annual report | 2009

Goodwood/Highgate Community
Financial Services Limited
ABN 54 112 676 294

Goodwood **Community Bank®** Branch

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Chairman's report

For year ending 30 June 2009

Goodwood Highgate Financial Services (GHFS) is a franchisee of Bendigo and Adelaide Bank Ltd and operates Goodwood **Community Bank®** Branch.

Goodwood does not have the resources and power of the retailing networks that operate within the other banks such as with "the big four". Importantly, it also does not have the flaws that come with such monolithic bureaucratic structures. As its core strength, is the fact that Goodwood is a separate entity with it's own shareholders, constitution and a voluntary Board.

We are like our customers, be they small businesses or individual home owners, we rise and fall on our own performance; and like them our performance is measured by our capacity to support others . In Goodwood's case we share our profits with our community.

Presently we are performing very well, as the Manager's report will verify, we have even expanded into having our own agency in Highgate overseen by Board member, Susan Straschko.

We perform well because we have good staff, who are committed to the community principles. They attend the community events with us and work the extra unpaid hours.

We also perform well because we have an able, balanced Board. This year, founder member Les Birch left and we have been fortunate in that Mark Goldsworthy, who has taken his place, has already provided a new element to the Board's talent base. Similarly the earlier acceptance by former MP for Unley, Mark Brindal, of a seat on the Board, has strengthened the Board's governance.

In the end, even with this talent pool and staff skills, our edge in the marketplace is that Bendigo Bank is recognised as the bank that contributes to the community - and people bank with their local **Community Bank®** branch because they want to be part of this.

This creates a great challenge for Goodwood. Since the rebadging of Adelaide Bank branches as Bendigo Bank branches and the "It starts with U" national brand campaign, many in the community are not able to distinguish between a Bendigo Bank retail branch and a **Community Bank®** branch – we all have the same name, same branding, same colours, same rates.

The effect of this change has seen Goodwood move from being the only **Community Bank®** branch in the area to being one of many.

There are some advantages in this – customers can transact in more places, there is a greater prominence to the brand and there is a bigger pool of customers who are part of the brand and when aware they may choose to relocate to the Goodwood **Community Bank®** Branch because it contributes profits back into the Goodwood community.

Chairman's report continued

However on the other side of the ledger is that Goodwood is no longer the only recognisable local **Community Bank®** branch.

This has been a great loss.

Goodwood has to get that market advantage back and re-establish the fact that we are unique.

It can be done - last year we said we would work to get a profit – and whist small, we have one.

This year to make the profit expand we need to stand out from the same crowd and emphasise our point of difference - community.

This year we need to work to make sure we can say "vive le difference".

Michael Keenan
Chairman

Manager's report

For year ending 30 June 2009

The 2009 financial year was one of constant challenge. In any year a global financial downturn would be enough but the bank also had to weather the completion of the Bendigo and Adelaide Bank Ltd merger. I am pleased to report that Goodwood **Community Bank®** Branch has weathered both situations well, if not profitably. We grew 64% to 30 June 2009 and reached 2,231 customers on our books, seeing the branch enter profitability.

A key tool in this result is the five (5) year plan and strategies that were set in August 2006. They have given direction and structure to the business.

In keeping with the community ethos of the branch, the team and I have been involved in our community. This has been done by physically participating in the Traders Association street markets and our Goodwood **Community Bank®** Branch day at the Adelaide Showground Farmers market. It has also been accomplished by the sponsorship of the St. Thomas Gala Fair Day, Millswood Bowls Club, Veteran Car Club, Goodwood Saints Football Club and many more community organisations. They have benefitted in receiving contributions in excess of $27,000.

The branch has also been involved in working with the Goodwood Primary School and Unley Council to develop an Enviroloo and a community garden. These are partnerships that will realise important local environmental and community-based projects.

The Highgate agency has grown all year. It has successfully brought a banking service to the Highgate area. The agency has an enthusiastic and highly skilled team that works well with the staff at Goodwood. With support from the Fullarton and Highgate area the agency should soon more to be a more than sustainable agency.

We celebrated our fourth birthday on 4 August 2009 and to celebrate we inaugurated a photo wall which shows the Goodwood **Community Bank®** Branch in action in our community.

In conclusion we would like to thank all our existing supporters and invite our wider community to come and share a unique banking experience with us at Goodwood **Community Bank®** Branch.

Annette Seeliger
Branch Manager

Sponsorships and grants

List of sponsorships and grants given 2009

St Thomas Primary School

Goodwood Primary School

Adelaide Showground Farmers Market

Goodwood Saints Football Club

Millswood Bowls Club

Millswood Croquet Club

Urban Myth Theatre Company

National Veteran Car Rally Club

ASFM Kids Club

Foundation Daw Park

Veteran Car Club Inc

Goodwood Community Centre

These are just a few of the sponsorships and grants that we have contributed to in the Community over the last 12 months, with over $27,000 given back to the community in various ways over the last 4 years.

Directors' report

For year ending 30 June 2009

Your Directors present their report, together with the financial statements of the Company for the financial year ended 30 June 2009.

Directors

The names of Directors in office at any time during or since the end of the year are:

Anthony Michael Keenan

Position:	Chairperson
Occupation:	Executive Officer.
Background information:	Michael Keenan, B.A., Dip. Ed., B.Ed., M.Ed., Executive Officer, Club One (SA) Ltd; Registered Industrial Advocate; Registered Teacher; Chair, Goodwood Community Services; Councillor and then Mayor Unley 1982-2006. Michael is Co-Director, Cognition (psychology practice) and CDM Superannuation Fund.
Directorships held in other entities:	Meditarre Pty Ltd CDM Superannuation Fund
Interest in shares and options:	Nil

Leslie Ronald Birch (Ceased 21 May 2009)

Position:	Non-Executive Director
Occupation:	Union Official.
Background information:	Vice President of the Australian Workers Union as well as industrial Officer for the Australian Railways Union. Served as a Board member of the Workcover Corporation. Member of various council committees.
Directorships held in other entities:	Nil
Interest in shares and options:	2001 ordinary shares

Mark Kennion Brindal (Appointed 19 March 2009)

Position:	Non-Executive Director
Occupation:	PHD Student (University of Adelaide).
Background information:	Education Administration, Former Member for Unley, Former Government Minister, Justice of the Peace.
Directorships held in other entities:	President, Adelaide Technical High School Old Scholars; Trustee, Unley RSL.
Interest in shares and options:	Nil

Directors' report continued

Graham Ralph Pitman

Position:	Non-Executive Director
Occupation:	Retired Banker.
Background information:	Former Manager BankSA Highgate, Vice President Theatre Organ Society of Australia (Owner/operator Capri Cinema Goodwood).
Directorships held in other entities:	Nil
Interest in shares and options:	1001 Ordinary shares

Susan Patricia Straschko

Position:	Non-Executive Director
Occupation:	Pharmacy – Co-owner.
Background information:	Owner/operator Highgate Pharmacy and Newsagent. Member Highgate Village Traders Association. Represents Association on the Unley Street Life Trust.
Directorships held in other entities:	Straschko Holdings Ltd P S Beneficiaries Pty Ltd PS and SS Investment Nominees Pty Ltd
Interest in shares and options:	1 ordinary share

Paula Stacey-Thomas

Position:	Non-Executive Director
Occupation:	Chiropractor.
Background information:	Dr Paula Stacey has been a practicing Chiropractor for 12 years, running her own clinic the last 10 years in Goodwood, Mt Barker and more recently Mt Gambier. She also served for 6 years on the Chiropractors' Association of Australia state branch managing the public relations and education portfolios, media spokesperson and a year as state president. She was honoured as National Chiropractor of the Year in 2006 for her work in developing the national 'Healthy Spines' health promotion program.
Directorships held in other entities:	Nil
Interest in shares and options:	1,500 ordinary shares

Rufus Luke Salaman

Position:	Non-Executive Director
Occupation:	Building Inspector.
Background information:	Migrated from the UK in 1966. Has lived in Unley for 36 years. Employed by Herriot Consulting (Engineers). A Councillor of the City of Unley.
Directorships held in other entities:	Nil
Interest in shares and options:	Nil

Directors' report continued

Jane Elizabeth Zadow

Position:	Non-Executive Director
Occupation:	General Manager, Corporate Services Winemarkers' Federation of Australia Inc.
Background information:	Jane is a Chartered Accountant with 7 years experience in major professional accounting firm followed by more than 15 years general banking and commercial experience.
Directorships held in other entities:	SA Living Artists Inc.
Interest in shares and options:	Nil

Diana Anthea Swanson

Position:	Non-Executive Director
Occupation:	Marketing and Fundraising Manager, Royal Society for the Blind.
Background information:	Diana has an extensive background in sales and marketing holding senior roles in companies including McDonald's Family Restaurants, Orlando Wyndham (Pernod Ricard), National Foods, Detmold Packaging and Southcorp. She has a Bachelor of Arts from Flinders University. She has travelled and studied overseas including marketing courses through the University of Chicago and the HEC Management Programmes Pour Dirigeants, Paris.
Directorships held in other entities:	Nil
Interest in shares and options:	Nil

Diana Jukes

Position:	Non-Executive Director
Occupation:	Financial Manager.
Background information:	Works for the local Famers' Market and has lived in the Goodwood area for over 20 years. She has a Bachelor of Economics from Adelaide University.
Directorships held in other entities:	Nil
Interest in shares and options:	Nil

Timothy Maxwell Campbell

Position:	Non-Executive Director
Occupation:	Solicitor.
Background information:	Tim is a solicitor and Chartered Accountant. Tim is the principal of Campbell Law. Tim has over 30 years experience in business, local government and community bodies.
Directorships held in other entities:	Centennial Park Cemetery Authority Tunfite Pty Ltd, Camset Pty Ltd
Interest in shares and options:	Nil

Pamela Anne Dale (Appointed 21 August 2008)

Position:	Non-Executive Director
Occupation:	Team Leader, Community Centres, City of Unley.
Background information:	Employed by Unley Council. Employed by Goodwood Community Services Inc. for 20 years. Co-publisher Darwin Community Newspaper, Tourist Resort Manager, Advanced Diploma in Community Service Management.
Directorships held in other entities:	Nil
Interest in shares and options:	1 ordinary share

Ken James Bridge (Ceased 21 November 2008)

Position:	Non-Executive Director
Occupation:	Part time University researcher.
Background information:	Semi-retired academic, teaching and researching for three universities. Facilitated a community development project in a Housing Trust suburb. Involved in local community campaigns in Goodwood.
Directorships held in other entities:	Nil
Interest in shares and options:	501 ordinary shares

Mark Lytton Goldsworthy (Appointed 20 August 2009)

Position:	Non-Executive Director
Occupation:	Real Estate.
Background information:	Extensive background in marketing and sales. Excellent knowledge of local community. Active local resident. Volunteer coach of junior sporting teams.
Directorships held in other entities:	Nil
Interest in shares and options:	Nil

Company Secretary

Anthony Michael Keenan

Position:	Chairperson
Occupation:	Executive Officer.
Background information:	Michael Keenan, B.A., Dip. Ed., B.Ed., M.Ed., Executive Officer, Club One (SA) Ltd; Registered Industrial Advocate; Registered Teacher; Chair, Goodwood Community Services; Councillor and then Mayor Unley 1982-2006. Michael is Co-Director, Cognition (psychology practice) and CDM Superannuation Fund.
Directorships held in other entities:	Meditarre Pty Ltd CDM Superannuation Fund
Interest in shares and options:	Nil

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Directorships held in other entities:	Centennial Park Cemetery Authority Tunfite Pty Ltd, Camset Pty Ltd
Interest in shares and options:	Nil

Directors meetings attended

During the financial year, 11 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

Names of Directors	Directors' meetings	
	Number eligible to attend	Number attended
Anthony Michael Keenan	11	11
Mark Kennion Brindal	4	4
Diana Jukes	11	11
Graham Ralph Pitman	11	11
Leslie Ronald Birch	10	6
Rufus Luke Salaman	11	8
Susan Patricia Straschko	11	8
Paula Stacey-Thomas	11	6
Diana Anthea Swanson	11	7
Timothy Maxwell Campbell	11	11
Ken James Bridge	4	3
Pamela Anne Dale	9	8
Mark Lytton Goldsworthy	-	-
Jane Elizabeth Zadow	11	8

Principal activity and review of operations

The principal activity and focus of the Company's operations during the year was the operation of a Branch of Bendigo and Adelaide Bank Ltd, pursuant to a franchise agreement.

Directors' report continued

Operating results

The loss of the Company after providing for income tax amounted to $63,099.

Dividends paid or recommended

The Company did not pay or declare a dividend during the financial year.

Financial position

The net assets of the Company have decreased by $63,099 from 30 June 2008 to $45,049 in 2009, which is a decrease on prior year due to the loss incurred during the financial year.

The Directors believe the Company is approaching a stable financial position.

Significant changes in 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 these financial statements.

After balance date events

No matters or circumstances have arisen since the end of the financial year that 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.

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Options

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

The Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

Indemnifying Officers or Auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an Officer, but not an Auditor, of the Company. The insurance contract prohibits disclosure of any details of the cover.

Environmental issues

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

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.

Corporate governance

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

a) Director approval of operating budgets and monitoring of progress against these budgets;

b) Ongoing Director training; and

c) Monthly Director meetings to discuss performance and strategic plans

The Company has not appointed a separate audit committee due to the size and nature of operations. The normal functions and responsibilities of an audit committee have been assumed by the Board.

Non-audit services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external Auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided do not compromise the general principles relating to Auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external Auditors during the year ended 30 June 2009:

Non audit services:	$2,410

Remuneration report

This report details the nature and amount of remuneration for each key management person of the Company, and for the Executives receiving the highest remuneration.

Remuneration of Directors

No income was paid or was payable or otherwise made available, to the Directors of the Company during the years ended 30 June 2009 and 30 June 2008.

Remuneration policy

The remuneration policy of the Company has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between Directors, Executives and shareholders

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), and superannuation.
- The Board reviews key management personnel packages annually by reference to the Company's performance, Executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each Executive and is based predominantly on the forecast growth of the Company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and bonuses, which must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals may have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed.

Directors' report continued

Performance-based remuneration

As part of each key management personnel's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each key management personnel is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Company expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Company's goals and shareholder wealth, before the KPIs are set for the following year

In determining whether or not a KPI has been achieved, the Company bases the assessment on audited figures.

Company performance, shareholder wealth and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Executives. The method applied in achieving this aim is a performance based bonus based on key performance indicators. The Company believes this policy to have been effective in increasing shareholder wealth over the past years.

Key management personnel remuneration policy

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

The employment conditions of the key management personnel are formalised in contracts of employment. All Executives are permanent employees of the Company.

The employment contracts stipulate a resignation periods. The Company may terminate an employment contract without cause by providing appropriate written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Directors' report continued

Performance income as a proportion of total remuneration

Executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The Board has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the Company.

The Board will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit to ensure use of the most cost effective and efficient methods.

Auditor's Independence Declaration

A copy of the Auditor's independence declaration is included within the financial statements.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Tim Campbell
Director

Dated 30 October 2009.

Auditor's independence declaration

RSM! Bird Cameron Partners
Chartered Accountants

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www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Goodwood/Highgate 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:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J WALL
Partner

Adelaide, SA
Dated: 30 OCTOBER 2009

Liability limited by a scheme approved under Professional Standards Legislation

Major Offices in:
Perth, Sydney, Melbourne, Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms.

Quality Endorsed Company

Financial statements

Income statement
For year ended 30 June 2009

	Note	2009 $	2008 $
Revenue	2	384,994	278,006
Employee benefits expense		(225,192)	(199,656)
Depreciation and amortisation expense		(23,258)	(24,492)
Finance costs		(18,610)	(6,874)
Other expenses	3	(181,033)	(169,897)
		(448,093)	**(400,919)**
Loss before income tax		(63,099)	(122,913)
Income tax expense	4	-	-
Loss attributable to members		**(63,099)**	**(122,913)**
Overall operations			
Basic profit per share (cents per share)		(7.7)	(15.0)
Diluted profit per share (cents per share)		(7.7)	(15.0)

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2009

	Note	2009 $	2008 $
Current assets			
Cash and cash equivalents	5	10	10
Other current assets	6	6,000	6,000
Total current assets		**6,010**	**6,010**
Non-current assets			
Property, plant and equipment	7	217,109	223,480
Intangible assets	8	12,000	23,258
Other non current assets	6	-	5,629
Total non-current assets		**229,109**	**252,367**
Total assets		**235,119**	**258,377**
Current liabilities			
Trade and other payables	9	9,335	9,373
Financial liability	10	173,944	133,686
Short-term provisions	11	6,791	7,170
Total current liabilities		**190,070**	**150,229**
Total liabilities		**190,070**	**150,229**
Net assets		**45,049**	**108,148**
Equity			
Issued capital	12	802,691	802,691
Accumulated losses		(757,642)	(694,543)
Total equity		**45,049**	**108,148**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2009

	Share capital (ordinary shares) $	Accumulated losses $	Total $
Balance at 1 July 2007	802,691	(571,630)	231,061
Loss attributable to the members of the Company	-	(122,913)	(122,913)
Balance at 30 June 2008	**802,691**	**(694,543)**	**108,148**
Balance at 1 July 2008	802,691	(694,543)	108,148
Loss attributable to the members of the Company	-	(63,099)	(63,099)
Balance at 30 June 2009	**802,691**	**(757,642)**	**45,049**

The accompanying notes form part of these financial statements.

Statement of cash flows
For year ended 30 June 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Receipts from customers		384,994	278,006
Payments to suppliers and employees		(406,642)	(373,146)
Borrowing costs paid		(18,610)	(6,874)
Net cash used in operating activities	**13**	**(40,258)**	**(102,014)**
Net cash used in financing activities			
Net decrease in cash held		(40,258)	(102,014)
Cash held at the beginning of the financial year		(133,676)	(31,662)
Cash held at the end of the financial year	**5**	**(173,934)**	**(133,676)**

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

The financial report has been prepared on a going concern basis after consideration by the Directors of the following matters:

(i) The Company is budgeting to return a profit within the next 2 to 5 years; and

(ii) Bendigo and Adelaide Bank Ltd has confirmed that it will support the Company such that it will be in a position to meet its financial obligations for the next financial year. The provision of additional funding is dependent upon the Company fulfilling its ongoing responsibilities under the Franchise Agreement and continuing to work closely with Bendigo and Adelaide Bank Ltd management to further develop the business.

In consideration of the above matters, the Directors believe that it is appropriate to adopt the going concern basis of accounting in the preparation of this financial report.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the Company as an individual entity. The Company is a public Company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(a) Income tax (continued)

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(b) Property, plant and equipment (continued)

Plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	depreciation rate
Plant and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Note 1. Statement of significant accounting policies (continued)

(d) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement

i. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(d) Financial instruments (continued)

Classification and subsequent measurement (continued)

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

The Company does not hold any derivative instruments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all un securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the Company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The Company has not issued any financial guarantees.

Note 1. Statement of significant accounting policies (continued)

(e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Intangibles

Franchise fee

The franchise fee paid by the Company pursuant to a Franchise Agreement with Bendigo and Adelaide Bank Ltd is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(h) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(j) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Note 1. Statement of significant accounting policies (continued)

(j) Revenue and other income (continued)

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative figures

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

(n) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates - impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2008. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2009 amounting to $12,000.

Note 1. Statement of significant accounting policies (continued)

(o) New accounting standards for application in future periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Company follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Company will be unable to be determined. The following changes to accounting requirements are included:

    - acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
    - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
    - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
    - there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Company's policy);
    - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
    - impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
    - where there is, in substance, no change to Company interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

    The Company will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

Note 1. Statement of significant accounting policies (continued)

(o) New accounting standards for application in future periods (continued)

- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Company's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.
- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Company. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Company as a policy of capitalising qualifying borrowing costs has been maintained by the Company.
- AASB 2008-1: Amendments to Australian Accounting Standard – share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.
- AASB 2008-2: Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, AASB 101, AASB 132 & AASB 139 & Interpretation 2] (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro-rata share of net assets only upon liquidation.

Note 1. Statement of significant accounting policies (continued)

(o) New accounting standards for application in future periods (continued)

- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Company.
- AASB 2008-8: Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Company.
- AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110] (applicable for annual reporting periods commencing from 1 July 2009). This amendment requires that non-current assets held for distribution to owners to be measured at the lower of carrying value and fair value less costs to distribute.
- AASB Interpretation 15: Agreements for the Construction of Real Estate (applicable for annual reporting periods commencing from 1 January 2009). Under the interpretation, agreements for the construction of real estate shall be accounted for in accordance with AASB 111 where the agreement meets the definition of 'construction contract' per AASB 111 and when the significant risks and rewards of ownership of the work in progress transfer to the buyer continuously as construction progresses. Where the recognition requirements in relation to construction are satisfied but the agreement does not meet the definition of 'construction contract', revenue is to be accounted for in accordance with AASB 118. Management does not believe that this will represent a change of policy to the Company.
- AASB Interpretation 16: Hedges of a Net Investment in a Foreign Operation (applicable for annual reporting periods commencing from 1 October 2008). Interpretation 16 applies to entities that hedge foreign currency risk arising from net investments in foreign operations and that want to adopt hedge accounting. The interpretation provides clarifying guidance on several issues in accounting for the hedge of a net investment in a foreign operation and is not expected to impact the Company.
- AASB Interpretation 17: Distributions of Non-cash Assets to Owners (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively only and clarifies that non-cash dividends payable should be measured at the fair value of the net assets to be distributed where the difference between the fair value and carrying value of the assets is recognised in profit or loss.

The Company does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Company's financial statements.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(p) Authorisation for financial report

The financial report was authorised for issue on 22 October 2009 by the Board of Directors.

	2009 $	2008 $
Note 2. Revenue		
Franchise margin income	**384,994**	**278,006**
Note 3. Expenses		
Rental on operating lease	34,691	33,035
IT leasing and running costs	22,994	22,831
Other operating expenses	123,348	114,031
	181,033	**169,897**
Remuneration of the Auditors of the Company		
Audit services	4,820	5,993
Other services	2,410	2,379
	7,230	**8,372**
Note 4. Income tax expense		
No income tax is payable by the Company as it has recouped tax losses previously bought to account for income tax purposes.		
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax (Note 20)	-	-
	-	**-**

Notes to the financial statements continued

	2009 $	2008 $
Note 4. Income tax expense (continued)		
b. The prima facie tax on loss before income tax is reconciled to the income tax as follows:	(18,930)	(36,873)
Prima facie tax payable on profit before income tax at 30% (2008: 30%)		
Add:		
Tax effect of:		
• non-deductible depreciation and amortisation	3,377	3,600
• other non-allowable items	113	169
Less:	(15,440)	(33,104)
Tax effect of:		
• tax losses not brought to account	16,951	36,900
• other allowable items	(1,511)	(3,796)
Income tax attributable to the Company	-	-

At balance date, the Company had tax losses of $685,676 (2008: $628,797) which are available to offset future years' taxable income.

The future income tax benefit of these tax losses is $205,703 (2008: $188,639). This benefit has been recognised as an asset in the statement of financial position as there is a high probability of its realisation. The benefits will only be obtained if:

i. the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

ii. the Company continues to comply with the conditions for deductibility imposed by the law; and

iii. no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

Notes to the financial statements continued

	2009 $	2008 $

Note 5. Cash and cash equivalents

Cash in hand	**10**	**10**
Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash in hand	10	10
Bank overdrafts	(173,944)	(133,686)
	(173,934)	**(133,676)**

Note 6. Other assets

Current		
Prepayments	**6,000**	**6,000**
Non current		
Prepayments	**-**	**5,629**

Note 7. Property, plant and equipment

Plant and equipment		
Cost	242,352	242,352
Accumulated depreciation	(25,243)	(18,872)
	217,109	**223,480**
Movement in carrying amount		
Balance at the beginning of the year	223,480	229,972
Additions	-	-
Disposals	-	-
Depreciation expense	(6,371)	(6,492)
Carrying amount at the end of the year	**217,109**	**223,480**

Notes to the financial statements continued

	2009 $	2008 $

Note 8. Intangible assets

Franchise fee

Cost	60,000	60,000
Accumulated amortisation	(48,000)	(36,742)
	12,000	**23,258**

Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Ltd, the Company operates a branch of Bendigo and Adelaide Bank Ltd, providing a core range of banking products and services.

Note 9. Trade and other payables

Trade creditors and accruals	1,559	3,245
GST payable	7,776	6,128
	9,335	**9,373**

Note 10. Financial liabilities

Current

Bank overdraft	**173,944**	**133,686**

Security:

The bank overdraft and mortgage loan are secured by a floating charge over the Company's assets.

Note 11. Provisions

Current

Provision for employee entitlements	**6,791**	**7,170**
Number of employees at year end	**6**	**6**

	2009 $	2008 $

Note 12. Equity

817,810 (2008:817,810) fully paid ordinary shares	**802,691**	**802,691**

Note 13. Cash flow information

a. Reconciliation of cash flow from operations with loss after tax

Loss after tax	(63,099)	(122,913)
Depreciation and amortisation	23,258	24,492
Movement in assets and liabilities		
Payables	(38)	2,279
Provisions	(379)	(5,872)
Net cash used in operating activities	**(40,258)**	**(102,014)**

b. Credit standby arrangement and loan facilities

The Company has a bank overdraft facility amounting to $270,000 (2008: $200,000). This may be terminated at any time at the option of the bank. At 30 June 2009, $173,944 of this facility was used (2008 $133,686). Interest rates are variable.

Note 14. Related party transactions

The related parties have not entered into a transaction with the Company during the financial years ended 30 June 2009 and 30 June 2008.

Note 15. Leasing commitments

Non cancellable operating lease commitment contracted for but not capitalised in the financial statements

Payable		
Not longer than 1 year	34,422	31,200
Longer than 1 year but not longer than 5 years	-	-
	34,422	**31,200**

Note 16. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and leases.

The Directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

a. Financial risk management policies

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

The Company does not have any derivative instruments at 30 June 2009.

b. Financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

i. Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

ii. Foreign currency risk

The Company is not exposed to fluctuations in foreign currencies.

Iii. Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

iv. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2009.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Credit risk is managed reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

Note 16. Financial risk management (continued)

iv. Credit risk (continued)

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the Company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2009 and 30 June 2008 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

v. Price risk

The Company is not exposed to any material commodity price risk.

c. Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Variable		Fixed			
2009	**Weighted average effective interest rate %**	**Floating interest rate $**	**Within 1 year $**	**Within 1 to 5 years $**	**Non interest bearing $**	**Total $**
Financial assets						
Cash and cash equivalents	-	-	-	-	10	10
Total financial assets	**-**	**-**	**-**	**-**	**10**	**10**
Financial liability						
Bank overdraft secured	9.64%	173,944	-	-	-	173,944
Trade and other payables	-	-	-	-	9,335	9,335
Total financial liabilities	**-**	**173,944**	**-**	**-**	**9,335**	**183,279**

Note 16. Financial risk management (continued)

c. Financial instrument composition and maturity analysis (continued)

2008	Variable: Weighted average effective interest rate %	Variable: Floating interest rate $	Fixed: Within 1 year $	Fixed: Within 1 to 5 years $	Non interest bearing $	Total $
Financial assets						
Cash and cash equivalents	-	-	-	-	10	10
Total financial assets	**-**	**-**	**-**	**-**	**10**	**10**
Financial liability						
Bank overdraft secured	11.23%	133,686	-	-	-	133,686
Trade and other payables	-	-	-	-	9,373	9,373
Total financial liabilities	**-**	**133,686**	**-**	**-**	**9,373**	**143,059**

	2009 $	2008 $
Trade and sundry payables are expected to be paid as followed:		
Less than 6 months	9,335	9,373
	9,335	**9,373**

d. Net fair values

The net fair values of investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Fair values are materially in line with carrying values.

Note 16. Financial risk management (continued)

e. Sensitivity analysis

i. Interest rate risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

ii. Interest rate sensitivity analysis

At 30 June 2009, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Carrying amount $	-2 %		+ 2%	
		Profit $	Equity $	Profit $	Equity $
2009					
Financial liability					
Bank overdraft secured	173,945	3,479	3,479	(3,479)	(3,479)
2008					
Financial liability					
Bank overdraft secured	133,686	2,674	2,674	(2,674)	(2,674)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The Company has no exposure to fluctuations in foreign currency.

Note 17. Segment reporting

The Company operates in the financial services sector as a branch of Bendigo and Adelaide Bank Ltd in South Australia.

Note 18. Events after the balance sheet date

No matters or circumstances have arisen since the end of the financial year that 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.

Note 19. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at the reporting date.

Notes to the financial statements continued

	2009 $	2008 $
Note 20. Tax		
a. Liability		
Current		
Income tax	**-**	**-**
b. Deferred tax assets		
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 4 are met:		
Provisions	2,037	2,151
Tax losses: operating losses	205,703	188,639
	207,740	**190,790**

Note 21. Company details

The registered office and principal place of business of the Company is:

97 Goodwood Road,

Goodwood SA 5034

Note 22. Principal place of business

97 Goodwood Road,

Goodwood SA 5034

Directors' declaration

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:

    a. comply with Accounting Standard; and

    b. give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the Company

2. the Chief Executive Officer and Chief Finance Officer have each declared that:

    a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

    b. the financial statements and notes for the financial year comply with the Accounting Standards; and

    c. the financial statements and notes for the financial year give a true and fair view.

3. 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.

Tim Campbell
Director

Dated 30 October 2009.

Independent audit report

RSM! Bird Cameron Partners
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Goodwood/Highgate Community Financial Services Limited ("the company"), 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 company 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 establishing 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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 opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Goodwood/Highgate Community Financial Services Limited is 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 its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Goodwood/Highgate Community Financial Services Limited for the financial year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J WALL
Partner

Adelaide, SA
Dated: 30 OCTOBER 2009

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