

# annual report 2009



Fairy Meadow Community  
Financial Services Limited  
ABN 16 104 140 641

Fairy Meadow **Community Bank**<sup>®</sup> Branch

# Contents

---

<b>Chairman's report</b>	<b>2</b>
<b>Manager's report</b>	<b>3</b>
<b>Directors' report</b>	<b>4-6</b>
<b>Financial statements</b>	<b>7-9</b>
<b>Notes to the financial statements</b>	<b>10-14</b>
<b>Directors' declaration</b>	<b>15</b>
<b>Independent audit report</b>	<b>16-17</b>
<b>Auditor's independence declaration</b>	<b>18</b>

# Chairman's report

---

For year ending 30 June 2009

Welcome to another Annual General Meeting as we celebrate our 6th birthday.

It has been a challenging year, however still successful one for our branch. We have seen solid growth, both in profits and new accounts; our book is at just over \$75 million and growing.

We have employed another member to our staff and are in the preliminary stages of a branch upgrade. We also have a proposal for an ATM in Balgownie Village.

Fairy Meadow Community Financial Services Limited is still the proud Platinum Sponsor of 'Raise The Gong' and we are negotiating a sponsorship deal with the Fairy Meadow Surf Club, a five-year agreement worth \$15,000 to \$20,000, as well as numerous other community involvements we proudly commit to. All in all, a total of approximately \$30,000 given out in community grants in the last twelve months.

Moving forward into 2010, we are excited about the prospects ahead, a branch upgrade, employing another staff member, opening an ATM, increased business and the return of more profits to the community.

I would like to thank all our account holders and shareholders for helping make our Bank, and in turn the community a success, and a special thank you to my fellow Board members who work tirelessly, and the wonderful staff.

I look forward to a rewarding 12 months head and hope you all continue to support our branch, because after all, a successful customer equals a successful bank, which equals a successful community.



**Paul Jewell**

**Chairman**

# Manager's report

---

For year ending 30 June 2009

In the wake of the global financial crisis, the uncertainty and the volatility of the financial market I am pleased to report that Fairy Meadow **Community Bank**<sup>®</sup> Branch has maintained its focus on customer service and the growth of our business during 2008/09.

This years' growth is fantastic, which further demonstrates and strengthens the acceptance of the style of banking that Bendigo and Adelaide Bank Ltd offers. The confidence that our new and existing customers place in our staff and the range of banking products and services that meet their immediate and long-term needs, can only strengthen the position of Fairy Meadow **Community Bank**<sup>®</sup> Branch and our community in the coming year.

For the year ending 30 June, 2009 our branch achieved the following:

- a) Our funds under management stood at \$75.291 million., we grew our book by \$17,975 million. We achieved 224% of budget.
- b) Our projected income was down by 8.32% against budget, this was contributed to the margin squeeze caused by the global financial crisis.
- c) We were below budget by 14.45% in our expenditure.

Our growth has been contributed to establishing strong relationships with our customers both business and personal. This has resulted in referrals and recommendations, introducing new customers to the Bank. As we continue to grow and maintain our high level of service, the Board of Directors have approved the employment of another staff member by early August.

Fairy Meadow **Community Bank**<sup>®</sup> Branch has received many acknowledgements during the year, continuing to be rated highly in surveys and winning "Branch of the Month" four times during the year within our region. I was honored to be nominated for and also won the "Pride of Workmanship" award for 2008 from the Rotary Club of Fairy Meadow.

I would like to take this opportunity to thank all staff for their contribution over the year. Their hard work and commitment has ensured that Fairy Meadow **Community Bank**<sup>®</sup> Branch is well placed for future growth and a successful 2009/10. I would also thank the Board for their endless work and support.

As we commence another year, we look forward to new challenges and the continued growth of our **Community Bank**<sup>®</sup> branch. This can only be achieved by your support and we look forward in serving and assisting you in the future.



**Bill Watts**  
**Manager**

# Directors' report

---

For year ending 30 June 2009

Your Directors present their report on the Company for the year ended 30 June 2009.

## Directors

The names of the Directors in office at the date of this report are:

Name of Director	Period as Director	Qualifications & special responsibilities
Paul Jewell	20/03/2003	Business Operator, Chairman
Anne Ellicott	20/03/2003	Retired Public Servant, Treasurer
Ronald Reeves	10/08/2006	Retired Accountant
Lucia Zanetti	20/03/2003	Interpreter
Troy Taylor	13/08/2009	Business Operator

## Directors' meetings

List of Directors and Board meetings for the year ended 30 June 2009.

Name of Director	Position	Attendance
Paul Jewell	Chairman	11 of 12
Anne Ellicott	Treasurer/Secretary	12 of 12
Lucia Zanetti		10 of 12
Ron Reeves		10 of 12
Troy Taylor		5 of 5
Flavio Corbanese (Resigned 19/12/2008)		6 of 6

## Principal activities

The principal activities of the Company during the financial year were the operation of a Bendigo and Adelaide Bank Ltd **Community Bank**<sup>®</sup> franchise.

There were no significant changes in the nature of the Company's principal activities during the financial year.

## Operating results

The profit and extraordinary items of the Company for the financial year after providing for income tax amounted to \$14,891.

## Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation is made as to dividends.

# Directors' report continued

---

## **Significant changes in state of affairs**

No significant changes in the Company's state of affairs occurred during the financial year.

## **After balance date events**

No matters or circumstances have arisen since the end of the financial year which 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 subsequent financial years.

## **Future developments**

The Company expects to maintain the present status and increase its level of operations & hence there are no likely developments in the operations in future financial years.

## **Environmental issues**

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

## **Options**

No options over issued shares or interests in the Company were granted during or since the end of the end of the financial year and there were no options outstanding at the date of this report.

## **Directors' interests in shares of the Company or related bodies corporate**

The particulars of shares held by the Directors of the Company in the Company or in related bodies corporate which are required to be declared in the register of Directors' share holdings are as follows:

<b>Name of Director</b>	<b>Shareholding</b>
Paul Jewell	3,501
Anne Ellicott Treasurer/Secretary	501
Lucia Zanetti	18,251

## **Directors' benefits**

No Director has received or has become entitled to receive, during or since the financial year, a benefit as a result of a contract made by the Company 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.

## **Indemnifying Officers or Auditor**

The Company has paid premiums to insure all the Directors against liabilities for costs & expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Directors of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$3,927.

## Directors' report continued

---

### **Proceedings on behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:



**Paul Jewell**  
**Director**



**Anne Ellicott**  
**Director**

Dated 10 October 2009.

# Financial statements

---

## Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	2	572,543	567,903
Employee benefits expense		(312,441)	(262,933)
Depreciation and amortisation			
Expenses	3	(31,962)	(46,376)
Borrowing costs expense	3	(820)	(2,603)
Other expenses from ordinary activities		(212,429)	(183,596)
Profit from ordinary activities before income tax expense	3	14,891	72,395
Income tax expense relating to ordinary activities		-	-
<b>Net profit from ordinary activities after income tax expense attributable to members of the Company</b>	<b>11</b>	<b>14,891</b>	<b>72,395</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>14,891</b>	<b>72,395</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
<b>Current assets</b>			
Cash	4	79,139	60,994
Receivables	5	54,336	50,196
<b>Total current assets</b>		<b>133,475</b>	<b>111,190</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	162,873	157,367
Intangible assets	7	36,941	27,541
<b>Total non-current assets</b>		<b>199,814</b>	<b>184,908</b>
<b>Total assets</b>		<b>333,289</b>	<b>296,098</b>
<b>Current liabilities</b>			
Creditors & borrowings	8	24,394	33,050
Provisions	9	48,019	32,780
<b>Total current liabilities</b>		<b>72,413</b>	<b>65,830</b>
<b>Non-current liabilities</b>			
Creditors & borrowings	8	15,718	-
<b>Total liabilities</b>		<b>88,131</b>	<b>65,830</b>
<b>Net assets</b>		<b>245,158</b>	<b>230,268</b>
<b>shareholders' equity</b>			
share capital	10	680,009	680,009
Accumulated losses	11	434,850	449,741
<b>Total shareholders' equity</b>		<b>245,159</b>	<b>230,268</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
<b>Cash flows from operating activities</b>			
Receipts from debtors		543,435	559,049
Payments to suppliers and employees		(494,995)	(440,530)
Interest received		2,270	122
Borrowing costs paid		(797)	(2,603)
<b>Net cash used in operating activities</b>	<b>13</b>	<b>39,188</b>	<b>116,038</b>
<b>Cash flows from investing activities</b>			
Payment for:			
Payments for intangible assets		(17,059)	
Payments for property, plant & equipment		(25,884)	(2,500)
Provided by:			
Funds received chattel mortgage		21,900	
<b>Net cash provided by (used in) investing activities</b>		<b>(21,043)</b>	<b>(2,500)</b>
Net increase (decrease) in cash held		18,145	113,538
Cash at the beginning of the year		60,994	(52,544)
<b>Cash at the end of the year</b>	<b>12</b>	<b>79,139</b>	<b>60,994</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

---

For year ending 30 June 2009

## Note 1. Statement of significant accounting policies

This financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the Corporations Act 2001. The Directors have determined that the Company is not a reporting entity.

Fairy Meadow Community Financial Services Ltd is a Company limited by shares, incorporated and domiciled in Australia.

The report has been prepared in accordance with the requirements of the Corporations Act 2001, and the following applicable Accounting Standards and Urgent Issues Group Consensus Views:

No other Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

	2009 \$	2008 \$
--	------------	------------

## Note 2. Revenue

### Operating activities

Interest	2,270	122
Rent	-	2,609
Other	559,332	565,172
<b>Total revenue</b>	<b>561,602</b>	<b>567,903</b>
<b>Interest from:</b>		
<b>Other persons</b>	<b>2,270</b>	<b>122</b>

## Notes to the financial statements continued

	2009 \$	2008 \$
--	------------	------------

### Note 3. Profit from ordinary activities

Profit from ordinary activities before income tax expense has been determined after:

#### Expenses

##### Borrowing costs

Other persons	819	2,603
---------------	-----	-------

Depreciation non-current assets	18,148	19,360
---------------------------------	--------	--------

##### Amortisation of non-current assets

Franchise fees	7,862	19,021
----------------	-------	--------

##### Bad debts

Bad debts	403	783
-----------	-----	-----

##### Remuneration of Auditor

Audit or review	1,200	1,200
-----------------	-------	-------

### Note 4. Cash

Cash in hand	350	350
--------------	-----	-----

Cash at bank	78,789	60,644
--------------	--------	--------

	<b>79,139</b>	<b>60,994</b>
--	---------------	---------------

### Note 5. Receivables

#### Current

Trade debtors	<b>54,336</b>	<b>50,196</b>
---------------	---------------	---------------

## Notes to the financial statements continued

	2009 \$	2008 \$
<b>Note 6. Property plant and equipment</b>		
Plant & equipment - at cost	90,389	87,889
Less prov'n for depreciation	53,323	47,227
	<b>37,066</b>	<b>40,662</b>
Motor vehicles - at cost	20,575	-
Less prov'n for depreciation	2,230	-
	<b>18,345</b>	-
Fixtures & fittings - at cost	79,083	79,083
Less prov'n for depreciation	35,954	30,757
	<b>43,129</b>	<b>48,326</b>
Leasehold improvements at cost	103,754	100,945
Less written off	39,421	32,566
	<b>64,333</b>	<b>68,379</b>
	<b>162,873</b>	<b>157,367</b>

## Note 7. Intangible assets

Franchise fee	77,059	60,000
Less: accumulated amortisation	(60,284)	(56,000)
Preliminary expenses	31,800	31,800
Less: accumulated amortisation	(11,836)	(9,893)
Share issue expenses	24,509	24,509
Less: accumulated amortisation	(24,509)	(22,875)
Borrowing costs	202	-
	<b>36,941</b>	<b>27,541</b>

## Notes to the financial statements continued

	2009 \$	2008 \$
<b>Note 8. Payables</b>		
<b>Current</b>		
Trade creditors	6,903	10,853
Other creditors - June BAS	11,973	10,110
Refundable bond	1,540	1,540
Chattel mortgage	3,978	-
GST on supplies	-	10,547
	<b>24,394</b>	<b>33,050</b>
<b>Non-current</b>		
<b>Chattel mortgage</b>	<b>15,718</b>	<b>-</b>

## Note 9. Provisions

<b>Current</b>		
Provision for holiday pay	34,598	32,780
Prov'n for long service leave	13,421	-
	<b>48,019</b>	<b>32,780</b>
<b>Aggregate employee entitlement liability</b>	<b>48,019</b>	<b>32,779</b>

## Note 10. Contributed equity

<b>Issued &amp; paid up capital</b>	<b>680,009</b>	<b>680,009</b>
-------------------------------------	----------------	----------------

## Note 11. Retained profits

Retained profits (accumulated losses) at the beginning of the financial year	(449,741)	(522,136)
Net profit attributable to members of the Company	15,023	72,395
<b>Retained profits (accumulated losses) at the end of the financial year</b>	<b>(434,718)</b>	<b>(449,741)</b>

## Notes to the financial statements continued

	2009 \$	2008 \$
<b>Note 12. Reconciliation of cash</b>		
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. Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash at bank	12,453	3,210
Bendigo rental income account	5	777
Investment account	64,575	55,088
Rental bond account	0	1,569
Managers expense account	1,756	
Cash on hand	350	350
	<b>79,139</b>	<b>60,994</b>

### Note 13. Reconciliation of cash flow from operations with profit from ordinary activities after income tax

Profit from ordinary activities after income tax	14,891	72,395
<b>Non-cash flows in profit from ordinary activities</b>		
Amortisation	7,862	19,022
Depreciation	20,378	19,360
<b>Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries</b>		
(Increase)/decrease in trade debtors	(4,140)	(7,949)
Increase/(decrease) in inventories	-	-
Increase/(decrease) in payables	(2,087)	1,390
Increase/(decrease) in provisions	15,239	3,332
Increase/(decrease) in employee entitlements		6,053
Increase/(decrease) in sundry provisions	(12,955)	2,435
<b>Cash flows from operations</b>	<b>39,188</b>	<b>116,038</b>

# Directors' declaration

---

The Directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages to :
  - (a) comply with Accounting Standards as detailed in Note 1 to the financial statements and the Corporations Act 2001; and
  - (b) present fairly the Company's financial position as at 30 June 2009 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



**Paul Jewell**  
**Director**



**Anne Ellicott**  
**Director**

Dated 10 October 2009.

# Independent audit report

---

## **To the members of Fairy Meadow Community Financial Services Limited**

We have audited the accompanying financial report of Fairy Meadow Community Financial Services Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration.

## **Directors' responsibility for the financial report**

The Directors of the Fairy Meadow Community Financial Services Limited, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of Fairy Meadow Community Financial Services Limited on 8 October 2009, would be in the same terms if provided to the Directors as at the date of this Auditor's report.

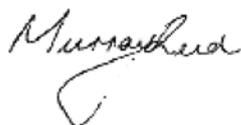
# Independent audit report continued

---

## **Auditor's opinion**

In our opinion the financial report of Fairy Meadow Community Financial Services Limited, is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Fairy Meadow Community Financial Services Limited, financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- (b) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



**Murray Reid**

R M Chartered Accountants

Victoria Street Wollongong

8 October 2009

# Auditor's independence declaration

---

To the audit client:

As Lead Engagement partner/Auditor for the audit of Fairy Meadow Community Financial Services Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of the independence requirements of the Corporations Act in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.



**Murray Reid**

R M Chartered Accountants

Victoria Street Wollongong

8 October 2009





Fairy Meadow **Community Bank**<sup>®</sup> Branch  
39 Princess Highway, Fairy Meadow NSW 2519  
Phone: (02) 4284 8277

Franchisee: Fairy Meadow Community Financial Services Limited  
39 Princess Highway, Fairy Meadow NSW 2519  
ABN: 16 104 140 641

[www.bendigobank.com.au/fairy\\_meadow](http://www.bendigobank.com.au/fairy_meadow)  
Bendigo and Adelaide Bank Limited,  
The Bendigo Centre, Bendigo VIC 3550  
ABN 11 068 049 178. AFSL 237879. (BMPAR9093) (10/09)