HENTY COMMUNITY FINANCIAL SERVICES LIMITED

ABN 20 084 864 835

Henty
Community Bank® Branch Bendigo Bank

2009 Annual Report

Board members: (from left to right) Graham Booth, Naomi Toogood, Helen McRorie, Kellie Penfold, Hugh Clancy, Ann Bahr & John Ellis.

Staff members: (Back from left to right) Gaynor McLeish, Jan Wheeler, Jacinda Singe, Janette Hahn & Sharon Gardiner.
(Seated front) Trevor Bullock

Notice of Meeting

Henty Community Financial Services Incorporated
A.B.N. 20 084 864 835

Annual General Meeting

The Annual General Meeting of Shareholders of Henty Community Financial Services Incorporated will be held Tuesday 10th November 2009 at 8:00 pm at the Henty Civic Centre, South Street, Henty.

Ordinary Business

Apologies
Confirmation of Minutes of A.G.M. 30th October 2008
Chairman's Report
Manager's Report
Adoption of Accounts
Appointment of Auditor – Richmond Sinnott & Delahunty
Report Distribution of Funds to Community Projects
Declaration of Dividend

Two Directors must retire in rotation at the Annual General Meeting but are eligible for re-election. They are:

Graham Booth
John Ellis

The below named Directors were appointed after the 30th October 2008 and are eligible for re-election:

Helen McRorie
Naomi Toogood
Hugh Clancy

Contents

Chairperson's report

For year ending 30 June 2009

I find myself in a unique position of presenting an annual Chairman's report and at the same time saying farewell to being an active participant in a very successful organisation.

As has been the case with all financial institutions 2008-2009 has been a difficult year for H.C.F.S. Ltd.

Having said that, it is pleasing to note that on examination of the financial statements in this report a profitable years operation was achieved all be it at a sharp decline from the previous financial year.

During the twelve month period H.C.F.S. was still able to undertake commitments of $135,390 to numerous institutions within our catchment area and whilst not all of them have actually been submitted they are all more than covered by funds held in the Company's bank balance as at 30 June 2009 and will be forwarded to the recipient institutions as soon as their projects get underway.

We have increased our shareholding in Bendigo and Adelaide Bank shares by 2,000 to a total of 3,975 and also paid a 10 cent dividend to our shareholders at a cost of $26,759. This cost is included in the commitments mentioned earlier as is the cost of the purchase of the police horse paddock which is not yet complete but I am confident will be in the future.

Quite apart from these commitments H.C.F.S. paid out the final instalment of $209,278 clearing the $700,000 loan guaranteed for the Henty Community Civic Centre on 2 July 2008.

During the latter half of the financial year we had three resignations from the Board, those being yours truly, Brian Clancy and Tom Treloar in that order.

Brian Clancy has been a member of the Board since its very beginning and has made a tremendous contribution to its success. Brian's very considerable experience in public affairs at all levels proved to be invaluable. Brian has served as Deputy Chairperson for the last three years after the passing of our former foundation member and Vice-Chairman Max Davidson. Brian's contribution will probably never be fully appreciated and on behalf of the Board I extend grateful thanks.

Tom has been a member for three years filling the vacancy created by the passing of the late Max Davidson. In his quiet unassuming manner he took a very keen interest in the affairs of the Board ensuring that both sides of a discussion were canvassed and his views on any issue were respected by the Board. On behalf of the Board, thanks Tom.

I am sure that the vacancies caused by these resignations have been adequately filled by the appointment of Naomi Toogood, Helen McRorie and Hugh Clancy as Directors of the Board of H.C.F.S.

These appointments introduce an element of younger people to the Board as well as a geographic spread of the Board's customer base and I am confident time will confirm that the Board will continue to prosper under their guidance, together with Chairperson Graham Booth, Vice-Chairman John Ellis, Kellie Penfold and Ann Bahr.

As I said earlier, the Board has experienced a more subdued year but I am confident that H.C.F.S. will continue to serve Henty and District long into the future under the management of Trevor Bullock and his staff.

I cannot adequately put into words the gratitude that I have for the support that the Board extended to me for the entire life of the Board to this date and to Trevor and our magnificent staff of five fabulous ladies for the manner in which they served you the customer and shareholders of H.C.F.S. and myself as Chairman.

A **Community Bank®** branch cannot succeed unless it enjoys the support of Bendigo and Adelaide Bank at all three levels - regional, State and national administrators.

We have enjoyed tremendous support from all levels, in particular from our Regional Manager Tim Butt, and his team based in Wagga, and Wayne Simpson before him, State Manager Chris Bone and his team, and last but no means least, former Managing Director Robert Hunt A.M. and his senior management team of Russell Jenkins, Robert Musgrove, Peter English and their support staff.

We owe an enormous debt of gratitude to all of them for their support, advice and assistance in establishing the fourth **Community Bank®** branch in Australia.

Finally to you the shareholders, allow me to personally express my gratitude for the moral support you extended to your Board at annual meetings over the ten years and the members of the public who allowed us the privilege of being 'your bank' over these ten years.

Milton W Taylor
Chairperson
Henty Community Financial Services Ltd.

Chairperson's report

For year ending 30 June 2009

On 9 June Mr. Milton W.Taylor CBE announced his retirement from the Board of Henty Financial Services Ltd. Milton's vision for the creation of the first **Community Bank®** branch in New South Wales, was only matched by his energy and tenacity in realising his vision; and indeed seeing the Bank grow to the successful and community structure that it now is. This took courage, as Milton was to facilitate the investment of his friends' and fellow residents' money into a venture with no guarantees. He lead by example and with vigour. Milton with the Board of the time, can be proud to share in the gratitude of both the whole community and the Bank's Shareholders, who demonstrated their commitment.

We belong to the **Community Bank®** branch network: the same group who after the devastating Victorian bushfires, opened the local **Community Bank®** branch at midday on Sunday, the day after the fires, to help their community clients through their dilemma. Bendigo and Adelaide Bank's Community Enterprise™ Foundation contributed $8,000,000 to the bushfire relief fund, and indeed the Henty community contributed a very substantial amount through our **Community Bank®** branch.

As a result of the World Financial Crisis reducing every banks profits, our bank hit its low in March; however our profits have increased every month since allowing our shareholders to receive a nine cents per share fully franked dividend.

Whilst acknowledging the health and strength of our **Community Bank®** branch, our **Community Bank®** branch recognises a need for growth. For our bank to grow, we need to be proactive by forming partnerships with our community, and adding relevance to community projects.

The new Board may be the only one with a majority of ladies and a younger age representation. The Board's role is to represent the shareholders by working for our community's benefit.

If our Bank is the same as any other bank, it will only ever be "just another bank".

Our Board not only thanks our Manager, Trevor and each of our very helpful and cheery staff; but commend them for their personal and professional services.

May I acknowledge our committed Board who are each giving extended hours of their time to meet the challenge of developing community partnerships. The relevance of meaningful banking in the future will not be simply the source of finance, but an enterprise partner for businesses, groups and individuals. Your **Community Bank®** branch can be your enterprise partner.

G. Booth.

Graham Booth
Chairperson
Henty Community Financial Services Ltd.

Manager's report

For year ending 30 June 2009

Notwithstanding the continued tough seasonal conditions we are all experiencing, your branch has again achieved an excellent profit result of $206,000 before depreciation, sponsorship and donations.

Whilst this result is down on last year, it is our first decline in profit, and is totally attributable to margin income erosion caused by the rapid decline in interest rates, resulting from the Global Financial Crisis.

Since April, the finance industry ship has steadied, and thus we should see profitable growth return for the year ending June 2010.

On behalf of all the staff I wish to thank the members of the board for their continued support, and especially thank the retiring Directors, Milton, Brian and Tom for their untiring contributions and commitment to the success of this bank.

We also thank our shareholders and customers for their valued support and referral of business, which ensures our ability to continue to return profits to community projects for the benefit of all.

Trevor Bullock
Branch Manager

Director's report

For year ending 30 June 2009

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

Directors

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

Milton Wallace Taylor CBE Chairman Retired Farmer Resigned 9 June 2009	John Bruce Ellis Director Real Estate Agent	Hugh Thomas Clancy Director Farmer Appointed 9 June 2009
Erica Ann Bahr Director Farmer	Graham Charles Booth Director/Chairman Retailer	Naomi Louise Toogood Director Farmer Appointed 9 June 2009
Brian Gerard Clancy Director Farmer Resigned 9 June 2009	Kellie Ann Penfold Director Journalist	
Thomas Leonard Treloar Director Retired School Teacher Resigned 9 June 2009	Helen Margaret McRorie Director Legal Conveyancer Appointed 9 June 2009	

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

No Directors have material interests in contracts or proposed contracts with the company.

Principal activities

The principal activities of the company during the course of the financial year were in providing community banking services under management rights to operate a franchised branch of Bendigo Bank and Adelaide Bank Limited.

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

Operating Results

Operations have continued to perform in line with expectations. The profit / (loss) of the company for the financial year after provision for income tax was ($44,168) (2008: $54,675).

Director's report 30 June 2009 continued

Dividends	Year Ended 30 June 2009 Cents Per Share	$
Dividends paid in the year:		
- Interim for the year	10	26,759

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report.

Significant events after the balance date

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

Likely Developments

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

Directors' Benefits

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

Indemnification and Insurance of Directors and Officers

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

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

Director's report 30 June 2009 continued

Directors Meetings

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

Number of Meetings Held:	12
Number of Meetings Attended:	
Milton Wallace Taylor CBE (resigned 9 June 2009)	11
John Bruce Ellis	9
Erica Ann Bahr	11
Graham Charles Booth	11
Brian Gerard Clancy (resigned 9 June 2009)	10
Kellie Ann Penfold	12
Thomas Leonard Treloar (resigned 9 June 2009)	12
Naomi Louise Toogood (appointed 9 June 2009)	1

Company Secretary

Erica Bahr has been the company secretary of Henty Community Financial Services Ltd since incorporation in 1998. Erica is a farmer and has been involved in Henty community activities for several years.

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.

Auditor Independence Declaration

The directors received the following declaration from the auditor of the company:

Richmond Sinnott & Delahunty
Chartered Accountants

172-176 McIvor Rd
PO Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail: rsd@rsdadvisors.com.au

Auditor's Independence Declaration

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

Warren Sinnott
Partner
Richmond Sinnott & Delahunty
22 September 2009

Signed in accordance with a resolution of the Board of Directors at Henty, New South Wales on 22 September 2009

G. Booth.

Graham Charles Booth, Chairperson

Financial Statements For year ending 30 June 2009

INCOME STATEMENT

	Notes	2009 $	2008 $
Revenue from ordinary activities	2	540,254	647,939
Employee benefits expense	3	(209,476)	(203,340)
Depreciation and amortisation expense	3	(8,027)	(8,110)
Charitable donations and sponsorship		(242,061)	(229,465)
Administration and other expenses from ordinary activities		(137,331)	(126,188)
Profit / (loss) before income tax expense		(56,641)	80,836
Income tax expense / (benefit)	4	12,473	(26,161)
Profit / (loss) after income tax expense		(44,168)	54,675
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	23	(16.51)	20.43
- diluted for profit / (loss) for the year	23	(16.51)	20.43
- dividends paid per share	22	10.00	9.00

BALANCE SHEET

	Notes	2009 $	2008 $
Current Assets			
Cash assets	6	132,073	278,323
Receivables	7	76,838	63,812
Other financial assets	8	5,320	2,398
Total Current Assets		214,231	344,533
Non-Current Assets			
Property, plant and equipment	9	166,472	166,467
Deferred income tax asset	4	13,536	-
Other financial assets	8	37,367	14,887
Intangible assets	10	8,575	683
Total Non-Current Assets		225,950	182,037
Total Assets		440,181	526,570
Current Liabilities			
Payables	11	10,286	13,448
Current tax liability	12	-	18,230
Provisions	13	36,108	30,178
Total Current Liabilities		46,394	61,856
Total Liabilities		46,394	61,856
Net Assets		393,787	464,714
Equity			
Share capital	14	267,585	267,585
Retained earnings	15	126,202	197,129
Total Equity		393,787	464,714

CASH FLOW STATEMENT

	Notes	2009 $	2008 $
Cash Flows From Operating Activities			
Cash receipts in the course of operations		598,265	690,007
Cash payments in the course of operations		(640,382)	(615,855)
Interest received		4,625	6,977
Dividends received		2,483	873
Income tax paid		(46,078)	(3,015)
Net cash flows from / (used in) operating activities	16b	(81,087)	78,987
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(5,924)	(12,352)
Payments for intangible assets		(10,000)	-
Payments for investments (shares)		(22,480)	(3,750)
Net cash flows used in investing activities		(38,404)	(16,102)
Cash Flows From Financing Activities			
Dividends paid		(26,759)	(24,083)
Net cash flows used in financing activities		(26,759)	(24,083)
Net increase / (decrease) in cash held		(146,250)	38,802
Add opening cash brought forward		278,323	239,521
Closing cash carried forward	16a	132,073	278,323

STATEMENT OF CHANGES IN EQUITY

	2009 $	2008 $
SHARE CAPITAL		
Ordinary shares		
Balance at start of year	267,585	267,585
Issue of share capital	-	-
Share issue costs	-	-
Balance at end of year	267,585	267,585
RETAINED EARNINGS		
Balance at start of year	197,129	166,537
Profit / (loss) after income tax expense	(44,168)	54,675
Dividends paid	(26,759)	(24,083)
Balance at end of year	126,202	197,129

1. Basis of preparation of the Financial Report

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 22 September 2009.

(b) Statement of compliance

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

(c) Significant accounting policies

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

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Investments

Investments in listed shares are recorded at cost.

1. Basis of preparation of the Financial Report (continued)

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

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

Class of Asset	*Depreciation Rate*
Plant & Equipment	5.00% - 33.33%
Buildings	2.50%

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Revaluations
Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

Recoverable amount of assets

At each reporting date, the company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

1. Basis of preparation of the Financial Report (continued)

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the cash flow statement on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Employee Benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Intangibles

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

Cash

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

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

Comparative Figures

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

Revenue

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

1. Basis of preparation of the Financial Report (continued)

Receivables and Payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Interest Bearing Liabilities

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

Provisions

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

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

Contributed Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

2. Revenue from ordinary activities

	2009 $	2008 $
Operating activities		
- services commissions	529,338	634,735
- other revenue	-	-
Total revenue from operating activities	529,338	634,735
Non-operating activities:		
- interest received	4,625	6,977
- dividends received	3,546	1,245
- rental revenue	2,745	4,955
- other revenue	-	27
Total revenue from non-operating activities	10,916	13,204
Total revenue from ordinary activities	540,254	647,939

3. Expenses

Employee benefits expense		
- wages and salaries	186,272	185,165
- superannuation costs	17,274	16,983
- other costs	5,930	1,192
	209,476	203,340

3. Expenses (continued)	2009 $	2008 $
Depreciation of non-current assets:		
- plant and equipment	2,437	2,933
- buildings	3,482	3,177
Amortisation of non-current assets:		
- intangibles	2,108	2,000
	8,027	8,110
Bad debts	150	1,574

4. Income Tax Expense

The prima facie tax on profit / (loss) before income tax is reconciled to the income tax expense as follows:

	2009 $	2008 $
Prima facie tax on profit / (loss) before income tax at 30%	(16,992)	24,250
Add tax effect of:		
- Non-deductible expenses	4,519	1,911
Current income tax expense / (benefit)	(12,473)	26,161
Income tax expense on operating profit / (loss)	(12,473)	26,161
Deferred income tax asset Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	13,536	-

5. Auditors' Remuneration

Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:

	2009 $	2008 $
- Audit or review of the financial report of the company	3,650	3,650
- Share registry services	1,800	-
	5,450	3,650

6. Cash Assets

	2009 $	2008 $
Cash at bank and on hand	132,073	278,323

7. Receivables

	2009 $	2008 $
Income tax refund	27,848	-
Cash balance dividend reinvestment plan	5	6
Trade debtors	48,985	63,806
	76,838	63,812

8. Other Financial Assets	2009 $	2008 $
Current		
Prepayments	5,320	2,398
Non-Current		
Listed shares at cost	37,367	14,887

Listed shares are readily saleable with no fixed term. There would be no material capital gains tax payable if these assets were sold at reporting date.

Quoted market value at balance date of investments listed on a prescribed stock exchange was $28,273 (2008: $19,281).

9. Property, Plant and Equipment

	2009 $	2008 $
Land		
Freehold land at cost	46,625	46,625
Buildings		
At cost	139,265	135,638
Less accumulated depreciation	(32,910)	(29,428)
	106,355	106,210
Plant and equipment		
At cost	65,994	63,697
Less accumulated depreciation	(52,502)	(50,065)
	13,492	13,632
Total written down amount	166,472	166,467

Movements in carrying amounts

	2009 $	2008 $
Building		
Carrying amount at beginning of year	106,210	100,835
Additions	3,627	8,552
Disposals	-	-
Depreciation expense	(3,482)	(3,177)
Carrying amount at end of year	106,355	106,210
Plant and equipment		
Carrying amount at beginning of year	13,632	12,765
Additions	2,297	3,800
Disposals	-	-
Depreciation expense	(2,437)	(2,933)
Carrying amount at end of year	13,492	13,632

10. Intangible Assets

	2009 $	2008 $
At cost	97,200	87,200
Less accumulated amortisation	(88,625)	(86,517)
	8,575	683

	2009 $	2008 $
11. Payables		
Trade creditors	5,900	7,865
GST payable	4,386	5,583
	10,286	13,448
12. Current Tax Liability		
Current income tax	-	18,230
13. Provisions		
Employee benefits	36,108	30,178
Number of employees at year end	6	6
14. Share Capital		
267,585 Ordinary Shares fully paid of $1 each	267,585	267,585
15. Retained Earnings		
Balance at the beginning of the financial year	197,129	166,537
Profit / (loss) after income tax	(44,168)	54,675
Dividends paid	(26,759)	(24,083)
Balance at the end of the financial year	126,202	197,129
16. Cash Flow Statement		
(a) *Reconciliation of cash*		
Cash assets	132,073	278,323
(b) *Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities*		
Profit / (loss) after income tax	(44,168)	54,675
Non cash items		
- Depreciation	5,919	6,110
- Amortisation	2,108	2,000
Changes in assets and liabilities		
- (Increase) decrease in receivables / prepayments	11,900	(12,086)
- (Increase) decrease in deferred income tax asset	(13,536)	-
- Increase (decrease) in payables	(3,162)	4,322
- Increase (decrease) in provisions	5,930	1,192
- Increase (decrease) in tax payable / refundable	(46,078)	22,774
Net cashflows from / (used in) operating activities	(81,087)	78,987

Milton Wallace Taylor CBE (resigned 9 June 2009)
John Bruce Ellis
Erica Ann Bahr
Graham Charles Booth
Brian Gerard Clancy (resigned 9 June 2009)
Kellie Ann Penfold
Thomas Leonard Treloar (resigned 9 June 2009)
Helen Margaret McRorie (appointed 9 June 2009)
Hugh Thomas Clancy (appointed 9 June 2009)
Naomi Louise Toogood (appointed 9 June 2009)

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

Directors shareholdings	**2009**	**2008**
Milton Wallace Taylor CBE (resigned 9 June 2009)	2,500	2,500
John Bruce Ellis	1,000	1,000
Erica Ann Bahr	250	250
Graham Charles Booth	2,000	2,000
Brian Gerard Clancy (resigned 9 June 2009)	750	750
Kellie Ann Penfold	500	500
Thomas Leonard Treloar (resigned 9 June 2009)	1,500	1,500
Helen Margaret McRorie (appointed 9 June 2009)	100	100
Hugh Thomas Clancy (appointed 9 June 2009)	1,150	1,150
Naomi Louise Toogood (appointed 9 June 2009)	100	100

There was no movement in directors shareholdings during the year. Each share held has a paid up value

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

18. Subsequent Events

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

19. Contingent Liabilities

There were no contingent liabilities at the date of this report to affect the financial statements

20. Segment Reporting

The economic entity operates in the financial services sector were it provides banking services to its clients. The economic entity operates in one geographic area being Henty, NSW.

21. Corporate Information

Henty Community Financial Services Ltd is a company limited by shares incorporated in Australia.

The registered office and principal place of business is: 8 Sladen Street, Henty NSW 2658

22. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

	2009 $	2008 $
Franked dividends - 10 cents per share (2008: 9 cents per share)	26,759	24,083

(b) Franking credit balance

The amount of franking credits available for the subsequent financial year are:

	2009 $	2008 $
- Franking account balance as at the end of the financial year	197,158	161,483
- Franking credits that will arise from the payment / (refund) of income tax payable as at the end of the financial year	(27,848)	18,230
	169,310	179,713

The tax rate at which dividends have been franked is 30% (2008: 30%).

23. Earnings per share

Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.

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

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

	2009	2008
Profit / (loss) after income tax expense	(44,168)	54,675
Weighted average number of ordinary shares for basic and diluted earnings per share	267,585	267,585

24. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is assisted in the area of risk management by an internal audit function.

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	Carrying Amount	
	2009	2008
	$	$
Cash assets	132,073	278,323
Receivables	76,838	63,812
Listed shares at cost	37,367	14,887
	246,278	357,022

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2008: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

24. Financial risk management (continued)

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

30 June 2009	Carrying amount $	Contractual cash flows $	1 year or less $	over 1 to 5 years $	more than 5 years $
Payables	10,286	(10,286)	(10,286)	-	-
	10,286	(10,286)	(10,286)	-	-
30 June 2008					
Payables	13,448	(13,448)	(13,448)	-	-
	13,448	(13,448)	(13,448)	-	-

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest Rate Risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular board meetings.

Sensitivity analysis

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

	Carrying Amount	
	2009	2008
Fixed rate instruments	$	$
Financial assets	84,996	142,095
Financial liabilities	-	-
	84,996	142,095
Variable rate instruments		
Financial assets	47,077	136,228
Financial liabilities	-	-
	47,077	136,228

Fair value sensitivity analysis for fixed rate instruments
The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2008 there was also no impact. As at both dates this assumes all other variables remain constant.

24. Financial risk management (continued)

(d) Net fair values

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

(e) Capital management

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

There are no externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2009 can be seen in the Income Statement.

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

Director's Declaration
for the year ending 30 June 2009

In accordance with a resolution of the directors of Henty Community Financial Services Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

G. Booth.

Graham Charles Booth, Chairperson

Signed at Henty, New South Wales on 22 September 2009.

Independent Audit Report

For year ending 30 June 2009

Richmond Sinnott & Delahunty

Chartered Accountants

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF HENTY COMMUNITY FINANCIAL SERVICES LIMITED

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

SCOPE

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

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

Audit approach

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

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

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

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

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

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independent Audit Report continued

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Henty Community Financial Services Limited is in accordance with:

(a) the Corporations Act 2001 including:

(i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

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

(b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. SINNOTT
Partner
Bendigo

Date: 22 September 2009

10 Forest Street Bendigo 3550. PO Box 30 Bendigo. 3552 Ph: 03 5443 1177. Fax 03 5444 4344. Email: rsd@rsdadvisors.com.au
ABN 60 616 244 309

Auditor's Independence Declaration

Richmond Sinnott & Delahunty
Chartered Accountants

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

22 September 2009

The Directors
Henty Community Financial Services Limited
8 Sladen Street
HENTY NSW 2658

Dear Directors

Auditor's Independence Declaration

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

W Sinnott

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

10 Forest Street Bendigo 3550. PO Box 30 Bendigo. 3552 Ph: 03 5443 1177. Fax 03 5444 4344. Email: rsd@rsdadvisors.com.au
ABN 60 616 244 309

Henty Community Bank® Branch
8 Sladen Street, Henty, NSW 2658
Phone: (02) 6929 3683   Fax: (02) 6929 3687

Franchisee: Henty Community Financial Services Limited
8 Sladen Street, Henty, NSW 2658
Phone: (02) 6929 3683   Fax: (02) 6929 3687
ABN 20 084 864 835

www.bendigobank.com.au Bendigo Bank Limited, Fountain Court, Bendigo, VIC 3550
ABN 11 068 049 178   AFSL 237879
(Henty ImageTech Oct. 2009)