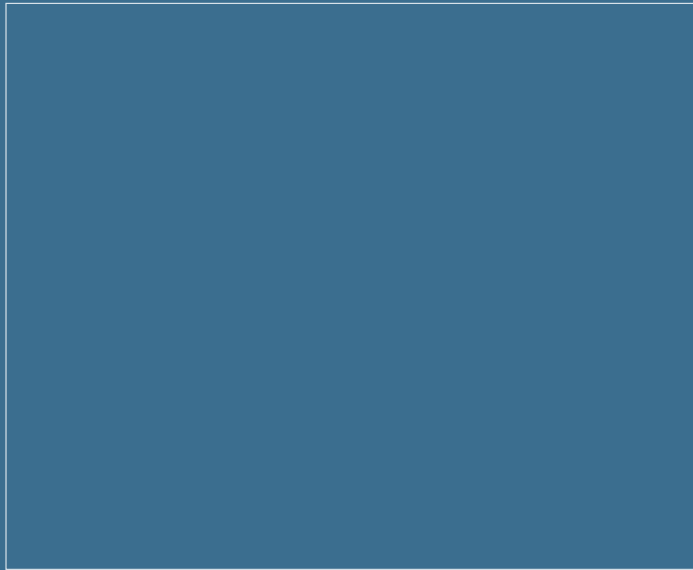
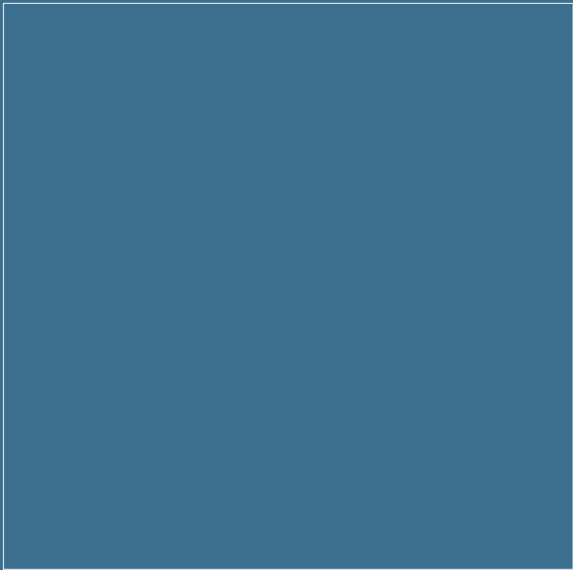


annual report | 2009



**Donnybrook Capel Districts
Community Financial Services Limited**
ABN: 23 103 003 416

Donnybrook Capel Districts Community Bank®Branch

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Chairman's report

For year ending 30 June 2009

On behalf of the Board of Directors, I am pleased to advise shareholders of the progress of the Company for the 2009 financial year. During the year, my fellow Directors have once again dedicated their time and efforts on a voluntary basis and we look forward to the continued support of our shareholders and the community. Our **Community Bank**[®] branches in Capel and Donnybrook now employ ten staff and we thank our Branch Manger, David Forster and the dedicated staff for their continued efforts.

During 2009 we continued to invest in our communities by means of sponsorships and grants of various amounts to approximately 25 different community organizations. Funds of approximately \$30,000 were given back to our community. We invested in the youth of our communities by sponsoring a week long camp for all year seven students from schools in the district. The camp was designed to encourage interaction and social networking between students of the various schools and develop leadership skills. Camp activities provided the students with cultural, physical and mental challenges.

In the beginning of the 2009 financial year we were making steady profits and looking forward to returning our first dividend to you, our shareholders. Unfortunately we were not immune from the adverse effects of the global financial crisis. Whilst the business continued to grow, the margin income we received for that business decreased, resulting in erosion of some of our profits. We are now confident that this situation has since improved and our next priority is to ensure a return to our shareholders. We encourage all shareholders who haven't already done so, to transfer all their banking to one of our local **Community Bank**[®] branches so we can achieve our aims and have our communities reap the benefits.



Robert Witten

Chairman

Manager's report

For year ending 30 June 2009

We have seen a year of many challenges to our business including a global financial crisis which placed pressure on margins and eroded profits. Despite these events, our business has continued to grow through community support and our ability to expand existing client relationships through great service given by our staff. We have undergone some staff structural changes which has increased our ability to spend more time with clients to understand their needs and provide better banking solutions.

With profit margins returning, our business is positioned to continue to expand and produce ongoing profits to fulfill our promises of providing a return to shareholders and providing funds via projects, sponsorships and grants for the benefit of our local communities.

I take this opportunity to thank our staff for providing such tremendous service and support to our clients over the past 12 months. It is our service which differentiates us from our competitors. On behalf of our staff, I would like to also thank our clients for their business. We look forward to continuing to meet your requirements in the years ahead.

Our objective this year is to continue to grow profits through acquiring greater market share of local business and encouraging all residents of Capel and Donnybrook-Balingup Shires to bank with us. With the expected long term growth in both shires, we are in a good position to capitalise business opportunities by providing a broad range of Consumer, Business and Agri-business products. Our clients certainly appreciate that we are local and can be contacted directly.



David Forster

Branch Manager

Directors' report

For year ending 30 June 2009

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

Directors

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

Robert Malcolm Witten

Chairman

Business Proprietor

Walter Bruce Hearman

Director

Farmer and Business Manager

Sandra Jean Goddard

Director

Veterinary Surgeon & Farmer

Neil Bjerring Riising

Director

Farmer & Earthmoving Contractor

Filip Guglielmana

Director

Business Proprietor

Mark John Bennett

Director

Business Proprietor

Bernard Kent Masters

Director

Environmental Geologist

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

Angelo Terzo Logiudice

Director

Orchadist & Business Proprietor

Kingsley John Smith

Director

Chartered Accountant

Resigned 4 September 2009

Directors' report continued

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 Limited.

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

Operating results

Operations for the financial year have resulted in a profit / (loss) after tax (\$6,613), (2008: \$23,178).

Dividends

No dividends were declared or paid for the previous year and the Directors recommend that no dividend be paid for the current year.

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

Likely developments

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

Directors' benefits

Robert Witten is the Capel bank premises landlord and was paid \$17,720 (2008: \$17,720) for the year ended 30 June 2009. Rent was paid at normal commercial rates.

No other 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.

Directors' report continued

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: 10

Number of meetings attended:

Kingsley John Smith (resigned 4 September 2009)	8
Walter Bruce Hearman	8
Robert Malcolm Witten	10
Sandra Jean Goddard	10
Neil Bjerring Riising (leave of absence granted)	1
Filip Majella Guglielmana	8
Bernard Kent Masters	9
Mark John Bennett	7
Angelo Terzo Logiudice	8

Company Secretary

Linda Hay has been the Company secretary of Donnybrook Capel Districts Community Financial Services Ltd since August 2005. Her qualifications include a Bachelor of Business, Accounting.

Corporate governance

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

- (a) Director approval of operating budgets and monitoring of progress against these budgets;
- (b) Ongoing Director training; and
- (c) Monthly Director meetings to discuss performance and strategic plans.

Directors' report continued

Auditor's independence declaration

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

Warren Sinnott

Partner

Richmond Sinnott & Delahunty

23 September 2009

Signed in accordance with a resolution of the Board of Directors at Donnybrook, Western Australia on 23 September 2009.



Robert Malcolm Witten

Chairman

Auditors independence declaration

Richmond Sinnott & Delahunty Chartered Accountants



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

23 September 2009

The Directors
Donnybrook Capel District Community Financial Services Limited
PO Box 501
CAPEL WA 6271

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Donnybrook Capel District Community Financial Services Limited 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

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	2	662,451	618,670
Employee benefits expense	3	(369,699)	(307,235)
Charitable donations and sponsorship		(34,982)	(4,230)
Depreciation and amortisation expense	3	(29,494)	(47,728)
Finance costs	3	(23,448)	(26,451)
Administration & other expenses from ordinary activities		(216,536)	(193,615)
Profit / (loss) before income tax payable		(11,708)	39,411
Income tax (expense) / benefit	4	5,095	(16,233)
Profit / (loss) after income tax expense		(6,613)	23,178
Earnings per share (cents per share)		<u>Cents Per Share</u>	
- basic for profit / (loss) for the year	21	(1.00)	3.51
- diluted for profit / (loss) for the year	21	(1.00)	3.51

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Current assets			
Cash assets	6	13,890	47,468
Receivables	7	66,237	67,576
Total current assets		80,127	115,044
Non-current assets			
Property, plant and equipment	8	11,589	7,849
Deferred income tax asset	4	254,865	249,770
Intangible assets	9	55,089	-
Total non-current assets		321,543	257,619
Total assets		401,670	372,663
Current liabilities			
Payables	10	90,551	40,555
Interest bearing liabilities	11	300,938	310,038
Provisions	12	19,375	24,651
Total current liabilities		410,864	375,244
Total liabilities		410,864	375,244
Net assets / (Liabilities)		(9,194)	(2,581)
Equity			
Share capital	13	660,435	660,435
Accumulated losses	14	(669,629)	(663,016)
Total equity		(9,194)	(2,581)

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Cash receipts in the course of operations		729,653	659,747
Cash payments in the course of operations		(642,915)	(550,474)
Interest received		555	-
Interest paid		(23,448)	(26,451)
Net cash flows from / (used in) operating activities	15b	63,845	82,822
Cash flows from investing activities			
Purchase of property, plant and equipment		(12,404)	-
Purchase of intangible assets		(75,919)	-
Net cash flows from financing activities		(88,323)	-
Cash flows from financing activities			
Repayment of borrowings		(10,000)	-
Net cash flows from financing activities		(10,000)	-
Net increase in cash held		(34,478)	82,822
Add opening cash brought forward		47,430	(35,392)
Closing cash carried forward	15a	12,952	47,430

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Note	2009 \$	2008 \$
Share capital			
Ordinary shares			
Balance at start of year		660,435	660,435
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		660,435	660,435
Retained earnings/(Accumulated losses)			
Balance at start of year		(663,016)	(686,194)
Profit / (loss) after income tax expense		(6,613)	23,178
Dividends paid		-	-
Balance at end of year		(669,629)	(663,016)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 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 23 September 2009.

(b) Statement of compliance

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

(c) Significant accounting policies

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

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to the financial statements continued

Note 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.

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

Class of asset	Depreciation rate
Property, plant & equipment	20%

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.

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.

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.

Intangibles

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

Notes to the financial statements continued

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

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.

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).

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.

Notes to the financial statements continued

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

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.

	2009 \$	2008 \$
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Note 2. Revenue from ordinary activities

Operating activities

- franchise margin income	341,395	366,452
- services commissions	166,909	118,655
- other revenue	153,592	133,490
Total revenue from operating activities	661,896	618,597

Non-operating activities:

- interest received	555	73
Total revenue from non-operating activities	555	73

Total revenue from ordinary activities	662,451	618,670
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Note 3. Expenses

Employee benefits expense

- wages and salaries	323,303	267,252
- superannuation costs	39,020	22,591
- other costs	7,376	17,392
	369,699	307,235

Depreciation of non-current assets:

- plant and equipment	8,664	33,728
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Amortisation of non-current assets:

- intangibles	20,830	14,000
	29,494	47,728

Finance costs:

- interest paid	23,448	26,451
Bad debts	784	419

Notes to the financial statements continued

	2009 \$	2008 \$
Note 4. Income tax expense		
The prima facie tax on loss before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before income tax at 30%	(3,512)	11,823
Add / (less) tax effect of:		
- Non-deductible / (other deductible) expenses	(1,583)	4,410
Current income tax expense / (benefit)	(5,095)	16,233
Income tax expense / (benefit)	(5,095)	16,233
Deferred income tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.		
	254,865	249,770

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	3,650	3,650
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Note 6. Cash assets

Cash at bank	13,590	47,168
Cash on hand	300	300
	13,890	47,468

Note 7. Receivables

Trade debtors	66,237	67,576
	66,237	67,576

Notes to the financial statements continued

	2009	2008
	\$	\$
Note 8. Property, plant and equipment		
Computer software		
At cost	24,703	24,703
Less accumulated depreciation	(24,703)	(23,668)
	-	1,035
Building improvements		
At cost	128,421	128,421
Less accumulated depreciation	(128,421)	(122,629)
	-	5,792
Furniture & fittings		
At cost	32,825	20,421
Less accumulated depreciation	(21,236)	(19,399)
	11,589	1,022
Total written down amount	11,589	7,849
Movements in carrying amounts		
Computer software		
Carrying amount at beginning of year	1,035	3,133
Additions	-	-
Disposals	-	-
Depreciation expense	(1,035)	(2,098)
Carrying amount at end of year	-	1,035
Building improvements		
Carrying amount at beginning of year	5,792	31,296
Additions	-	-
Disposals	-	-
Depreciation expense	(5,792)	(25,504)
Carrying amount at end of year	-	5,792
Furniture & fittings		
Carrying amount at beginning of year	1,022	7,148
Additions	12,404	-

Notes to the financial statements continued

	2009 \$	2008 \$
Note 8. Property, plant and equipment (continued)		
Disposals	-	-
Depreciation expense	(1,837)	(6,126)
Carrying amount at end of year	11,589	1,022

Note 9. Intangible assets

Franchise fee

At cost	128,861	60,000
Less accumulated amortisation	(73,772)	(60,000)
	55,089	-

Training Costs

At cost	37,058	30,000
Less accumulated amortisation	(37,058)	(30,000)
	-	-
	55,089	-

Note 10. Payables

Trade creditors	11,796	10,360
Other creditors and accruals	78,755	30,195
	90,551	40,555

Note 11. Interest bearing liabilities

Credit card	938	38
Bank loan	300,000	310,000
	300,938	310,038

The bank loan matures in October 2011 and is an interest only fixed rate loan with an interest rate of 7.7% per annum.

Notes to the financial statements continued

	2009	2008
	\$	\$
Note 12. Provisions		
Employee benefits	19,375	24,651
Number of employees at year end	10	10

Note 13. Share capital

Ordinary Shares fully paid of \$1 each	660,435	660,435
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Note 14. Accumulated losses

Balance at the beginning of year	(663,016)	(686,194)
Net profit / (loss) from ordinary activities after income tax	(6,613)	23,178
Balance at the end of year	(669,629)	(663,016)

Note 15. Cash flow statement

(a) Reconciliation of cash

Cash at bank	13,890	47,468
Credit card	(938)	(38)
	12,952	47,430

(b) Reconciliation of profit / (loss) after tax to net cash from operating activities

Profit / (loss) after income tax	(6,613)	23,178
Non cash items		
- Depreciation	8,664	33,728
- Amortisation	20,830	14,000
Changes in assets and liabilities		
- (Increase) decrease in receivables	1,339	(18,627)
- Increase (decrease) in provisions	(5,276)	6,701
- Increase (decrease) in payables	49,996	7,609
- (Increase) decrease in deferred income tax asset	(5,095)	16,233
Net cashflows provided from / (used in) operating activities	63,845	82,822

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:

Kingsley John Smith (resigned 4 September 2009)

Walter Bruce Hearman

Robert Malcolm Witten

Sandra Jean Goddard

Neil Bjerring Riising (leave of absence granted)

Filip Majella Guglielmana

Bernard Kent Masters

Mark John Bennett

Angelo Terzo Logiudice

Robert Witten is the Capel bank premises landlord and was paid \$17,720 (2008: \$17,720) for the year ended 30 June 2009. Rent was paid at normal commercial rates. No other Directors have material interests in contracts or proposed contracts with the Company. No director's fees have been paid as the positions are held on a voluntary basis.

Directors' shareholdings	2009	2008
Kingsley John Smith (resigned 4 September 2009)	5,000	5,000
Walter Bruce Hearman	2,000	2,000
Robert Malcolm Witten	2,000	2,000
Sandra Jean Goddard	2,100	2,100
Neil Bjerring Riising (leave of absence granted)	10,000	10,000
Filip Majella Guglielmana	500	500
Bernard Kent Masters	5,000	5,000
Mark John Bennett	10,000	10,000
Angelo Terzo Logiudice	250	250

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

Note 17. Subsequent events

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

Notes to the financial statements continued

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 two geographic areas being Donnybrook and Capel, Western Australia.

Note 20. Corporate information

Donnybrook Capel Community Financial Services Ltd is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is:

70 South Western Highway
Donnybrook WA 6239

	2009	2008
	\$	\$

Note 21. Dividends paid or provided for on ordinary shares

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

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

Profit / (loss) after income tax expense	(6,613)	23,178
<hr/>		
Weighted average number of ordinary shares for basic and diluted earnings per share	660,435	660,435
<hr/>		

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.

Notes to the financial statements continued

Note 22. Financial risk management (continued)

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	13,890	47,468
Receivables	66,237	67,576
	80,127	115,044

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.

Notes to the financial statements continued

Note 22. Financial risk management (continued)

In addition, the Company has an established overdraft facility of \$80,000 with Bendigo and Adelaide Bank Ltd.

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

	Carrying amount	Contractual cash flows	1 year or less	Over 1 to 5 years	More than 5 years
	\$	\$	\$	\$	\$
30 June 2009					
Payables	90,551	(90,551)	(90,551)	-	-
Interest bearing liabilities	300,938	(352,913)	(938)	(351,975)	-
	391,489	(443,464)	(91,489)	(351,975)	-
30 June 2008					
Payables					
Interest bearing liabilities	40,555	(40,555)	(40,555)	-	-
	310,038	(388,319)	(23,908)	(364,411)	-
	350,593	428,874	(64,463)	(364,411)	-

(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:

Notes to the financial statements continued

Note 22. Financial risk management (continued)

	Carrying amount	
	2009	2008
	\$	\$
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	(300,000)	(310,000)
	(300,000)	(310,000)
Variable rate instruments		
Financial assets	13,890	47,168
Financial liabilities	(938)	(38)
	12,952	47,130

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.

(d) Net fair values

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

(e) Capital management

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

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

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

Notes to the financial statements continued

Note 22. Financial risk management (continued)

- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

Director's declaration

In accordance with a resolution of the Directors of Donnybrook Capel District Community

Financial Services Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Robert Malcolm Witten, Chairman

Signed in Donnybrook on 23 September 2009.

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF DONNYBROOK CAPEL DISTRICT COMMUNITY FINANCIAL SERVICES LIMITED

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

SCOPE

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

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

Audit approach

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

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

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

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

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

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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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 Donnybrook Capel District Community Financial Services Limited is in accordance with:

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

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 23 September 2009

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