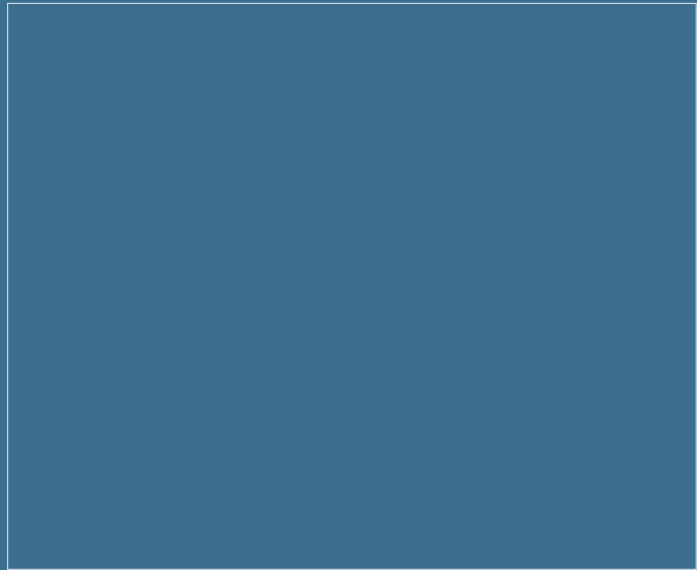
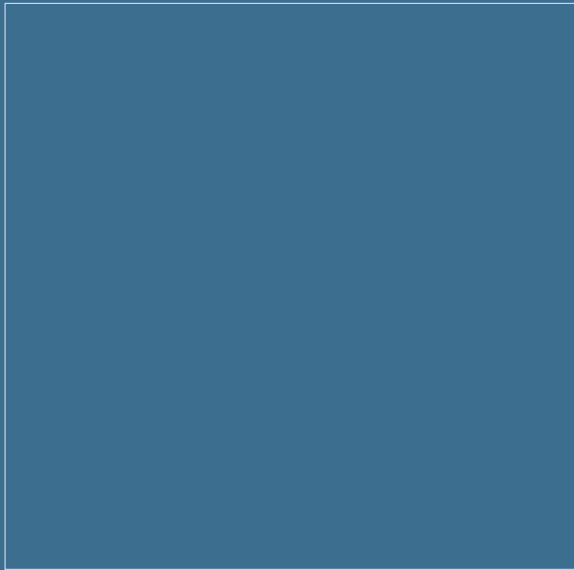


annual report | 2009



Edenhope & District
Financial Services Limited
ABN 68 103 869 227

Edenhope & District **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2009

Welcome to our sixth annual report. We have been open six years last June, how time marches on.

Our business

The last financial year has been very good growing the business over \$6 million. This on top of the year before has put us in a sound position for the future. However the global financial crisis reduced the profit margins through the year. Now good signs are beginning to show as our margins have been rising in recent months. With the total business at over \$31.5 million we are finally looking at breakeven and profit ahead.

A shining light is the agribusiness, growth in this is strong. Damian Bryan, our Agribusiness Manager, has come to us with extensive experience in this field, he has been in this role with Elders for five years and previously with Commonwealth Bank Australia.

New customers to the bank are on the rise, with 100 joining up in the last year. The ATM continues to be important to our growth, also the service it offers is vital to our district.

Staff

The commitment and dedication of our staff is fantastic and the key to the business. Luke, Kelly, Margie, Kym and Mary, a big thank you. In July our part-time (Customer Service Officer) Chris Carter left us to pursue his own business, a big thanks Chris and good luck with your future. There was strong interest in the part time role, with the position going to Mary Staben.

Board

The Board meets monthly, with our Manager Luke in attendance; he has been of great assistance in the operations of the Board process.

This year we have welcomed Gloria Freeman to the Board, enhancing diversity the members offer. The wide range of backgrounds of our Board is one of the keys to the operation.

The Board has been in operation for eight years. Six of the Board Members are foundation members. At the moment we are looking for younger people from our community to become part of this rewarding and interesting experience.

Shareholders

I would like to thank the shareholders for their support in growing our business. Your patience in waiting for a dividend is very much appreciated, due to the slower than expected growth in the first four years, our profits are taking longer to achieve. I personally believe as a shareholder myself, the benefits are for the last six years, we have had a very friendly and competitive bank, employing four people in our town, and offering community groups in the district financial support through grants.

Edenhope could have been a one bank town, but thanks to you we have become a vibrant; two bank town.

Chairman's report continued

Bendigo and Adelaide Bank Ltd - Our partner

The support we receive through Simon Cornwell, the Regional Manager and his staff, is fantastic; we appreciate everything that is done for us. The help given to the Board and especially to myself, I can't thank them enough. The support is vital to our operation.

The future

Finally we have turned the corner. The business is now at the break-even point, with profits just starting to happen. Now with a sound business we look forward to the future with excitement.



Wayne Caldwell
Chairman

Manager's report

For year ending 30 June 2009

Welcome to the sixth annual report for Edenhope and District Financial Services Limited and my second Manager's report. By the time this is published I will have been in the role for over two years which makes me realise how quickly the time has gone.

The past financial year showed a significant growth in total business with a net growth of \$6.2 million. This consisted of a good mix of lending, deposits, financial planning and agribusiness footings. Total business as at 30 June 2009 was \$31,766,000.

Our income levels continue to grow. In comparison to the previous financial year, income increased by 10%, or \$24,850. This is a huge result as our income streams were severely reduced during the global credit crisis. Much to our delight, our income levels have since picked up dramatically. Expenses increased by 6%, or \$21,876, which can be attributed to increased sponsorship, donations and marketing, as well as franchise renewal fees as we moved into our second, five year franchise term.

This brings me to another huge point – we have successfully entered into a further five year franchise term with Bendigo and Adelaide Bank Ltd – which should bring further confidence into the local community that we are here to stay!

I would like to take this opportunity to formally thank our staff Kelly McLeay, Margie Reid, Kym Cameron and Chris Carter for their efforts over this period. In July 2009 Chris left our team to pursue his own business interests and we wish him well in his new venture. Chris' departure made way for us to welcome Mary Staben to our team. The stability and development of our staff over the past twelve months has assisted us greatly in achieving the above results.

I also must thank our Board of Directors for their continued support. Our Board consists of volunteers – a fact which must not be undervalued given the commitment, time and dedication that they put towards the running of our **Community Bank**[®] branch. It has been a long journey for several of our Board members who have been with us since day one. We have recently welcomed Gloria Freeman to our Board and are currently hoping to find some younger Board members to join up as well.

The team at Bendigo and Adelaide Bank Ltd's Ballarat State Support Office continue to be a huge resource to both our staff and our Board. I would like to extend a big thank you to Simon, Donna, Lindsay, Leanne, Andrew, Debbie and Val for their guidance and assistance over this period. Further to this I would also like to thank our Financial Planner, Alison Butler and our Agribusiness team of Marty Reither (since replaced by Damian Bryan) and Steve Wood.

It seems each year that we are asking the shareholders to 'hold on' a bit longer until we can announce that we have reached breakeven. We have had three months where we have produced positive cash results and one month where we produced a net profit on our financial reports. This is something we have never achieved before and is hopefully an extremely encouraging sign for all shareholders.

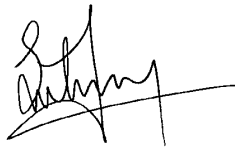
Manager's report continued

To date Edenhope & District **Community Bank**[®] Branch has contributed over \$22,000 to 35 community groups and/or individuals. While this is a fantastic effort, I cannot stress enough that this is merely a hint of our potential. Rupanyup/Minyip **Community Bank**[®] Branch has contributed \$418,259 to 53 community groups. Granted this has been over a period of 11 years, but I can't help but stress how easy this would be for our branch to achieve. This is not going to happen without the full support of our local community. If the Rupanyup/Minyip **Community Bank**[®] Branch has enough business to provide this amount of sponsorship then why can't we?

Our predominant focuses over the coming 12 months are:

- Increased presence and growth in the local agribusiness industry
- Increased profile of Alison Butler - our Financial Planner
- Increased focus on insurance through our partnership with CGU
- Increased focus on our shareholders – servicing our existing shareholders that bank with us and targeting our shareholders that still do not hold any banking relationship with our **Community Bank**[®] branch.

Support your **Community Bank**[®] branch and together we can support our community.



Luke Riley
Branch Manager

Directors' report

For year ending 30 June 2009

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

Directors

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

Wayne David Caldwell

Chairman

Occupation - Farmer

Luke Simon Munro

Director

Occupation - Business Proprietor

Ashley Rohan Caldwell

Director

Occupation - Farmer

Austin David Grigg

Director

Occupation - Shearing Contractor/Farmer

Gloria Freeman (appointed 27 May 2009)

Director

Occupation - Teacher

Alison Margaret Leishman

Company Secretary

Occupation - Administration Manager

Stephen Edmund Ryan

Director

Occupation - Business Proprietor

Kathryn Elizabeth Hausler

Director

Occupation - Farmer

Julie West

Director

Occupation - Accountant

Neil Harvey

(Appointed 2 July 2008, resigned 28 January 2009)

Director

Occupation - Deputy CEO Edenhope Hospital

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

Other than detailed below no Directors have material interests in contracts or proposed contracts with the Company.

During the year ended 30 June 2009 fees of \$7,940 (2008: \$7,940) were paid to West Currie Consultants for accounting services. Julie West is the Principal of West Currie Consultants.

Total rental for the year ended 30 June 2009 of \$11,011 (2008: \$11,035) was paid for the property located at 63 Elizabeth Street, Edenhope. Directors, Wayne Caldwell and Austin Grigg, each own a 10% share of 63 Elizabeth Street.

All of the above Director related transactions were on normal commercial terms and conditions.

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 Ltd.

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

Operating results

The loss of the Company for the financial year after provision for income tax was \$68,599 (2008: \$75,945).

Dividends

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

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

Indemnification and insurance of Directors and Officers

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

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

Directors' 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 Alison Leishman, Julie West and Luke Riley (Bank Manager);
- (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.

Company Secretary

Alison Leishman has been the Company Secretary of Edenhope & District Financial Services Ltd since incorporation in 2003. Alison's qualifications and experience include 17 years banking experience with the CBA and former State Bank of Victoria and eight years as a self employed bookkeeper.

Directors' meetings

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

Number of meetings held:	11
<hr/>	
Number of meetings attended:	
<hr/>	
Wayne David Caldow	11
<hr/>	
Alison Margaret Leishman	8
<hr/>	
Luke Simon Munro	5
<hr/>	
Stephen Edmund Ryan	9
<hr/>	
Ashley Rohan Caldow	7
<hr/>	
Kathryn Elizabeth Hausler	11
<hr/>	
Austin David Grigg	4
<hr/>	
Julie West	6
<hr/>	
Neil Harvey (appointed 2 July 2008, resigned 28 January 2009)	2
<hr/>	
Gloria Freeman (appointed 27 May 2009)	2
<hr/>	

Auditor independence declaration

The Directors received the following declaration from the Auditor of the Company:

Richmond Sinnott & Delahunty
Chartered Accountants

Directors' report continued

Richmond Sinnott & Delahunty Chartered Accountants



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

9 September 2009

The Directors
Edenhope & District Financial Services Limited
63 Elizabeth Street
EDENHOPE VIC 3318

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Edenhope & District 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

Signed in accordance with a resolution of the Board of Directors at Edenhope, Victoria on 9 September 2009.



Wayne David Caldow
Chairman

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	2	274,810	249,960
Employee benefits expense	3	(186,749)	(177,862)
Charitable donations and sponsorship		(8,421)	(5,730)
Depreciation and amortisation expense	3	(4,635)	(38,297)
Finance costs	3	(37,542)	(28,829)
Other expenses from ordinary activities		(136,609)	(102,881)
Loss before income tax expense		(99,146)	(103,639)
Income tax benefit / (expense)	4	30,547	27,694
Loss after income tax expense		(68,599)	(75,945)
Earnings per share (cents per share)			
- basic for loss for the year	21	(14.41)	(15.95)
- diluted for loss for the year	21	(14.41)	(15.95)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Current assets			
Receivables	7	25,555	18,545
Total current assets		25,555	18,545
Non-current assets			
Property, plant and equipment	8	15,769	2,739
Deferred income tax asset	4	245,767	215,220
Intangible assets	9	-	-
Total non-current assets		261,536	217,959
Total assets		287,091	236,504
Current liabilities			
Bank overdraft	6	407,285	299,093
Payables	10	23,548	21,486
Provisions	11	8,386	11,064
Interest bearing liabilities	12	3,765	-
Total current liabilities		442,984	331,643
Non-current liabilities			
Interest bearing liabilities	12	7,845	-
Total non-current liabilities		7,845	-
Total liabilities		450,829	331,643
Net assets / (liabilities)		(163,738)	(95,139)
Equity			
Share capital	13	476,160	476,160
Accumulated losses	14	(639,898)	(571,299)
Total equity		(163,738)	(95,139)

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		297,634	273,000
Cash payments in the course of operations		(362,229)	(312,483)
Interest paid		(37,542)	(28,829)
Net cash flows from/(used in) operating activities	15b	(102,137)	(68,312)
Cash flows from investing activities			
Payments for property, plant and equipment		(17,665)	-
Net cash flows from/(used in) investing activities		(17,665)	-
Cash flows from financing activities			
Proceeds from borrowings		11,610	-
Net cash flows from/(used in) financing activities		11,610	-
Net increase/(decrease) in cash held		(108,192)	(68,312)
Add opening cash brought forward		(299,093)	(230,781)
Closing cash carried forward	15a	(407,285)	(299,093)

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		476,160	476,160
Issue of share capital		-	-
share issue costs		-	-
Balance at end of year		476,160	476,160
Retained earnings / (accumulated losses)			
Balance at start of year		(571,299)	(495,354)
Loss after income tax		(68,599)	(75,945)
Dividends paid		-	-
Balance at end of year		(639,898)	(571,299)

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 9 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.

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
Leasehold improvements	20%
Plant & equipment	7.5 - 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.

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.

Intangibles

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

Cash

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

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

Comparative figures

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

Revenue

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

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.

Notes to the financial statements continued

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

Provisions

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

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

Contributed capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

	2009	2008
	\$	\$

Note 2. Revenue from ordinary activities

Operating activities

- services commissions and fee income	274,810	249,960
- other revenue	-	-
Total revenue from operating activities	274,810	249,960
Non-operating activities:		
- interest received	-	-
- other revenue	-	-
Total revenue from non-operating activities	-	-
Total revenue from ordinary activities	274,810	249,960

Notes to the financial statements continued

	2009 \$	2008 \$
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	160,658	156,169
- superannuation costs	14,491	12,876
- workers' compensation costs	534	482
- other costs	11,066	8,335
	186,749	177,862
Depreciation of non-current assets:		
- plant and equipment	4,635	4,322
- leasehold improvements	-	5,866
Amortisation of non-current assets:		
- intangibles	-	28,109
	4,635	38,297
Finance costs:		
- Interest paid	37,542	28,829
Bad debts	33	24

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 loss before income tax at 30%	(29,744)	(31,092)
Add tax effect of:		
- Non-deductible expenses	(803)	3,398
Current income tax (benefit) / expense	(30,547)	(27,694)
Income tax (benefit) / expense	(30,547)	(27,694)
Deferred income tax losses		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable	245,767	215,220

Notes to the financial statements continued

	2009 \$	2008 \$
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
- share registry services	1,800	-
	5,450	3,650

Note 6. Cash assets

Cash at bank and on hand / (bank overdraft)	(407,285)	(299,093)
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Note 7. Receivables & prepayments

Debtor - Bendigo and Adelaide Bank Ltd	23,203	18,545
Prepayments	2,352	-
	25,555	18,545

Note 8. Property, plant and equipment

Leasehold improvements

At cost	29,330	29,330
Less accumulated depreciation	(29,330)	(29,330)
	-	-

Plant and equipment

At cost	42,021	24,356
Less accumulated depreciation	(26,252)	(21,617)
	15,769	2,739

Total written down amount	15,769	2,739
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Notes to the financial statements continued

	2009 \$	2008 \$
Note 8. Property, plant and equipment (continued)		
Movements in carrying amounts		
Leasehold improvements		
Carrying amount at beginning of year	-	5,866
Additions	-	-
Disposals	-	-
Amortisation expense	-	(5,866)
Carrying amount at end of year	-	-
Plant and equipment		
Carrying amount at beginning of year	2,739	7,061
Additions	17,665	-
Disposals	-	-
Depreciation expense	(4,635)	(4,322)
Carrying amount at end of year	15,769	2,739

Note 9. Intangible assets

Franchise fee

At cost	60,000	60,000
Less accumulated amortisation	(60,000)	(60,000)
	-	-

Preliminary expenses

At cost	80,541	80,541
Less accumulated amortisation	(80,541)	(80,541)
	-	-
	-	-

Notes to the financial statements continued

	2009 \$	2008 \$
Note 10. Payables		
Trade creditors	2,016	4,384
Other creditors and accruals	21,532	17,102
	23,548	21,486

Note 11. Provisions

Employee benefits	8,386	11,064
Number of employees at year end	5	5

Note 12. Interest bearing liabilities

Current

Lease liability	3,765	-
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Non-current

Lease liability	7,845	-
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Note 13. Share capital

476,160 Ordinary shares fully paid of \$1 each	476,160	476,160
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Note 14. Accumulated losses

Balance at the beginning of the financial year	(571,299)	(495,354)
Loss after income tax	(68,599)	(75,945)
Dividends	-	-
Balance at the end of the financial year	(639,898)	(571,299)

Notes to the financial statements continued

	2009 \$	2008 \$
Note 15. Cash flow statement		
(a) Reconciliation of cash		
Cash assets / (bank overdraft)	(407,285)	(299,093)
(b) Reconciliation of loss after tax to net cash provided from/(used in) operating activities		
Loss after income tax	(68,599)	(75,945)
Non cash items		
- Depreciation	4,635	10,188
- Amortisation	-	28,109
Changes in assets and liabilities		
- (Increase) decrease in receivables	(7,010)	(1,914)
- Increase (decrease) in payables	2,062	(382)
- Increase (decrease) in provisions	(2,678)	(674)
- (Increase) decrease in deferred tax asset	(30,547)	(27,694)
Net cash flows from/(used in) operating activities	(102,137)	(68,312)

Note 16. Director and related party disclosures

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

Wayne David Caldow

Alison Margaret Leishman

Luke Simon Munro

Stephen Edmund Ryan

Ashley Rohan Caldow

Kathryn Elizabeth Hausler

Austin David Grigg

Julie West

Neil Harvey (appointed 2 July 2008), (resigned 28 January 2009)

Gloria Freeman (appointed 27 May 2009)

Other than detailed below no Director or related entity has entered into a material contract with the Company. 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)

During the year ended 30 June 2009 fees of \$7,940 (2008: \$7,940) were paid to West Currie Consultants for accounting services. Julie West is the Principal of West Currie Consultants.

Total rental for the year ended 30 June 2009 of \$11,011 (2008: \$11,035) was paid for the property located at 63 Elizabeth Street, Edenhope. Directors, Wayne Caldwell and Austin Grigg, each own a 10% share of 63 Elizabeth Street.

All of the above Director related transactions were on normal commercial terms and conditions.

Directors' shareholdings	2009	2008
Wayne David Caldwell	1,101	1,101
Alison Margaret Leishman	2,001	2,001
Luke Simon Munro	3,001	3,001
Stephen Edmund Ryan	2,401	2,401
Ashley Rohan Caldwell	3,001	3,001
Kathryn Elizabeth Hausler	1,000	1,000
Austin David Grigg	2,001	2,001
Julie West	1,000	1,000
Neil Harvey (appointed 2 July 2008, resigned 28 January 2009)	-	-
Gloria Freeman (appointed 27 May 2009)	1,000	1,000

There was no movement in shares held 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.

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 Edenhope, Victoria.

Notes to the financial statements continued

Note 20. Corporate information

Edenhope & District Community Financial Services Ltd is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is:

63 Elizabeth Street, Edenhope VIC 3318.

	2009	2008
	\$	\$

Note 21. Earnings per share

Basic earnings per share amounts are calculated by dividing 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 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:

Loss after income tax expense	(68,599)	(75,945)
Weighted average number of ordinary shares for basic and diluted earnings per share	476,160	476,160

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.

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(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	-	-
Receivables	23,203	18,545
	23,203	18,545

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.

In addition, the Company has an established overdraft facility of \$420,000 with Bendigo and Adelaide Bank Ltd.

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 2009					
Payables	23,548	(23,548)	(23,548)	–	–
Bank overdraft	407,285	(407,285)*	(407,285)	–	–
Interest bearing liabilities	11,610	(13,932)	(4,518)	(9,414)	–
	442,443	(444,765)	(435,351)	(9,414)	–
30 June 2008					
Payables	21,486	(21,486)	(21,486)	–	–
Bank overdraft	299,093	(299,093)*	(299,093)	–	–
	320,579	(320,579)	(320,579)	–	–

* The bank overdraft is held with Bendigo and Adelaide Bank Ltd and has no set repayment terms. As such the principal outstanding has been shown as payable within one year and no allowance has been made for interest costs. The interest rate as at 30 June 2009 was 9.64% (30 June 2008: 11.60%).

(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.

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis

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

	Carrying amount	
	2009	2008
	\$	\$
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	(11,610)	-
	(11,610)	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(407,285)	(299,093)
	(407,285)	(299,093)

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.

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(e) Capital management

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

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

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

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

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

Directors' declaration

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

In the opinion of the Directors:

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



Wayne David Caldwell
Chairman

Signed at Edenhope on 9 September 2009.

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



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

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

SCOPE

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

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

Audit approach

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

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

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

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

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

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 Edenhope & District Financial Services Limited is in accordance with:

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

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 9 September 2009

Edenhope & District **Community Bank**[®] Branch
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