

annual report 2010



Dandenong Ranges

Community Finance Limited

ABN 28 084 480 035

Upwey **Community Bank**[®] Branch

Belgrave **Community Bank**[®] Branch

Cockatoo/Gembrook **Community Bank**[®] Branch

Olinda-Mt Dandenong branch

Contents

Chairman's report	2-4
Senior Group Manager's report	5
Secretary/Treasurer's report	6
Directors' report	7-10
Financial statements	11-14
Notes to the financial statements	15-29
Directors' declaration	30
Independent audit report	31-32
Additional profit and loss	33-35

Chairman's report

For year ending 30 June 2010

I have great pleasure to again present this report on behalf of your Board.

Our business achievements

It is with much pride and gratitude to the Board, relevant management and staff that I report that our Belgrave and Cockatoo-Gembrook **Community Bank**[®] branches have recently attained profit status. It is important to note that we have allocated grants and sponsorships of \$185,000 for the Belgrave area and \$202,000 for the Cockatoo - Gembrook - Emerald areas since these branches opened, rather than waiting for accumulated profit attainment which obviously delayed these milestones.

Upwey **Community Bank**[®] Branch continues to be the "flagship" of our Group despite a continued reduced growth trend, which as mentioned last year, is synonymous with older branches where loans etc mature and other related situations result in loss of long term business. However, the branch still attracts an impressive number of new accounts each month which provides the opportunity to develop new relationships with these customers and maintains a creditable profit base.

As previously reported, we opened our sub branch in Olinda-Mount Dandenong in November last year which, after a slow start, is now starting to produce encouraging business volumes.

We also established a partnership with Emerald & District Co-Operative Society Limited to transfer the Bendigo Bank agency in Emerald to our Company and Marysville Triangle Real Estate Agency in Marysville to open an Agency, which opened in February and is proving to be a mutually beneficial initiative and an asset to the local community.

Our staff

We have endured another difficult year relative to staff resignations, which again placed additional pressure on our management team and staff. To this end, we extend our sincere appreciation to all concerned for their commitment and professionalism in coping with the increased workload and associated challenges.

We have welcomed the following new staff over the past year and thank them for their commitment to our Company - Peter Baine, Lisa Hurrey and Tracey Lewis at the Olinda-Mt Dandenong branch, Donna Howard at Cockatoo/Gembrook **Community Bank**[®] Branch and Maurneen McBain at Belgrave **Community Bank**[®] Branch.

Our management team

Our sincere appreciation is extended to our Senior Group Manager Mike Fleming and our Managers and staff for their ongoing exemplary commitment over the past year and in particular, having to cope with prolonged staff shortages yet maintaining the excellent service delivery standards that is most appreciated by our customers.

Chairman's report continued

Our Board

I also proudly report on the ongoing outstanding contribution of our Board.

We welcomed Craig Dennis as a new Director this year.

After residing in Upwey for 28 years, Craig now resides in Belgrave South with his wife and three sons. After also transferring from the Upwey Brigade in conjunction with his residential relocation, he is now a volunteer fire fighter with the Belgrave Heights & South Fire Brigade and is currently 1st lieutenant (2IC) and has been involved with the CFA since 1987.

Craig is a founding Director of his own project management and consulting firm with a strong focus on delivering high quality information technology projects. Craig's skills and expertise are a welcome addition to our Board.

We unfortunately had a Director resign earlier this year. Graeme Tuplin submitted his resignation due to business commitments. We thank Graeme sincerely for his outstanding contribution during his two years of service to the Board and wish him well for the future.

All Directors continue to provide a cohesive team approach to their roles and excellent support to me and a professional commitment to their roles and responsibilities. I extend my sincere appreciation to them all for their outstanding effort.

I wish to acknowledge the support and assistance of our Deputy Chairperson Jean McLennan. Jean continues to substitute for me at a number of official commitments and most capably acts Chairman of meetings in my absence.

I again record the generous assistance of Director Tony Thompson for his support to Mike Fleming in the business development of the Marysville area. Despite his extensive commitment to his community service in the Marysville area, Tony continues to be of considerable assistance to Mike in procuring business for which we are most appreciative.

I also record our appreciation to our Company Secretary/Treasurer Devendra Desai for his professional management of the legal and financial requirements of the Company and his excellent standard of financial reporting to the Board.

Our community support initiatives

In view of our inability to secure a site for the proposed Retirement Village/Aged Activities Centre, we were reluctantly forced to terminate our efforts to progress this project.

We have now established an alternative major community strengthening project in the form of conducting four community consultative forums throughout the Dandenong's to identify local projects that we could financially support. The first two Forums will have been conducted at the time this Report is released.

We proudly report that we have donated \$218,000 in grants and sponsorships in this year's grant programme. The overall total of our community support initiatives is now over \$1 million.

Chairman's report continued

Your investment

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

As I emphasised last year, it is important that we recognise our significant financial commitment in the past year to major building works at Upwey **Community Bank**[®] Branch; the new sub branch at Olinda and our commitment to the proposed community strengthening initiatives. 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.

Support from Bendigo and Adelaide Bank Ltd

We continue to maintain excellent relations and support from Bendigo and Adelaide Bank Ltd.

We particularly thank our former Regional Manager and now our Area Manager, Alison Burr and her successor Mark Nolan for their personal support and co-operation along with a number of Operations, Business Banking, Marketing and support staff, who also provide great assistance.

Business development

As mentioned above, we are confident that our new sub branch at Olinda and the Agencies at Emerald and Marysville will provide growth opportunities and enable us to consolidate our business catchment.

Our Senior Group Manager continues to enhance our presence in Marysville which produces impressive business figures and our management team continues to explore opportunities such as the Super Seminar held in May to further strengthen our relationships with our business customers.

Executive Officer

We were extremely fortunate that our Executive Officer, Melisa Hepworth, agreed to accept permanent full time employment in this position.

Melisa manages all of our Marketing, our Grants/Sponsorships programme and most other support functions in a most professional and extremely capable manner which is most important.

Our utmost appreciation is extended to her for her ongoing excellent service.



Peter Marke

Chairman

Senior Group Manager's report

For year ending 30 June 2010

The Group continued to grow in size, staffing and funds under management and as at 30 June 2010 we have four branches, two agencies and seven ATM's.

Competition between banks is increasing and all our Branch Managers are working hard to promote our community involvement as our "point of difference".

We now have \$260 million in footings between our four sites with our latest branch at Olinda passing the \$12 million mark in August.

With 22 staff and another one commencing soon at Cockatoo, management of staff and associated entitlements is taking up a lot more time.

Marysville agency is nearing \$2.5 million of new business on their books whilst a lot more Marysville business sits at Upwey. Likewise Emerald agency attached to Cockatoo sits at about the same level. There is a lot of potential in both towns that we need to tap into during 2011.

During 2009/2010 we had a number of staff shortages, so I would like to thank our dedicated staff in all branches, who worked additional hours so our customer service standard did not decrease.



Mike Fleming
Senior Group Manager

Secretary/Treasurer's report

For year ending 30 June 2010

In the year ended 30 June 2010, the group reported a net profit before tax and before sponsorships and grants of \$602,436 compared to \$650,012 in the previous year. The main reason for the decline in the profit was the establishment of the Olinda-Mt Dandenong branch which contributed a loss of \$147,970 to 30 June 2010. Cockatoo/Gembrook **Community Bank**[®] Branch showed a small loss before tax and before sponsorships and grants. Upwey and Belgrave **Community Bank**[®] branches both showed profits before tax and before sponsorships and grants. We are confident that all branches will be profitable in the 2010/2011 tax year except for Olinda-Mt Dandenong branch.

As a group, the net profit after tax has decreased from \$328,804 in 2009 to \$221,224 in 2010. However, \$109,086 additional sponsorships and grants had been made in the tax year.

Senior Group Manager Mike Fleming continued his role in assisting the Branch Managers and growing the business of the group. Tremendous effort had been put in by Mike and Luan, manager at the Upwey branch, in setting up the Olinda-Mt Dandenong branch.

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 2011 will be finalised by the Board in January 2011.

The financial position of your bank continues to remain strong with cash assets of \$1,317,253 and a total liability amounting to \$168,894. This leaves a net cash surplus of \$1,148,359 at 30 June 2010. The total equity of the group increased by \$110,122.

During the year, Graeme Charles Tuplin resigned as Director and Craig John Dennis was appointed as a Director.

During the 2009/2010 year, the building extensions at Upwey **Community Bank**[®] Branch were completed, the Emerald agency alliance was established successfully, the Olinda-Mt Dandenong branch was opened and an alliance was formed with the Marysville agency.

The administration of the Share Registry is 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 9754 1200 or 0400 110 385 or by email melisahepworth@bidpond.com.



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

Directors' report

For the financial year ended 30 June 2010

Your Directors submit the financial report of the Company for the financial year ended 30 June 2010.

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 (resigned 27 May 2010)

Director
Occupation: Accountant

John Ronald Fauli

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

Craig John Dennis (appointed 22 July 2010)

Director
Occupation: IT Project Manager

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 Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Ltd.

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

Operating results

The Company changed its name from Upwey & District Community Finance Limited to Dandenong Ranges Community Finance Limited during the year.

During the year the Company opened a new branch at Olinda and completed refurbishments of the Upwey branch.

Operations have continued to perform in line with expectations. The profit of the Company for the financial year after provision for income tax was \$221,224 (2009: \$328,804).

Directors' report continued

Dividends	Year ended 30 June 2010	
	Cents per share	\$'000
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 \$56,000 (2009: \$52,800).

Administration fees, for the reimbursement of expenses, were paid during the year to Peter Marke amounting to \$9,000 (2009: \$6,000).

During the year \$4,712 (2009: \$10,461) was paid to Maryton Park Pty Ltd on normal commercial terms as part of the Company annual conference. Anthony Thompson is a Director of Maryton Park Pty Ltd.

During the year the building extensions and repair at the Upwey branch costing \$117,328 (2009: \$173,092) was undertaken by P X J Constructions Pty Ltd. Peter Jones is a Director of P X J Constructions Pty Ltd.

During the year the Company paid Maryton Park Pty Ltd an administration fee of \$4,000. Anthony Thompson is a Director of Maryton Park Pty Ltd.

Directors' report continued

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company also has Officers Insurance for the benefit of Officers of the Company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

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 during the year were:

Director	Board meetings #	Audit committee meetings #
Peter Gordon Marke	11(11)	4(4)
Devendra Kantilal Desai	8(11)	3(4)
Karel Leslie Coxhill	10(11)	3(4)
Anthony James Thompson	8(11)	N/A
Peter James Jones	11(11)	N/A
Dorothy Joan Griffin	9(11)	N/A
Jean Marie McLennan	11(11)	4(4)
Graeme Charles Tuplin (resigned 30 April 2010)	8(9)	2(3)
John Ronald Faull	11(11)	N/A
Craig John Dennis (appointed 22 July 2010)	0(0)	N/A

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

N/A - not a member of that Committee.

Company Secretary

Devendra Desai has been the Company Secretary of Dandenong Ranges Community Finance Limited since 1999. Devendra Desai's qualifications and experience include a Bachelor Of Commerce qualification and over 30 years experience as a practising accountant.

Directors' report continued

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, Karel Coxhill, Devendra Desai & Graeme Tuplin (resigned 30 April 2010);
- (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



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

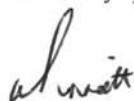
26 August 2010

The Directors
Dandenong Ranges Community Finance Limited
PO BOX 399
FERNTREE GULLY VIC 3156

Dear Sirs

Auditor's Independence Declaration

In relation to our audit of the financial report of Dandenong Ranges Community Finance Limited for the year ended 30 June 2010, 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

Signed in accordance with a resolution of the Board of Directors at Upwey, Victoria on 26 August 2010.



Peter Marke
Chairman

Financial statements

Statement of comprehensive income For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenues from ordinary activities	2	2,678,063	2,410,392
Employee benefits expense	3	(1,234,513)	(1,089,711)
Depreciation and amortisation expense	3	(130,674)	(89,360)
Finance costs	3	(12)	(1)
Charitable donations and sponsorship		(270,278)	(161,192)
Administration and other expenses from ordinary activities		(710,427)	(581,200)
Profit before income tax expense		332,159	488,928
Income tax expense	4	110,935	160,124
Profit after income tax expense		221,224	328,804
Other comprehensive income		-	-
Total comprehensive income		221,224	328,804
Earnings per share (cents per share)			
- basic for profit for the year	21	9.96	14.80
- diluted for profit for the year	21	9.96	14.80

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of financial position As at 30 June 2010

	Note	2010 \$	2009 \$
Current assets			
Cash and cash equivalents	6	1,317,253	1,628,679
Current tax refundable	4	28,956	-
Receivables	7	216,674	209,180
Total current assets		1,562,883	1,837,859
Non-current assets			
Property, plant and equipment	8	1,094,180	801,800
Intangible assets	9	33,300	24,000
Total non-current assets		1,127,480	825,800
Total assets		2,690,363	2,663,659
Current liabilities			
Payables	10	59,528	146,731
Current tax liability	4	-	6,458
Provisions	11	109,366	99,123
Total current liabilities		168,894	252,312
Total liabilities		168,894	252,312
Net assets		2,521,469	2,411,347
Equity			
Share capital	12	701,300	701,300
Retained earnings	13	1,820,169	1,710,047
Total equity		2,521,469	2,411,347

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Cash receipts in the course of operations		2,860,416	2,534,974
Cash payments in the course of operations		(2,552,416)	(1,990,918)
Interest paid and other costs of finance		(12)	(1)
Interest received		70,391	105,041
Income tax paid		(146,349)	(267,201)
Net cash flows from/(used in) operating activities	14b	232,030	381,895
Cash flows from investing activities			
Proceeds from sale of property, plant & equipment		8,822	10,908
Payments for property, plant and equipment		(399,551)	(336,139)
Payments for intangible assets		(41,625)	-
Net cash flows from/(used in) investing activities		(432,354)	(325,231)
Cash flows from financing activities			
Dividends paid		(111,102)	(111,102)
Net cash flows from/(used in) financing activities		(111,102)	(111,102)
Net increase/(decrease) in cash held		(311,426)	(54,438)
Cash and cash equivalents at start of year		1,628,679	1,683,117
Cash and cash equivalents at end of year	14a	1,317,253	1,628,679

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity For the year ended June 2010

	Note	2010 \$	2009 \$
Share capital			
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		1,710,047	1,492,345
Profit after income tax expense		221,224	328,804
Dividends paid	15	(111,102)	(111,102)
Balance at end of year		1,820,169	1,710,047

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2010

Note 1. Basis of preparation of the financial report

(a) Basis of preparation

Dandenong Ranges Community Finance Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2010 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing **Community Bank®** services.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 26 August 2010.

(b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. 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 2009 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the reporting 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 reporting 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.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Income tax (continued)

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.

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.

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 the financial statements continued

Note 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 Statement of Financial Position. Cash flows are included in the Statement of Cash Flows 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 reporting 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 statement of cash flows, 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).

Notes to the financial statements continued

Note 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.

Loans and borrowings

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.

Share 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.

	2010	2009
	\$	\$

Note 2. Revenue from ordinary activities

Operating activities

- services commissions	2,603,889	2,300,271
- other revenue	3,783	5,080
Total revenue from operating activities	2,607,672	2,305,351
Non-operating activities:		
- interest received	70,391	105,041
Total revenue from non-operating activities	70,391	105,041
Total revenue from ordinary activities	2,678,063	2,410,392

Notes to the financial statements continued

	2010 \$	2009 \$
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	1,036,580	909,523
- superannuation costs	112,359	99,229
- workers' compensation costs	3,302	2,722
- other costs	82,272	78,237
	1,234,513	1,089,711
Depreciation of non-current assets:		
- plant and equipment	76,671	54,185
- motor vehicles	9,391	3,362
- buildings	8,806	3,606
- leasehold improvements	3,481	3,481
Amortisation of non-current assets:		
- intangibles	32,325	24,726
	130,674	89,360
Finance costs:		
- Interest paid	12	1
Bad debts	3,346	13,871

Note 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%	99,647	146,679
Add tax effect of:		
- Non-deductible expenses	16,007	16,871

Notes to the financial statements continued

	2010 \$	2009 \$
Note 4. Income tax expense (continued)		
Less tax effect of:		
- Other deductible expenses	(4,719)	(3,426)
Current income tax expense	110,935	160,124
Income tax expense	110,935	160,124
Tax liabilities		
Current tax payable / (refundable)	(28,956)	6,458

Note 5. Auditors' remuneration

Amounts received or due and receivable by Richmond,
Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	3,900	3,650
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Note 6. Cash and cash equivalents

Cash at bank and on hand	1,317,253	1,628,679
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Note 7. Receivables

Trade debtors	216,674	209,180
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Note 8. Property, plant and equipment

Land

Freehold land at cost	136,909	136,909
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Buildings

At cost	406,960	415,782
Less accumulated depreciation	(41,792)	(32,986)
	365,168	382,796

Plant, equipment and leasehold improvements

At cost	1,035,067	635,516
Less accumulated depreciation	(471,086)	(390,934)
	563,981	244,582

Notes to the financial statements continued

	2010 \$	2009 \$
Note 8. Property, plant and equipment (continued)		
Motor vehicles		
At cost	38,301	38,301
Less accumulated depreciation	(10,179)	(788)
	28,122	37,513
Total written down amount	1,094,180	801,800
Movements in carrying amounts		
Land		
Carrying amount at beginning of year	136,909	131,529
Additions	-	5,380
Carrying amount at end of year	136,909	136,909
Buildings		
Carrying amount at beginning of year	382,796	114,861
Additions	-	271,541
Disposals	(8,822)	-
Depreciation expense	(8,806)	(3,606)
Carrying amount at end of year	365,168	382,796
Plant, equipment and leasehold improvements		
Carrying amount at beginning of year	244,582	297,883
Additions	399,551	4,365
Disposals	-	-
Depreciation expense	(80,152)	(57,666)
Carrying amount at end of year	563,981	244,582
Motor vehicles		
Carrying amount at beginning of year	37,513	-
Additions	-	54,853
Disposals	-	(13,978)
Depreciation expense	(9,391)	(3,362)
Carrying amount at end of year	28,122	37,513

Notes to the financial statements continued

	2010 \$	2009 \$
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Note 9. Intangible assets

Franchise fee

At cost	180,716	139,091
Less accumulated amortisation	(147,416)	(115,091)
	33,300	24,000

Note 10. Payables

GST payable	39,649	12,499
Trade creditors	19,879	134,232
	59,528	146,731

Note 11. Provisions

Employee benefits	106,466	96,423
Other	2,900	2,700
	109,366	99,123

Note 12. Share capital

701,300 Ordinary shares fully paid of \$1 each	701,300	701,300
1,520,739 Ordinary shares fully paid of \$1 each issued for no consideration as bonus shares on 27 April 2005	-	-
	701,300	701,300

Note 13. Retained earnings

Balance at the beginning of the financial year	1,710,047	1,492,345
Net profit after income tax	221,224	328,804
Dividends	(111,102)	(111,102)
Balance at the end of the financial year	1,820,169	1,710,047

Notes to the financial statements continued

	2010 \$	2009 \$
Note 14. Statement of cash flows		
(a) Cash and cash equivalents		
Cash assets	1,317,253	1,628,679
(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities		
Profit after income tax	221,224	328,804
Non cash items		
- Depreciation	98,349	64,634
- Amortisation	32,325	24,726
- Loss on sale of property, plant & equipment	-	3,070
Changes in assets and liabilities		
- (Increase) decrease in receivables	(7,494)	(19,667)
- Increase (decrease) in payables	(87,203)	70,820
- Increase (decrease) in provision for income tax	(35,414)	(107,077)
- Increase (decrease) in provisions	10,243	16,585
Net cashflows from / (used in) operating activities	232,030	381,895

Note 15. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

(i) Current year final		
Franked dividends - 5 cents per share (2009: 5 cents per share)	111,102	111,102
(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	964,049	865,315
- Franking credits / (debits) that will arise from the payment / (refund) of income tax payable as at the end of the financial year	(28,956)	6,458
	935,093	871,773

The tax rate at which dividends have been franked is 30% (2009: 30%).

Notes to the financial statements continued

Note 16. 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 (resigned 27 May 2010)

John Ronald Faull

Craig John Dennis (appointed 22 July 2010)

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 \$56,000 (2009: \$52,800).

Administration fees, for the reimbursement of expenses, were paid during the year to Peter Marke amounting to \$9,000 (2009: \$6,000).

During the year \$4,712 (2009: \$10,461) was paid to Maryton Park Pty Ltd on normal commercial terms as part of the Company annual conference. Anthony Thompson is a Director of Maryton Park Pty Ltd.

During the year the building extensions and repair at the Upwey branch costing \$117,328 (2009: \$173,092) was undertaken by P X J Constructions Pty Ltd. Peter Jones is a Director of P X J Constructions Pty Ltd.

During the year the Company paid Maryton Park Pty Ltd an administration fee of \$4,000. Anthony Thompson is a Director of Maryton Park Pty Ltd.

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

Notes to the financial statements continued

Note 16. Director and related party disclosures (continued)

Directors' shareholdings	2010	2009
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	17,840	10,770
Jean Marie McLennan	9,135	8,635
Graeme Charles Tuplin (resigned 30 April 2010)	20,510	20,510
John Ronald Faulk	-	-
Craig John Dennis (appointed 22 July 2010)	-	-

Each share held has a paid up value of \$1 and is fully paid. Other than the purchase of 500 shares by Jean McLennan and 7,070 shares by Dorothy Griffin there was no movement in Directors' shareholdings during the year.

Note 17. Subsequent events

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

Note 18. Contingent liabilities

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

Note 19. 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.

Notes to the financial statements continued

Note 20. Corporate information

Dandenong Ranges Community Finance Limited is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is:

30 Main Street,
Upwey VIC 3158.

2010
\$

2009
\$

Note 21. Earnings per share

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

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

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

Profit after income tax expense	221,224	328,804
Weighted average number of ordinary shares for basic and diluted earnings per share	2,222,039	2,222,039

Note 22. Financial risk management

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

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

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

(a) Credit risk

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

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(a) Credit risk (continued)

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

	Carrying amount	
	2010	2009
	\$	\$
Cash assets	1,317,253	1,628,679
Receivables	216,674	209,180
	1,533,927	1,837,859

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 (2009: 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 the financial statements continued

Note 22. Financial risk management (continued)

(b) Liquidity risk (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 2010					
Payables	59,528	(59,528)	(59,528)	-	-
	59,528	(59,528)	(59,528)	-	-
30 June 2009					
Payables	146,731	(146,731)	(146,731)	-	-
	146,731	(146,731)	(146,731)	-	-

(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	
	2010 \$	2009 \$
Fixed rate instruments		
Financial assets	886,685	800,000
Variable rate instruments		
Financial assets	430,268	828,379

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(c) Market risk (continued)

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 2009 there was also no impact. As at both dates this assumes all other variables remain constant.

(d) Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. 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 Statement of Financial Position.

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 2010 can be seen in the Statement of Comprehensive Income.

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 Dandenong Ranges Community Finance 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 2010 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.

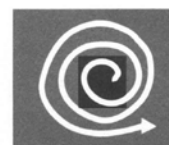


Peter Marke
Chairman

Signed at Upwey, Victoria on 26 August 2010.

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF DANDENONG RANGES COMMUNITY FINANCE LIMITED

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

SCOPE

The financial report comprises the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Dandenong Ranges Community Finance Limited, for the year ended 30 June 2010.

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.

Woodbury Court, 172 McIvor Road Bendigo 3550. PO Box 30 Bendigo 3552. Ph: (03) 5443 1177. Fax: (03) 5444 4344. Email: rsd@rsdadvisors.com.au

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Independent audit report continued

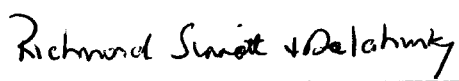
INDEPENDENCE


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 Dandenong Ranges 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 2010 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
Chartered Accountants



W. J. SINNOTT
Partner
Bendigo

Date: 26 August 2010

Additional profit and loss

Additional profit and loss
For the year ended 30 June 2010

	2010 \$	2009 \$
Income		
Commissions received	2,604,851	2,300,271
Interest received	70,391	105,041
Rebates & refunds	1,826	4,025
Safe deposit fees	995	1,055
Total income	2,678,063	2,410,392
Expenses		
Accountancy	56,000	52,800
Administration fees	12,636	6,836
Advertising and promotion	47,758	43,522
Amortisation expense	32,325	24,726
ATM expenses	56,273	60,164
Audit fees	3,700	3,650
Audit fees provision	200	
Bad debts	3,346	13,871
Bank fees and charges	854	788
Board expenses	8,300	10,098
Cash discrepancies	-803	1,785
Cash management fees	2,063	2,006
Cleaning/rubbish removal	22,928	18,167
Commissions	38,444	9,216
Consultants fees	0	1,090
Credit checks	9,029	6,256
Delivery	6,812	3,691
Depreciation - buildings	8,806	3,606
Depreciation	89,543	61,011
Donations	0	500

Additional profit and loss continued

	2010 \$	2009 \$
Expenses (continued)		
Electricity	17,191	16,047
Employee benefits	10,043	16,585
Entertainment	10,047	21,751
Feasibility study	2,013	1,603
Filing fees	1,105	1,000
Freight	27,626	23,015
Fringe benefits tax	9,807	14,071
Gas	294	269
Insurance	38,445	31,380
Interest	12	1
IT expenses	87,446	64,712
Lease payments	0	2,091
Legal fees	5,364	1,603
Loss on sale of assets	0	3,070
Low cost assets	4,208	168
Motor vehicle expenses	8,898	9,266
Payroll tax	30,592	24,062
Permits		-
Postage	7,599	4,513
Printing & stationery	48,761	36,000
Professional fees	1,680	
Rates & land taxes	6,934	2,727
Refunds	6,697	6,369
Rent	49,021	36,270
Repairs & maintenance	40,561	8,818
Salaries - ordinary	1,036,580	909,523
Secretarial fees	36,046	33,027
Security	6,280	9,273
Share registry cost		5,389

Additional profit and loss continued

	2010 \$	2009 \$
Expenses (continued)		
Sponsorships, awards & grants	270,278	161,192
Staff amenities	5,376	5,745
Staff training	7,700	9,741
Subscriptions	1,309	834
Superannuation	112,359	99,229
Telephone	30,314	26,636
Travel, accommodation & conferences	10,957	6,601
Uniforms	9,856	-
Valuation fees refunded to customers		-
Water rates & consumption	2,989	2,378
Workcover premiums	3,302	2,722
Total expenses	2,345,904	1,921,464
Operating profit	332,159	488,928



Upwey **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

Olinda-Mt Dandenong branch
 232 Ridge Road, Olinda VIC 3788
 Phone: (03) 9751 0744 Fax: (03) 9754 2647

Franchisee: Dandenong Ranges Community Finance Limited
 30 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.
 (BMPAR10053) (09/10)