents per share this year.

As I emphasised last year, it is important that we recognise our commitment to building works at the Upwey branch, we now also have the financial commitment to the new Olinda Sub Branch and our intention to commit to the proposed Retirement Village. However, we are confident that we will be able to continue to consider increased Dividends commensurate with the continued growth of the new sites and associated increased profits.

Upwey & District Community Finance Ltd

Chairman's Report cont.

Bendigo Bank Support...

I am pleased to report on continued excellent relations and support from Bendigo Bank.

We make special mention of our State Manager Scott Elkington and Regional Manager Alison Burr for their personal support and cooperation along with a number of support staff including Natalie Goold and Jacinta Hobbs, who also provide great assistance.

I also extend our appreciation to our new Area Manager, Russell Carrick, for his assistance and support along with the Senior Community Engagement Manager, Bill Den Hartog, for his leadership and assistance with the Olinda- Mount Dandenong Sub Branch project.

Business Development...

We continue to pro-actively and prominently market our business via local media and promotional events such as Business Breakfasts, sponsorships etc which continue to be productive and are being extended.

Our Executive Officer...

I must record my personal appreciation and that of our Board to Melisa Hepworth for her outstanding work. We are extremely fortunate to have Melisa's skills and experience and her great commitment to her role.

I have no hesitation in categorically stating that we would be unable to progress as we have done without her most capable administrative management efforts. We continue to be most grateful.

Building Extensions –Upwey Branch...

Despite experiencing delays with this project due to Title and planning issues, we are thrilled that the new Functions Room and Offices are completed and in use.

The Board has resolved to name this facility "The Rob Hunt Room" in recognition of the former Managing Director of Bendigo Adelaide Bank who initiated the **Community Bank®** model and provided outstanding leadership of the **Community Bank®** network. Similarly, we have invited the Chief General Manager – Russell Jenkins who has had a close relationship with our Company as a Director (from inception until January 2006) to re-open the refurbished branch later this year.

Governance ...

Our Audit Committee continues to assist us with our Governance and fiduciary responsibilities. All Policies and procedures are reviewed by this Committee, including our OH&S procedures and other risk management arrangements.

Peter Marke JP MAICD
Chairman

Upwey & District Community Finance Ltd

Secretary's and Treasurer's Report

In the year ended 30 June 2009, the group reported a net profit before tax and before sponsorships and grants of $650,012 compared to $707,984 in the previous year. The main reason for the decline in the profit was that the profit of the Upwey Brach dropped from $818,912 in 2008 to $665,678 in 2009. The Cockatoo /Gembrook and the Belgrave branches are progressing well and their losses for the year decreased from $244,420 to $171,145. The Board had hoped that these branches will become profitable in their own rights by the end of the 2010 financial year. However, due to the financial crisis, it is now estimated that these branches will become profitable in the 2011 financial year,

As a group, the net profit after tax has decreased from $384,778 in 2008 to $328,804 in 2009. This again was as a result of the downturn experienced.

Senior Group Manager Mike Fleming has played a tremendous role is assisting the branch managers. We had new branch managers in the Upwey Branch and in the Cockatoo/Gembrook Branch and Mike had the task of getting them up to speed. All the staff of Upwey, Belgrave and Cockatoo / Gembrook branches have supported Mike and the branch managers throughout the year.

Your Board recommended a fully franked dividend of 5 cents per share that was paid out to shareholders during the year. Fully franked dividends to be paid in March 2009 will be finalised by the Board in January 2009.

The financial position of your bank continues to remain strong with cash assets of $1,628,679 and a total liability amounting to $252,312. This leaves a net cash surplus of $1.376,367 at 30 June 2009. The total equity of the group increased by $217,702 (2008 - $295,896).

There were no changes in Directors during the year.

The major expansion for the 2009/2010 year is the building extensions at the Upwey Branch, the acquisition on a partnership basis of the Emerald Agency with the opportunity of it become a sub agency of the Company and the opening of a sub-agency in Olinda with the opportunity of it becoming a branch in the future.

We have taken over the administration of the Share Registry from Computershare with effect from 1st July 2009. All dealings with regard to the registry is now being handled by Melisa Hepworth, our Executive Officer. All shareholders are advised that they must inform Melisa of a change of address to ensure that all correspondence and dividend payments are received by them. Also, for those shareholders receiving their dividends by direct credit, please ensure that Melisa is informed of any changes to their banking details. Melisa can be contacted on 9755 1192 or 0400 110 385.

Devendra Desai B.Com, C.A. (S.A.), FPNA

Upwey & District Community Finance Ltd

Senior Group Manager's Report

The last financial year has seen more stability with staffing, in particular the branch managers which has allowed me more time to devote to Special projects such as Marysville, Emerald and other groups I am associated with.

I still have a core of long term clients that I manage as well as some new high end clients.

Despite the Global Financial Crisis, growth for the Group was $30 million dollars bring total funds under management of $236,000,000 to the close of the financial year. Total number of active accounts held are nearing 15,000 and growing albeit mainly at Belgrave & Cockatoo.

We now have 22 staff members between the 3 branches with possibility of more as the sites become busier.

The branch ATM's are coping with approximately 19,000 transactions per month and offsite ATM's at Olinda & Gembrook are processing another 5000 per month between them. Plans to install a replacement ATM at Marysville are under way.

I look forward to the opportunity for us to extend our services with the recent approval of Bendigo Adelaide Bank for us to open a Sub branch at Olinda/Mount Dandenong.

I am also continuing to maintain a close relationship with the residents of Marysville and again look forward to extending a customer service facility commensurate with the repopulation of the town.

I would like to thank all staff members for their contribution to another successful year in particular the Managers who have faced some stiff opposition from the major banks as they pulled out all stops to gain market share.

Also thanks to the board members who assist us to grow our business by offering referrals and contacts.

Mike Fleming
Senior Group Manager

Richmond Sinnott & Delahunty

Chartered Accountants

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

30 July 2009

The Directors
Upwey & District Community Finance Ltd
PO BOX 399
FERNTREE GULLY VIC 3156

Dear Sirs

Auditor's Independence Declaration

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

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

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ABN 60 616 244 309

Liability limited by a scheme approved under Professional Standards Legislation

Richmond Sinnott & Delahunty
Chartered Accountants

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

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF UPWEY & DISTRICT COMMUNITY FINANCE LIMITED

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 Upwey & District Community Finance Limited, for the year ended 30 June 2009.

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

Audit approach

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

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

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

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

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

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

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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 Upwey & District Community Finance Limited is in accordance with:

(a) the Corporations Act 2001 including:

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

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott + Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 30 July 2009

Upwey & District Community Finance Ltd
ABN 28 084 480 035
Directors' Report

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

Directors

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

Peter Gordon Marke
Chairman
Occupation: Consultant

Peter James Jones
Director
Occupation: Builder

Jean Marie McLennan
Director
Occupation: Legal Accountant

Graeme Charles Tuplin
Director
Occupation: Accountant

John Ronald Faull
Director
Occupation: Proprietor of Retirement Village

Devendra Kantilal Desai
Treasurer/Secretary
Occupation: Public Accountant

Karel Leslie Coxhill
Director
Occupation: Real Estate Agent

Anthony James Thompson
Director
Occupation: B & B Operator

Dorothy Joan Griffin
Director
Occupation: Home Duties

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 continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was $328,804 (2008: $384,778).

	Year Ended 30 June 2009	
Dividends	**Cents Per Share**	**$**
Dividends paid in the year (final dividend):	5	111,102

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.

Significant events after the balance date

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

Likely Developments

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

Directors' Benefits

Other than detailed below 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.

Accounting services were provided by Desai Popat & Associates Pty Ltd, a company of which Devendra Desai is a Director. The fees paid during the year to Desai Popat & Associates Pty Ltd amounted to $52,800 (2008: $48,000).

Administration fees, for the reimbursement of expenses, were paid during the year to Peter Marke amounting to $6,000 (2008: $5,000).

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:	
Peter Gordon Marke	12
Devendra Kantilal Desai	12
Karel Leslie Coxhill	10
Anthony James Thompson	9
Peter James Jones	8
Dorothy Joan Griffin	8
Jean Marie McLennan	12
Graeme Charles Tuplin	11
John Ronald Faull	12

Company Secretary

Devendra Desai has been the company secretary of Upwey & District Community Finance Ltd since 1999. Devendra Desai's qualifications and experience include a Bachelor Of Commerce qualification and over 30 years experience as a practising accountant.

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 Peter Marke, Jean McLennan, Peter Jones, Karel Coxhill, Devendra Desai & Graeme Tuplin;
(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 Upwey & District Community Finance 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
30 July 2009

Signed in accordance with a resolution of the Board of Directors at Upwey, Victoria on 30 July 2009.

Peter Marke, Chairman

Upwey & District Community Finance Ltd
ABN 28 084 480 035
Income Statement
for the year ended 30 June 2009

	Notes	2009 $	2008 $
Revenues from ordinary activities	2	2,410,392	2,258,814
Employee benefits expense	3	(1,089,711)	(921,684)
Depreciation and amortisation expense	3	(89,360)	(103,567)
Finance costs	3	(1)	(3)
Charitable donations and sponsorship		(161,192)	(133,492)
Administration and other expenses from ordinary activities		(581,200)	(525,576)
Profit before income tax expense		488,928	574,492
Income tax expense	4	160,124	189,714
Profit after income tax expense		328,804	384,778
Earnings per share (cents per share)			
- basic for profit for the year	22	14.80	17.32
- diluted for profit for the year	22	14.80	17.32
- dividends paid per share	16	5.00	4.00

The accompanying notes form part of these financial statements

Upwey & District Community Finance Ltd.
ABN 28 084 480 035
Balance Sheet
As at 30 June 2009

	Notes	2009 $	2008 $
Current Assets			
Cash assets	6	1,628,679	1,683,117
Receivables	7	209,180	187,831
Total Current Assets		1,837,859	1,870,948
Non-Current Assets			
Property, plant and equipment	8	801,800	544,273
Intangible assets	9	24,000	48,726
Other financial assets	10	-	1,682
Total Non-Current Assets		825,800	594,681
Total Assets		2,663,659	2,465,629
Current Liabilities			
Payables	11	146,731	75,911
Current tax liability	4	6,458	113,535
Provisions	12	99,123	82,538
Total Current Liabilities		252,312	271,984
Total Liabilities		252,312	271,984
Net Assets		2,411,347	2,193,645
Equity			
Share capital	13	701,300	701,300
Retained earnings	14	1,710,047	1,492,345
Total Equity		2,411,347	2,193,645

The accompanying notes form part of these financial statements

Upwey & District Community Finance Ltd.
ABN 28 084 480 035
Cash Flow Statement
For the year ended 30 June 2009

	Notes	2009 $	2008 $
Cash Flows From Operating Activities			
Cash receipts in the course of operations		2,534,974	2,359,133
Cash payments in the course of operations		(1,990,918)	(1,750,239)
Interest paid and other costs of finance		(1)	(3)
Interest received		105,041	81,961
Income tax paid		(267,201)	(129,430)
Net cash flows from/(used in) operating activities	15b	381,895	561,422
Cash Flows From Investing Activities			
Proceeds from sale of property, plant & equipment		10,908	-
Payments for property, plant and equipment		(336,139)	(14,709)
Net cash flows from/(used in) investing activities		(325,231)	(14,709)
Cash Flows From Financing Activities			
Dividends paid		(111,102)	(88,882)
Net cash flows from/(used in) financing activities		(111,102)	(88,882)
Net increase/(decrease) in cash held		(54,438)	457,831
Add opening cash brought forward		1,683,117	1,225,286
Closing cash carried forward	15a	1,628,679	1,683,117

The accompanying notes form part of these financial statements

Upwey & District Community Finance Ltd.
ABN 28 084 480 035
Statement of Changes in Equity
For the year ended 30 June 2009

	2009 $	2008 $
SHARE CAPITAL		
Ordinary shares		
Balance at start of year	701,300	701,300
Issue of share capital	-	-
Share issue costs	-	-
Balance at end of year	701,300	701,300
RETAINED EARNINGS		
Balance at start of year	1,492,345	1,196,449
Profit after income tax expense	328,804	384,778
Dividends paid	(111,102)	(88,882)
Balance at end of year	1,710,047	1,492,345

The accompanying notes form part of these 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 30 July 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.

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:

Class of Asset	*Depreciation Rate*
Buildings	2.5%
Plant & Equipment	10.0 - 66.7%

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.

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

Goods and services tax

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

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

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

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

Employee Benefits

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

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

Intangibles

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

Cash

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

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

Comparative Figures

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

Revenue

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

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

Receivables and Payables

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

Interest Bearing Liabilities

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

Provisions

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

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

Contributed Capital

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

2. Revenue from ordinary activities	2009 $	2008 $
Operating activities		
- services commissions	2,300,271	2,172,883
- other revenue	5,080	3,970
Total revenue from operating activities	2,305,351	2,176,853
Non-operating activities:		
- interest received	105,041	81,961
Total revenue from non-operating activities	105,041	81,961
Total revenue from ordinary activities	2,410,392	2,258,814

3. Expenses

Employee benefits expense		
- wages and salaries	909,523	790,289
- superannuation costs	99,229	67,063
- workers' compensation costs	2,722	2,759
- other costs	78,237	61,573
	1,089,711	921,684

3. Expenses (continued)	2009 $	2008 $
Depreciation of non-current assets:		
- plant and equipment	54,185	74,143
- motor vehicles	3,362	-
- buildings	3,606	3,606
- leasehold improvements	3,481	-
Amortisation of non-current assets:		
- intangibles	24,726	25,818
	89,360	103,567
Finance Costs:		
- Interest paid	1	3
Bad debts	13,871	3,598

4. Income Tax Expense

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

Prima facie tax on profit before tax at 30%	146,679	172,348
Add tax effect of:		
- Non-deductible expenses	16,871	17,366
Less tax effect of:		
- Other deductible expenses	(3,426)	-
Current income tax expense	160,124	189,714
Income tax expense	160,124	189,714
Tax liabilities		
Current tax payable	6,458	113,535

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

6. Cash Assets

Cash at bank and on hand	1,628,679	1,683,117

7. Receivables

Trade debtors	209,180	187,831

8. Property, Plant and Equipment	2009 $	2008 $
Land		
Freehold land at cost	136,909	131,529
Buildings		
At cost	415,782	144,241
Less accumulated depreciation	(32,986)	(29,380)
	382,796	114,861
Plant, equipment and leasehold improvements		
At cost	635,516	631,151
Less accumulated depreciation	(390,934)	(333,268)
	244,582	297,883
Motor Vehicles		
At cost	38,301	-
Less accumulated depreciation	(788)	-
	37,513	-
Total written down amount	801,800	544,273
Movements in carrying amounts		
Land		
Carrying amount at beginning of year	131,529	124,943
Additions	5,380	6,586
Carrying amount at end of year	136,909	131,529
Building		
Carrying amount at beginning of year	114,861	118,467
Additions	271,541	-
Disposals	-	-
Depreciation expense	(3,606)	(3,606)
Carrying amount at end of year	382,796	114,861
Plant, equipment and leasehold improvements		
Carrying amount at beginning of year	297,883	363,903
Additions	4,365	8,123
Disposals	-	-
Depreciation expense	(57,666)	(74,143)
Carrying amount at end of year	244,582	297,883
Motor Vehicles		
Carrying amount at beginning of year	-	-
Additions	54,853	-
Disposals	(13,978)	-
Depreciation expense	(3,362)	-
Carrying amount at end of year	37,513	-

9. Intangible Assets	2009 $	2008 $
Franchise Fee		
At cost	139,091	139,091
Additions	-	-
Less accumulated amortisation	(115,091)	(90,365)
	24,000	48,726

10. Other financial assets

Other financial assets	-	1,682

11. Payables

GST payable	12,499	50,678
Trade creditors	134,232	25,233
	146,731	75,911

12. Provisions

Employee benefits	96,423	79,838
Other	2,700	2,700
	99,123	82,538
Number of employees at year end	20	20

13. Share Capital

284,250 Ordinary Shares fully paid of $1 each	284,250	284,250
1,520,739 Ordinary Shares fully paid of $1 each issued for no consideration as Bonus Shares on 27 April 2005	-	-
417,050 Ordinary Shares fully paid of $1 each issued on 28 June 2005	417,050	417,050
	701,300	701,300

14. Retained Earnings

Balance at the beginning of the financial year	1,492,345	1,196,449
Net profit after income tax	328,804	384,778
Dividends	(111,102)	(88,882)
Balance at the end of the financial year	1,710,047	1,492,345

15. Cash Flow Statement

(a) *Reconciliation of cash*

Cash assets	1,628,679	1,683,117

(b) *Reconciliation of profit after tax to net cash provided from/(used in) operating activities*

Profit after income tax	328,804	384,778
Non cash items		
- Depreciation	64,634	77,749
- Amortisation	24,726	25,818
- Loss on sale of property, plant & equipment	3,070	-

15. Cash Flow Statement (continued)

	2009 $	2008 $
Changes in assets and liabilities		
- (Increase) decrease in receivables / other assets	(19,667)	(32,023)
- Increase (decrease) in payables	70,820	18,755
- Increase (decrease) in provision for income tax	(107,077)	60,284
- Increase (decrease) in provisions	16,585	26,061
Net cashflows from / (used in) operating activities	381,895	561,422

16. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

(i) Current year final		
Franked dividends - 5 cents per share (2008: 4 cents per share)	111,102	88,882

(b) Franking credit balance

The amount of franking credits available for the subsequent financial year are:

- Franking account balance as at the end of the financial year	865,315	645,729
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	6,458	113,535
	871,773	759,264

The tax rate at which dividends have been franked is 30% (2008: 30%).

17. Director and Related Party Disclosures

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

Peter Gordon Marke
Devendra Kantilal Desai
Karel Leslie Coxhill
Anthony James Thompson
Peter James Jones
Dorothy Joan Griffin
Jean Marie McLennan
Graeme Charles Tuplin
John Ronald Faull

The following related party transactions occurred during the financial year:

Accounting services were provided by Desai Popat & Associates Pty Ltd, a company of which Devendra Desai is a Director. The fees paid during the year to Desai Popat & Associates Pty Ltd amounted to $52,800 (2008: $48,000).

Administration fees, for the reimbursement of expenses, were paid during the year to Peter Marke amounting to $6,000 (2008: $5,000).

No director's fees have been paid as the positions are held on a voluntary basis.

17. Director and Related Party Disclosures (continued)

Directors shareholdings	2009	2008
Peter Gordon Marke	36,735	36,735
Devendra Kantilal Desai	11,985	11,985
Karel Leslie Coxhill	32,385	32,385
Anthony James Thompson	-	-
Peter James Jones	80,010	80,010
Dorothy Joan Griffin	10,770	8,270
Jean Marie McLennan	8,635	5,635
Graeme Charles Tuplin	20,510	6,350
John Ronald Faull	-	-

Each share held has a paid up value of $1 and is fully paid. Other than the purchase of shares by Dorothy Joan Griffin, Jean Marie McLennan and Graeme Tuplin, there was no movement in directors shareholdings during the period.

18. Subsequent Events

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

19. Contingent Liabilities

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

20. 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 Upwey, Victoria

21. Corporate Information

Upwey & District Community Finance Ltd is a company limited by shares incorporated in Australia.

The registered office and principal place of business is: 30 Main St.
Upwey VIC 3158

22. Earnings per share

	2009 $	2008 $

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

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

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

Profit after income tax expense	328,804	384,778
Weighted average number of ordinary shares for basic and diluted earnings per share	2,222,039	2,222,039

23. Financial risk management

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

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

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

(a) Credit Risk

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

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

	Carrying Amount	
	2009	2008
	$	$
Cash assets	1,628,679	1,683,117
Receivables	209,180	187,831
	1,837,859	1,870,948

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

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

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

(b) Liquidity risk

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

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

23. Financial risk management (continued)

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

30 June 2009	Carrying amount $	Contractual cash flows $	1 year or less $	over 1 to 5 years $	more than 5 years $
Payables	146,731	(146,731)	(146,731)	-	-
	146,731	(146,731)	(146,731)	-	-
30 June 2008					
Payables	75,911	(75,911)	(75,911)	-	-
	75,911	(75,911)	(75,911)	-	-

(c) Market risk

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

Interest Rate Risk

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

Sensitivity analysis

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

	Carrying Amount 2009 $	Carrying Amount 2008 $
Fixed rate instruments		
Financial assets	800,000	-
Variable rate instruments		
Financial assets	828,379	1,682,817
Non interest bearing		
Financial assets	209,480	188,131
Financial liabilities	(146,731)	(75,911)
	62,749	112,220

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.

23. 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.

There are no 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.

Upwey & District Community Finance Ltd.
ABN 28 084 480 035
Directors' Declaration

In accordance with a resolution of the directors of Upwey & District Community Finance Ltd, 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.

Peter Marke, Chairman

Signed at Upwey, Victoria on 30 July 2009.

Upwey District Community Finance Ltd
ABN 28 084 480 035
Detailed Income Statement
for the year ended 30 June 2008

	2,009	2008
Income	$	$
Commissions received	2,300,271	2,172,883
Interest received	105,041	81,961
Rebates & refunds	4,025	2,980
Safe deposit fees	1,055	990
Total income	2,410,392	2,258,814
Expenses		
Accountancy	52,800	48,000
Administration Fees	6,836	5,000
Advertising and promotion	43,522	36,980
Amortisation expense	24,726	25,818
ATM expenses	60,164	61,920
Audit fees	3,650	3,650
Bad debts	13,871	3,598
Bank fees and charges	786	3,180
Board Expenses	10,098	7,954
Cash Discrepancies	1,785	2,991
Cash Management Fees	2,006	1,745
Cleaning/rubbish removal	18,167	16,078
Commissions	9,216	10,843
Consultants fees	1,090	3,805
Contract Payments	-	3,915
Credit checks	6,256	7,544
Delivery	3,691	2,950
Depreciation - buildings	3,606	3,606
Depreciation	61,011	74,143
Donations	500	-
Electricity	16,047	14,584
Employee benefits	16,585	26,061
Entertainment	21,751	4,591
Feasability Study	1,603	-
Filing fees	1,000	1,000
Freight	23,015	22,226
Fringe Benefits Tax	14,071	7,207
Gas	269	246
Insurance	31,380	27,396
Interest	1	3
IT expenses	64,712	68,290
Lease payments	2,091	8,363
Legal fees	1,603	694
Loss on Sale of Assets	3,070	-
Low Cost Assets	168	-
Motor vehicle expenses	9,266	9,963
Payroll Tax	24,062	16,230
Permits	-	-
Postage	4,513	4,595
Printing & stationery	36,000	29,833
Rates & land taxes	2,727	2,693
Refunds	6,369	7,143

Upwey District Community Finance Ltd
ABN 28 084 480 035
Detailed Income Statement
for the year ended 30 June 2008

Expenses (contd.)	**2,009** $	**2008** $
Rent	36,270	30,952
Repairs & maintenance	8,818	4,506
Salaries - ordinary	909,523	790,289
Secretarial Fees	33,027	21,994
Security	9,273	7,231
Share Registry Cost	5,389	5,720
Sponsorships, awards & grants	161,192	133,492
Staff amenities	5,745	4,033
Staff training	9,741	8,800
Subscriptions	834	730
Superannuation	99,229	67,063
Telephone	26,636	24,156
Travel, accommodation & conferences	6,601	5,720
Uniforms	-	-
Valuation Fees Refunded to Customers	-	205
Water rates & consumption	2,378	1,834
Workcover premiums	2,722	2,759
Total expenses	1,921,462	1,684,322
Operating profit	488,930	574,492

Upwey & District **Community Bank®** Branch
30-32 Main Street, Upwey VIC 3158
Phone: (03) 9754 1200 Fax: (03) 9754 1244

Belgrave **Community Bank®** Branch
1656 Burwood Highway, Belgrave VIC 3160
Phone: (03) 9752 6606 Fax: (03) 9752 6690

Cockatoo/Gembrook **Community Bank®** Branch
Shop 3, 50 McBride Street, Cockatoo VIC 3781
Phone: (03) 5968 8831 Fax: (03) 5968 8806

Franchisee: Upwey & District Community Finance Limited
30-32 Main Street, Upwey VIC 3158
ABN 28 084 480 035

www.bendigobank.com.au
Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178, AFSL 237879. (BMPAR9026) (08/09)

Upwey & District **Community Bank®** Group

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