

# annual report 2010



Fairy Meadow Community  
Financial Services Limited  
ABN 16 104 140 641

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

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# Chairman's report

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For year ending 30 June 2010

Welcome to our Annual General Meeting and our **Community Bank**<sup>®</sup> branch's 7th Anniversary.

It has been a year of improvement and a fulfilling one for our Branch. We have seen solid growth, both in profits and new accounts; our book now sits at just over \$73 million and growing.

Through our **Community Bank**<sup>®</sup> Franchise with Bendigo and Adelaide Bank Ltd we are given a Marketing Development Fund (MDF) of \$50,000 per annum to be used as community sponsorship/funding. This fund is given to us so we can assist the local community and does not come from banking income or profits of our branch.

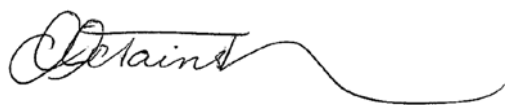
Fairy Meadow Community Financial Services Limited is still the proud sponsors of the following: Raise The Gong, Australian Air Patrol (AAP), Fairy Meadow Surf Club, The Disability Trust, local schools, sporting clubs and cultural groups. In total, approximately \$50,000 has been given out in community grants in the last twelve months.

Moving forward into 2011, we are excited about the prospects ahead. I am extremely proud to announce the payment of our First Dividend of 4% in early 2011. We now have seven staff, up and coming new Directors, opening an ATM in Balgownie (2519), increased business and the return of more profits to our shareholders and community. I am pleased to acknowledge that there will be future introductions of new and improved products, stronger community relationships and better banking facilities. This closer involvement with our community is how we are recognised, as being different and not 'just another bank'!

Thank you to all our account holders and shareholders for helping make our branch, and in turn the community, a success. A special thank you to my fellow Board members who work tirelessly, and to the wonderful staff who ensure the needs our customers are so well met.

I would also like to mention that we have had several changes to our Board of Directors over the last 12 months. The passing of Ron Reeves was a great loss to the Board, and to the community. All these Directors produced a vast magnitude of work, diligence, commitment, and loyalty during their reign as Directors. Without their long-standing support the branch would not be as successful. My sincerest wishes to everyone for the future and congratulations go out to those who will be newly elected and for their endeavours in 2011.

I look forward to a rewarding twelve months ahead and with your continued support our branch will grow and develop as a whole our community benefits and becomes more prosperous.



**Margaret McTainsh**  
**Chairman**

# Manager's report

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For year ending 30 June 2010

These past twelve months have been a busy period as we have continued to plan and focus on strengthening our customer base through this difficult and uncertain period, with the Global Financial Crisis dominating the headlines and the economy. The Fairy Meadow **Community Bank**<sup>®</sup> Branch has continued to support and assist numerous customers with advice and products to help them succeed in this troubled time.

Given the very challenging market environment, our overall footings of the **Community Bank**<sup>®</sup> Branch decreased slightly to \$73.46 million, which was contributable to a number of factors. However, our overall end of year profit increased to \$88,376, which is a great achievement.

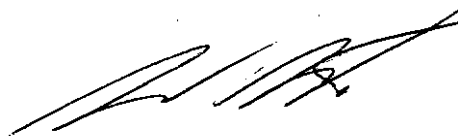
At Fairy Meadow **Community Bank**<sup>®</sup> Branch we cannot assume our customers will be satisfied just with great products, we must also ensure the quality of our service is second to none. To achieve this, we ensure our staff are trained and ready to deliver consistently high levels of customer understanding, care and ongoing service. The branch continues to receive recognition from customers, community groups and Bendigo and Adelaide Bank Ltd for its outstanding service and commitment.

Sonya Thomas, one of our part time staff, has taken maternity leave for 12 months and we congratulate her on having a baby boy Rylan. Also, we are pleased to welcome Glenda Darragh and Sheree Rostirolla to our team.

As part of our agreement with Bendigo and Adelaide Bank Ltd, we receive funds to assist in marketing the Fairy Meadow **Community Bank**<sup>®</sup> Branch. Over the past 12 months, the Board of Directors have decided to utilise our Marketing Development Fund to sponsor / support community groups and schools in the Fairy Meadow and the Illawarra district with approx.\$52,000 being injected into the community.

As we approach our 7th Birthday, it is pleasing to reflect on our achievements so far, and to extend our thanks to all our shareholders, the Board, our dedicated staff and our partner Bendigo and Adelaide Bank Ltd, as well as our customers. We thank everyone for their support and encouragement. As we look forward to the coming year, we have again set ourselves an aggressive plan and budget to enable the branch to continue to grow for the benefit of our community and shareholders.

For those who have been thinking about or delaying their decision to change banks, now is the time to act and support your local **Community Bank**<sup>®</sup> branch. We offer a large range of products / services for your financial needs for both personal and business requirements, including insurance and financial planning. We look forward to serving you soon.



**Bill Watts**  
**Manager**

# Directors' report

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For the financial year ended 30 June 2010

Your Directors present their report on the Company for the year ended 30 June 2010.

## Directors

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

<b>Name of Director</b>	<b>Period as Director</b>	<b>Qualifications &amp; special responsibilities</b>
Anne Ellicott	20/03/2003	Retired Public Servant      Treasurer
Lucia Zanetti	20/03/2003	Interpreter
Matthew Mitchell	10/12/2009	Finance Manager
Frank Cardamone	10/12/2009	Business Operator
Margaret McTainsh	10/12/2009	Manager
John Apolloni	29/06/2010	Business Operator
Anne Bates	27/07/2010	Accountant

## Principal activities

The principal activities of the Company during the financial year were:

- 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 \$88,376

## Dividends paid or recommended

No dividends were paid or declared since the start of the financial year.

## 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 future financial years.

## Directors' report continued

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### Future developments

The Company expects to maintain the present status and increase it's 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 the law of the Commonwealth, State or Territory.

### Options

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

### Directors' qualifications

#### (a) Directors' meetings

During the year, 12 meetings of Directors were held. Attendances by each Director were as follows:

Name	Meetings eligible to attend	Number attended
Paul Jewell	12	12
Anne Ellicott	12	12
Lucia Zanetti	12	9
Ron Reeves	1	1
Troy Taylor	11	9
Margaret Mctainsh	6	6
Matthew Mitchell	6	5
Frank Cardamone	6	6

### 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' shareholdings are as follows:

Name of Director	Shareholding
Anne Ellicott	501
Lucia Zanetti	18,251
Frank Cardamone	8,000
Margaret McTainsh	500

## Directors' report continued

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### **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.

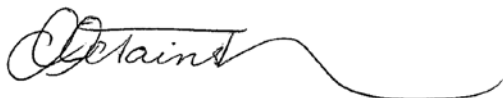
### **Indemnifying Officers or Auditor**

The Company has paid premiums to insure all the Directors against liabilities for costs and 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 \$3,570.

### **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:



**Margaret McTainsh**  
**Director**



**Anne Ellicott**  
**Director**

Dated this 18 October 2010.

# Financial statements

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## Statement of comprehensive income For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenues from ordinary activities	2	707,757	572,543
Employee benefits expense		(374,397)	(312,441)
Depreciation and amortisation expenses	3	(33,254)	(31,962)
Borrowing costs expense	3	(1,211)	(820)
Other expenses from ordinary activities		(210,519)	(212,429)
<b>Profit from ordinary activities before income tax expense</b>	<b>3</b>	<b>88,376</b>	<b>14,891</b>
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>88,376</b>	<b>14,891</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>88,376</b>	<b>14,891</b>

The accompanying notes form part of these financial statements.



## Financial statements continued

### Statement of financial position As at 30 June 2010

	Note	2010 \$	2009 \$
<b>Current assets</b>			
Cash assets-cash & cash equivalents	4	129,447	79,139
Receivables-trade and other receivables	5	61,106	54,336
<b>Total current assets</b>		<b>190,553</b>	<b>133,475</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	164,267	162,873
Intangible assets	7	76,684	36,941
<b>Total non-current assets</b>		<b>240,951</b>	<b>199,814</b>
<b>Total assets</b>		<b>431,504</b>	<b>333,289</b>
<b>Current liabilities</b>			
Payables-trade and other payables	8	29,990	24,394
Provisions	9	56,506	48,019
<b>Total current liabilities</b>		<b>86,496</b>	<b>72,413</b>
<b>Non-current liabilities</b>			
Payables	8	11,473	15,718
<b>Total non-current liabilities</b>		<b>11,473</b>	<b>15,718</b>
<b>Total liabilities</b>		<b>97,969</b>	<b>88,131</b>
<b>Net assets</b>		<b>333,535</b>	<b>245,158</b>
<b>Equity</b>			
Contributed equity	10	680,009	680,009
Accumulated losses	11	(346,474)	(434,851)
<b>Total equity</b>		<b>333,535</b>	<b>245,158</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of cash flows For the year ended 30 June 2010

	Note	2010 \$	2009 \$
<b>Cash flows from operating activities</b>			
Receipts from debtors		694,669	543,435
Payments to suppliers and employees		(569,620)	(494,972)
Interest received		1,333	2,270
Borrowing costs paid		(1,211)	(820)
<b>Net cash used in operating activities</b>	<b>13</b>	<b>125,171</b>	<b>39,188</b>
<b>Cash flows from investing activities</b>			
Payment for:			
Payments for intangible assets		(51,803)	(17,059)
Payments for property, plant & equipment		(23,060)	(25,884)
Provided by:			
Funds received chattel mortgage		-	21,900
<b>Net cash provided by (used in) investing activities</b>		<b>(74,863)</b>	<b>(21,043)</b>
Net increase (decrease) in cash held		50,308	18,145
Cash at the beginning of the year		79,139	60,994
<b>Cash at the end of the year</b>	<b>12</b>	<b>129,447</b>	<b>79,139</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ended 30 June 2010

## 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 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:

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>

## Note 2. Revenue

### **Operating activities**

Interest	1,333	2,270
Other	701,480	559,332
<b>Interest from:</b>		
Bendigo and Adelaide Bank Ltd	1,333	2,270

## Notes to the financial statements continued

	2010 \$	2009 \$
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### Note 3. Profit from ordinary activities

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

#### Expenses

##### Borrowing costs

Other persons	1,211	819
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Depreciation non current assets	18,225	18,148
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##### Amortisation of non-current assets

Franchise fees	9,895	5,742
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Preliminary expenses	2,120	2,120
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	<b>12,015</b>	<b>7,862</b>
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Bad debts	730	403
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##### Remuneration of Auditor

Audit or review	1,050	1,200
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### Note 4. Cash assets

Cash in hand	450	350
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Cash at bank	128,997	78,789
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	<b>129,447</b>	<b>79,139</b>
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### Note 5. Receivables

#### Current

Trade debtors	<b>61,106</b>	<b>54,336</b>
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## Notes to the financial statements continued

	2010 \$	2009 \$
<b>Note 6. Property plant and equipment</b>		
Plant & equipment - at cost	111,648	90,389
Less prov'n for depreciation	59,835	53,323
	<b>51,813</b>	<b>37,066</b>
Motor vehicles - at cost	20,574	20,575
Less prov'n for depreciation	5,670	2,230
	<b>14,904</b>	<b>18,345</b>
Fixtures & fittings - at cost	79,083	79,083
Less prov'n for depreciation	40,726	35,954
	<b>38,357</b>	<b>43,129</b>
Leasehold improvements at cost	105,555	103,754
Less written off	46,362	39,421
	<b>59,193</b>	<b>64,333</b>
	<b>164,267</b>	<b>162,873</b>

## Note 7. Intangible assets

Franchise fee	128,862	77,059
Less: accumulated amortisation	(70,179)	(60,284)
Preliminary expenses	31,800	31,800
Less: accumulated amortisation	(13,956)	(11,836)
Share issue expenses	24,509	24,509
Less: accumulated amortisation	(24,509)	(24,509)
Borrowing costs	157	202
	<b>76,684</b>	<b>36,941</b>

## Notes to the financial statements continued

	2010 \$	2009 \$
<b>Note 8. Payables</b>		
<b>Current</b>		
Trade creditors	6,955	6,903
Other creditors	17,250	11,973
Refundable bond	1,540	1,540
Chattel mortgage	4,245	3,978
	<b>29,990</b>	<b>24,394</b>
<b>Non-current</b>		
<b>Chattel mortgage</b>	<b>11,473</b>	<b>15,718</b>

## Note 9. Provisions

<b>Current</b>		
Provision for holiday pay	32,084	34,598
Prov'n for long service leave	24,422	13,421
	<b>56,506</b>	<b>48,019</b>
<b>Aggregate employee entitlement liability</b>	<b>56,505</b>	<b>48,018</b>

## Note 10. Contributed equity

<b>Issued &amp; paid up capital</b>	<b>680,009</b>	<b>680,009</b>
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## Note 11. Retained profits

Retained profits (accumulated losses) at the beginning of the financial year	(434,850)	(449,741)
Net profit attributable to members of the Company	88,376	14,891
<b>Retained profits (accumulated losses) at the end of the financial year</b>	<b>(346,474)</b>	<b>(434,850)</b>

## Notes to the financial statements continued

	2010 \$	2009 \$
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### Note 12. Reconciliation of cash

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	15,776	12,453
Bendigo rental income account	5	5
Investment account	112,727	64,575
Managers expense account	489	1,756
Cash on hand	450	350
	<b>129,447</b>	<b>79,139</b>

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

Profit from ordinary activities after income tax	88,376	14,891
Non-cash flows in profit from ordinary activities		
Amortisation	12,015	7,862
Depreciation	21,665	20,378
Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries		
(Increase)/decrease in trade debtors	(6,770)	(4,140)
Increase/(decrease) in payables	(3,879)	(2,087)
Increase/(decrease) in employee entitlements	8,487	15,239
Increase/(decrease) in sundry provisions	5,277	(12,955)
<b>Cash flows from operations</b>	<b>125,171</b>	<b>39,188</b>

# Directors' declaration

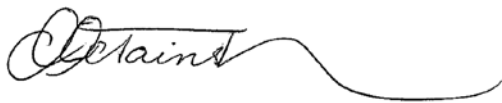
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The Directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The Directors of the Company declare that:

1. the financial statements and notes, as set out on the previous pages:
  - (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 2010 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.



**Margaret McTainsh**  
**Director**



**Anne Ellicott**  
**Director**

Dated this 18 October 2010.



# Auditor's independence declaration

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## **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 2010, 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

21 September 2010

# Independent audit report

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**Fairy Meadow Community Financial Services Ltd**

**ABN 16 104 140 641**

## **Independent Auditor's report**

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

We have audited the accompany financial report of Fairy Meadow Community Financial Services Limited, which comprises the balance sheet as at 30 June 2010, 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 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.

# Independent audit report continued

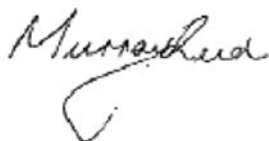
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## **Independence**

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 20 September 2010, would be in the same terms if provided to the Directors as at the date of this Auditor's report.

## **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: giving a true and fair view of the Fairy Meadow Community Financial Services Limited, financial position as at 30 June 2010 and of its performance for the year ended on that date; and Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



## **Murray Reid**

R M Chartered Accountants

Victoria Street Wollongong

21 September 2010





Fairy Meadow **Community Bank**<sup>®</sup> Branch  
37-39 Princes Highway, Fairy Meadow NSW 2519  
Phone: (02) 4284 8277

Franchisee: Fairy Meadow Community Financial Services Limited  
39 Princes Highway, Fairy Meadow NSW 2519  
Phone: (02) 4284 1144  
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.  
(BMPAR10096) (10/10)