annual report | 2009

Huon Valley Financial
Services Limited
ABN 34 101 469 854

Geeveston and Dover
Community Bank® branches of Bendigo Bank

Contents

Chairman's report

For year ending 30 June 2009

Well, what could be better than being able to say, in this our seventh Annual Report, that we have weathered the storm. You would have to be living under a rock to not know of the turmoil of the last twelve months, particularly in the banking sector, but the Geeveston and Dover **Community Bank®** branches have not only weathered the storm, we have enhanced and consolidated our position. In fact the growth and general strengthening of our 'book' has many people in the financial industry shaking their heads in wonder. It's safe to say that we are the bank of choice within the Huon Valley region.

Of course this can only be done with a dedicated staff and an outstanding reputation throughout the community, something which the 'gang' at the local branches take a lot of pride in and exude to their customers. Throughout the year, when a staff member needs time off for sickness or personal reasons, there are always plenty of volunteers to cover the hours, and the staff have almost become a family.

As always the staff continue to attend training courses to maintain a high level of customer service and expertise in knowledge of our banking products.

The highlights for the Board are many this year, but by becoming the major supporters of the Geeveston Medical Centre to the tune of $200,000. I hope that we have announced once and for all the importance this **Community Bank®** branch will have in this region. At our last Annual General Meeting a shareholder stood up and suggested that the **Community Bank®** branch is the best thing to happen to the Huon Valley in his lifetime. That is a statement that I would like to help our bank live up to, and it also throws out a challenge to this Board and future Boards.

ATM's have been a talking point (and a sore point) for a number of years and it is an immense sense of achievement for the Board to finally have three up and running with the fourth, Cygnet, in the pipeline. They have been well received to the extent that we (the Board) have stopped worrying that they would impact negatively upon our cash flow, in fact they are doing so well that Armaguard are having trouble keeping them stocked.

Our Community Grant programme was run earlier this year and major recipients were the Franklin Progress Association, the Sacred Heart School at Geeveston, the Geeveston Girl Guides and the Geeveston Community Centre. There have also been numerous other grants throughout the region, notably the sponsorship of the new childrens playground on the foreshore in Dover. The Dover Golf Club and the Dover Oval Management Committee also received money to improve their facilities. Dover District High School, Huonville High School, Geeveston Little Athletics, the Huon Volunteer Transport Auxiliary, and a number of other individuals and groups have also benefited from the **Community Bank®** branches profit distribution. The shareholders have not been left out either with another dividend announced this year of 5 cents.

Chairman's report continued

Finally I would like to thank the staff for another tremendous year with Tony Coulson at the helm. Already they are looking forward to hitting the $100 million mark as the next milestone and one that seemed only a pipe-dream when we first opened our doors. Also to the Board I would like to thank you for your dedication to the Bank and also to the community, the groundwork has been laid and now we can look forward to getting our teeth into some interesting and worthwhile projects within the community.

A big thank you to Lorraine Whelan who resigned this year. Lorraine was the last original founding member of the Board and had the community's values at heart. We wish her well for the future. I would also like to pay tribute to Bernard Freeman, who sadly passed away last August. His participation on the Board over a long period of time was greatly appreciated. Laurie Dillon also resigned from the Board during the year. Laurie's efforts on behalf of the community are well known, and the establishment of the Geeveston and Dover **Community Bank®** branches is in no small way attributed to his contribution and enthusiasm for the **Community Bank®** concept.

Lastly, thanks to you the shareholders. I hope that you are seeing the results and progress in the bank that you envisaged when you put your money forward all those years ago. Well done, it must be very rewarding.

Simon Burgess
Chairman

Manager's report

For year ending 30 June 2009

We have now completed our sixth full year of operation and I am extremely pleased to report that our business has continued to grow at a rate well in excess of that expected, with total business as at 30 June 2009 now standing more then $82 million, with 4,199 accounts opened. This represents growth of almost $15 million (22%) and 437 accounts (12%) during this period.

Our deposits totalled more than $35 million (22.3% growth) and our Lending Portfolio $46.954 million (21.6% growth), with a further $4 million in loans either pending settlement or waiting approval.

Given that this was our sixth year of operation we could have expected our growth to slow somewhat, however the above-mentioned fantastic results not only confirms the support of the community for 'their' Bank, but also gives us confidence going forward as we look to expand our services throughout the Huon with the installation of ATM's in Geeveston, Dover, Huonville and Cygnet. Once again, It is widely considered that the coming twelve months will prove to be a difficult time in banking, however I have no doubt that with the continued support of the community we will meet our objectives during this period.

The continued positive manner in which our Bank has been accepted and supported by people from both within and outside our immediate area has been beyond my expectations (and continues to amaze me) and only goes to show that there still is a need for good old fashioned, face to face banking services where you can build a relationship with your Bank.

We are now starting to see the 'fruits of our labour', as we generate regular monthly profits which are being distributed back into the community in many shapes and forms.

The above results have not been achieved without a great deal of hard work and as such I would like to acknowledge and thank staff members Andrew Melton, Cathy Thomson, Colleen Shield, Joanne Clark, Sharee Burgess, Cathy Swan and David Clark for their commitment and on-going support during this extremely busy period. They form a 'great team' who are 'passionate' about their work and it is my absolute pleasure to be fortunate enough to work with them.

I would also like to thank the Board of Directors for their support and guidance over the past 12 months. We are now starting to achieve some of the goals we set for ourselves, which is proving to be an enjoyable experience.

Thanks also to Rob, Geoff, Dion, Lauren and Lisa from Regional Office for their support and contribution, which ensures that the value of our partnership with Bendigo and Adelaide Bank Ltd is maximised.

Finally, I wish to thank all of our customers and shareholders for their support and I trust that our personal service and commitment to the community will ensure the future success of the Geeveston and Dover **Community Bank®** branches.

Tony Coulson
Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2009

2008/09 will go down as one of the most tumultuous financial years in history. The global financial crisis and its aftermath wiped trillions of dollars off the world's net wealth. Some of the biggest names in international banking disappeared; many other banks – vastly bigger than Bendigo and Adelaide Bank Ltd – turned to governments to bail them out. Not surprisingly, confidence sagged, reflected in rising unemployment and stock markets falling by around half their former valuations.

In short, we have seen the biggest financial meltdown since the Great Depression of nearly 80 years ago.

Amidst all that turmoil, though, our grassroots banking movement marched steadily on. Twenty new **Community Bank®** branches joined Bendigo and Adelaide Bank Ltd's national network. Around 120,000 new customers switched to the Bendigo style of banking. And 70 more communities continued their local campaign to open a **Community Bank®** branch.

Those statistics are impressive in themselves, but it is the story behind them that is really important.

That's the story of ordinary people – an awful phrase, but you know what I mean – who inherently understand that the role of a bank is to feed into prosperity, rather than profit from it. That lesson was forgotten by many bankers across the globe, with devastating consequences. But it is now well understood by the residents of 237 towns and suburbs that own their own **Community Bank®** branch, because every day they see the fruits of their investment in locally owned banking.

Again, the statistics are impressive enough – $29 million paid out in community projects and nearly $11 million in local shareholder dividends. But again, the real stories lie behind the numbers – new community centres and fire trucks, more local nurses, new walking tracks and swimming pools, safer young drivers, more trees and fewer wasteful incandescent globes, innovative water-saving projects… the list goes on.

And of course more money retained and spent locally. And more jobs. Fifteen hundred or so just in the branches alone. More because of the flow-on, or multiplier, effect of those wages being spent locally. And yet more because of the extra shopping now done in communities made more prosperous and active by having their own bank branch.

Community Bank® branches have not escaped the fallout from the global turmoil. Like Bendigo and Adelaide Bank Ltd, they have received less income than in normal times. But also like Bendigo and Adelaide Bank Ltd, they have not needed anyone's help to get through this crisis. And every day we are reminded that banks that are relevant and connected locally will be valued by their customers and communities. For the better of all.

Russell Jenkins
Chief General Manager

Directors' report

For year ending 30 June 2009

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

Directors

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

Simon Peter Burgess
Chairman
Age: 41
Orchardist

Lorraine Nita Whelan
(Resigned 3 June 2009)
Director
Age: 63
Small Business Owner

Robert Martin Dick
Director
Age: 57
Small Business Owner

Anthony John Clark
Director
Age: 62
Forester

Basil John Hills
(Appointed 19 November 2008)
Director
Age: 56
Accountant

Jill Suzanne Reading
(Appointed 24 November 2008)
Director
Age: 53
Bookkeeper

Elizabeth Keran Francis
Secretary
Age: 68
Retired Tourism Operator

Laurence Patrick Dillon
(Resigned 23 August 2008)
Director
Age: 65
Business Proprietor

Dyana Bernice Griggs
(Resigned 19 Janurary 2009)
Director
Age: 39
Bookkeeper

Debra Joy Browne
Director
Age: 52
Administration Officer/Bookkeeper

Lesley Joan Hazelwood
(Resigned 22 January 2009)
Director
Age: 58
Human Resource Manager

Douglas Barton
(Appointed 19 November 2008,
Resigned 21 January 2009)
Director
Age: 65
Retired

Directors' report continued

Dixie Ann Emmerton
(Appointed 19 November 2008,
Resigned 20 January 2009)
Director
Age: 46
HR/IR Consultant

David Patrick Dick
(Appointed 28 November 2007,
Resigned 26 August 2008)
Director
Age: 36
Student/IT Officer

Bernard George Freeman
(Deceased 15 August 2008)
Director
Age: 79
Retired Accountant

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

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

Company Secretary

The Company Secretary is Elizabeth Keran Francis. Liz was appointed Secretary of the Company on 5 December 2007. Liz has extensive senior administrative experience in the health and education areas as well as local government.

Principal activities

The principal activities of the Company during the course of the financial year were in facilitating **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Ltd.

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

Operating results

Operations have continued to perform in line with expectations. The profit of the Company for the financial year after provision for income tax was:

Year ended 30 June 2009 $	Year ended 30 June 2008 $
81,785	47,010

Dividends	Year ended 30 June 2009 Cents	$
Dividends paid in the year:		
- As recommended in the prior year report	5	31,600

Directors' report continued

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 or the financial report.

Matters subsequent to the end of the financial year

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 facilitating banking services to the community.

Environmental regulation

The Company is not subject to any significant environmental regulation.

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 except as disclosed in note 19 to the financial statements. 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 agreed to indemnify each Officer of the Company, (an Officer being a Director, Secretary, Executive Officer, or employee) out of the assets of the Company to the relevant extent against any liability incurred by that person in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the duties of that person unless the liabilities were incurred by that person through his or her own dishonesty, negligence, lack of good faith or breach of duty. The words "to the relevant extent" include to the extent the Company is not precluded by law from doing so.

The Company has also effected a Directors and Officers Insurance for the benefit of Officers of the Company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

The Company has not provided any insurance for an Auditor of the Company, or a related body corporate and the payment of the premium for the insurance which has been effected does not breach Section 199(B) of the Corporations Act. Otherwise, the disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

Directors' report continued

Directors' meetings

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

	Number of Board meetings eligible to attend	Number attended
Simon Peter Burgess	11	10
Elizabeth Keran Francis	11	11
Lorraine Nita Whelan (Resigned 3 June 2009)	10	8
Laurence Patrick Dillon (Resigned 23 August 2008)	1	0
Robert Martin Dick	11	10
Dyana Bernice Griggs (Resigned 19 January 2009)	6	5
Anthony John Clark	11	11
Debra Joy Browne	11	11
Basil John Hills (Appointed 19 November 2008)	9	7
Lesley Joan Hazelwood (Resigned 22 January 2009)	5	5
Jill Suzanne Reading (Appointed 24 November 2008)	7	3
Douglas Barton (Appointed 19 November 2008, Resigned 21 January 2009)	2	2
Dixie Ann Emmerton (Appointed 19 November 2008, Resigned 20 January 2009)	3	3
David Patrick Dick (Appointed 28 November 2007, Resigned 26 August 2008)	2	0
Bernard George Freeman (Deceased 15 August 2008)	1	0

Non Audit services

The Company may decide to employ the Auditor on assignments additional to their statutory duties where the Auditor's expertise and experience with the Company are important. Details of the amounts paid or payable to the Auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The Board of Directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001.

Directors' report continued

Non Audit services (continued)

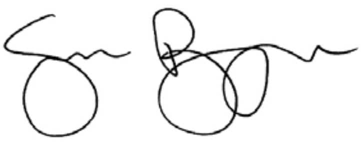
The Directors are satisfied that the provision of non-audit services by the Auditor, as set out in the notes did not compromise the Auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the Auditor;
- none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Auditors' independence declaration

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Signed in accordance with a resolution of the Board of Directors at Geeveston, Tasmania
15 September 2009.



Simon Peter Burgess
Chairman

Debra Joy Browne
Director

Auditor's independence declaration

Chartered Accountants & Business Advisors

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Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the directors of Huon Valley Financial Services Limited

I declare that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 15th day of September 2009

Financial statements

Income statement
For year ending 30 June 2009

	Note	2009 $	2008 $
Revenues from ordinary activities	3	767,802	692,237
Salaries and employee benefits expense		(337,446)	(304,917)
Charitable donations, sponsorship, advertising & promotion		(79,530)	(104,342)
Occupancy and associated costs		(44,100)	(33,550)
Systems costs		(44,850)	(42,164)
Depreciation and amortisation expense	4	(28,600)	(38,570)
Finance costs	4	(2,129)	-
General administration expenses		(113,265)	(108,454)
Profit before income tax expense		**117,882**	**60,240**
Income tax expense	5	36,097	13,230
Profit for the period		**81,785**	**47,010**
Profit attributable to members of the entity		**81,785**	**47,010**
Earnings per share (cents per share)		**c**	**c**
- basic for profit for the year	21	12.94	7.44
- dividends paid per share	19	5	4

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2009

	Note	2009 $	2008 $
Assets			
Current assets			
Cash assets	6	304,397	186,390
Trade and other receivables	7	85,128	108,256
Total current assets		**389,525**	**294,646**
Non-current assets			
Property, plant and equipment	8	132,374	149,686
Intangible assets	9	45,619	11,101
Deferred tax asset	10	12,708	42,365
Total non-current assets		**190,701**	**203,152**
Total assets		**580,226**	**497,798**
Liabilities			
Current liabilities			
Trade and other payables	11	26,622	13,312
Current tax liabilities		6,440	-
Interest bearing liabilities	12	7,969	7,969
Provisions	13	28,029	24,279
Total current liabilities		**69,060**	**45,560**
Non-current liabilities			
Interest bearing liabilities	12	16,691	21,805
Provisions	13	29,086	15,229
Total non-current liabilities		**45,777**	**37,034**
Total liabilities		**114,837**	**82,594**
Net assets		**465,389**	**415,204**
Equity			
Issued capital	14	587,085	587,085
Accumulated losses	15	(121,696)	(171,881)
Total equity		**465,389**	**415,204**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Receipts from customers		755,044	734,125
Payments to suppliers and employees		(603,822)	(707,151)
Interest received		7,024	12,752
Interest paid		(2,129)	(2,477)
Net inflows from operating activities	**16**	**156,117**	**37,249**
Cash flows from investing activities			
Payments for property, plant and equipment		(1,396)	(7,493)
Payments for intangible assets		-	(11,484)
Net cash outflows from investing activities		**(1,396)**	**(18,977)**
Cash flows from financing activities			
Repayment of borrowings		(5,114)	(4,767)
Dividends paid		(31,600)	(25,280)
Net cash outflows from financing activities		**(36,714)**	**(30,047)**
Net increase/(decrease) in cash held		**118,007**	**(11,775)**
Cash at the beginning of the financial year		186,390	198,165
Cash at the end of the financial year	**6(a)**	**304,397**	**186,390**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2009

	Note	2009 $	2008 $
Total equity at the beginning of the period		415,204	393,474
Net profit for the period		81,785	47,010
Net income/expense recognised directly in equity		-	-
Total income and expense recognised by the entity for the year		**81,785**	**47,010**
Dividends provided for or paid		(31,600)	(25,280)
Shares issued during period		-	-
Costs of issuing shares		-	-
Total equity at the end of the period		**465,389**	**415,204**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Summary of significant accounting policies

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

Historical cost convention

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

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 for 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 statement of cash flows 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 operation cash flows.

Note 1. Summary of significant accounting policies (continued)

Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Employee entitlements

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.

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

Intangibles

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

During the year the Company upon advice from its tax advisors have reclassified payments made to Bendigo and Adelaide Bank Ltd in relation to the renewal costs of the franchise fee in the 30 June 2008 year from recognition as a prepayment to classification as an intangible. The franchise fee renewal costs will also be amortised over the life of the 5 year franchise agreement.

		2008	
	Previously stated $	**Adjustment $**	**Restated $**
Income statement			
Depreciation and amortisation expense	(38,570)	(1,531)	(40,101)
General administrative expense	(108,454)	1,531	(106,923)
Profit before income tax	**60,240**	**-**	**60,240**
Income tax	13,230	-	13,230
Profit after income tax	**47,010**	**-**	**47,010**
Balance sheet			
Receivables	108,256	(44,409)	63,847
Intangibles	11,101	44,409	55,510
Adjustment to opening retained earnings	(171,881)	-	(171,881)

Note 1. Summary of significant accounting policies (continued)

Intangibles (continued)

	Previously stated $	2008 Adjustment $	Restated $
Statement of cash flows			
Cash flows from operating activities			
Payments to suppliers and employees	(707,151)	45,940	(661,211)
Net inflows from operating activities	**37,249**	**45,940**	**83,189**
Cash flows from investing activities			-
Payments for intangible assets	(11,484)	(45,940)	(57,424)
Net outflows from investing activities	**(11,484)**	**(45,940)**	**(57,424)**

Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Comparative figures

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

Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements 40 years
- plant and equipment 2.5 - 40 years
- furniture and fittings 4 - 40 years

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. 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.

Borrowings

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

Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs. 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 entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Note 1. Summary of significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement

(i) 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.

(ii) 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 entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities

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

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

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 is transferred to entities in the entity 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 period.

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions of 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 equity

Ordinary shares are 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.

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Note 2. Financial risk management

The Company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

(i) Market risk

The Company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The Company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The Company is not exposed to commodity price risk.

(iii) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The Company's franchise agreement limits the Company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Ltd.

Note 2. Financial risk management (continued)

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The Company believes that its sound relationship with Bendigo and Adelaide Bank Ltd mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Ltd and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest-rate risk. The Company believes that its sound relationship with Bendigo and Adelaide Bank Ltd mitigates this risk significantly.

(vi) Capital management

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

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

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

Notes to the financial statements continued

	2009 $	2008 $

Note 3. Revenue from ordinary activities

Operating activities:		
- services commissions	751,713	679,485
- other income	2,511	-
Total revenue from operating activities	**754,224**	**679,485**
Non-operating activities:		
- interest received	13,578	12,752
Total revenue from non-operating activities	**13,578**	**12,752**
Total revenues from ordinary activities	**767,802**	**692,237**

Note 4. Expenses

Depreciation of non-current assets:		
- plant and equipment	14,657	17,290
- leasehold improvements	4,051	3,853
Amortisation of non-current assets:		
- franchise agreement	9,892	17,427
	28,600	**38,570**
Finance costs:		
- interest on borrowings	**2,129**	**2,477**

Note 5. Income tax expense

The components of tax expense comprise:		
- Current tax	6,440	-
- Deferred tax on provisions	(1,606)	(11,103)
- Recoupment of prior year tax losses	31,262	24,333
- Rounding	1	-
	36,097	**13,230**

Notes to the financial statements continued

	Note	2009 $	2008 $

Note 5. Income tax expense (continued)

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	Note	2009 $	2008 $
Operating profit		117,882	60,240
Prima facie tax on profit from ordinary activities at 30%		35,365	18,072
Add tax effect of:			
- non-deductible expenses		3,427	5,390
- timing difference expenses		1,605	3,566
- blackhole expenses		(2,695)	(2,695)
Movement in deferred tax	10	(1,606)	(11,103)
Rounding		1	-
		36,097	**13,230**

Note 6. Cash assets

	Note	2009 $	2008 $
Cash at bank and on hand		39,494	11,569
Investment account		109,853	24,690
Term deposits		155,050	150,131
		304,397	**186,390**

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

6(a) Reconciliation of cash

	Note	2009 $	2008 $
Cash at bank and on hand		39,494	11,569
Investment account		109,853	24,690
Term deposit		155,050	150,131
		304,397	**186,390**

	2009 $	2008 $

Note 7. Trade and other receivables

Trade receivables	79,733	58,849
Prepayments	5,395	49,407
	85,128	**108,256**

Note 8. Property, plant and equipment

Plant and equipment		
At cost	64,711	63,315
Less accumulated depreciation	(62,789)	(55,800)
	1,922	**7,515**
Leasehold improvements		
At cost	136,329	136,329
Less accumulated depreciation	(23,186)	(19,135)
	113,143	**117,194**
Motor vehicle		
At cost	38,338	38,338
Less accumulated depreciation	(21,029)	(13,361)
	17,309	**24,977**
Total written down amount	**132,374**	**149,686**
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	7,515	17,137
Additions	1,396	-
Less: depreciation expense	(6,989)	(9,622)
Carrying amount at end	**1,922**	**7,515**
Leasehold improvements		
Carrying amount at beginning	117,194	113,554
Additions	-	7,493
Less: depreciation expense	(4,051)	(3,853)
Carrying amount at end	**113,143**	**117,194**

	2009 $	2008 $

Note 8. Property, plant and equipment (continued)

Motor vehicle		
Carrying amount at beginning	24,977	32,645
Less: depreciation expense	(7,668)	(7,668)
Carrying amount at end	**17,309**	**24,977**
Total written down amount	**132,374**	**149,686**

Note 9. Intangible assets

Franchise fee		
At cost	61,484	61,484
Less: accumulated amortisation	(52,361)	(50,383)
	9,123	**11,101**
Renewal processing fee		
At cost	45,940	-
Less: accumulated amortisation	(9,444)	-
	36,496	**-**
Total intangibles	**45,619**	**11,101**

Note 10. Deferred tax

Deferred tax asset		
• Opening balance	42,365	55,595
• Recoupment of prior year tax losses	(31,262)	(24,333)
• Deferred tax on provisions	1,606	11,103
• Rounding	(1)	-
• **Closing balance**	**12,708**	**42,365**

	Note	2009 $	2008 $

Note 11. Trade and other payables

	Note	2009 $	2008 $
Trade creditors		22,398	11,312
Other creditors & accruals		4,223	2,000
		26,621	**13,312**

Note 12. Borrowings

	Note	2009 $	2008 $
Current			
Lease liability	13	7,969	7,969
		7,969	**7,969**
Non-current			
Lease liability	13	16,691	21,805
		16,691	**21,805**

Note 13. Leases

	Note	2009 $	2008 $
Finance lease commitments			
Payable - minimum lease payments			
• not later than 12 months		7,969	7,969
• between 12 months and 5 years		22,612	30,581
• greater than 5 years		-	-
Minimum lease payments		30,581	38,550
Less future finance charges		(2,780)	(5,271)
Less future GST credits		(3,177)	(3,505)
Present value of minimum lease payments		**24,624**	**29,774**

The finance lease is for a motor vehicle, which commenced in October 2006. It is a 5-year lease, interest is recognised at an average rate of 7.63% (2008: 7.63%).

Notes to the financial statements continued

	2009 $	2008 $
Note 14. Provisions		
Current		
Employee provisions	**28,029**	**24,279**
Non-current		
Employee provisions	**29,086**	**15,229**
Number of employees at year end	**6**	**4**

Note 15. Contributed equity

632,000 Ordinary shares fully paid of $1 each (2008: 632,000)	632,000	632,000
Less: equity raising expenses	(44,915)	(44,915)
	587,085	**587,085**

Rights attached to shares

(a) Voting rights

Subject to some limited exceptions, each shareholder has the right to vote at a general meeting.

On a show of hands or a poll, each shareholder attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a shareholder and has also been appointed as proxy for another shareholder) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a shareholder and one vote for each other shareholder that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each shareholder only one vote, regardless of the number of Shares held, is to reflect the nature of the Company as a community based Company, by providing that all shareholders of the community who have contributed to the establishment and ongoing operation of the **Community Bank®** branch have the same ability to influence the operation of the Company.

(b) Dividends

Generally, dividends are payable to shareholders in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The Franchise Agreement with Bendigo and Adelaide Bank Ltd contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

Note 15. Contributed equity (continued)

Rights attached to shares (continued)

(c) Transfer

Generally, ordinary shares are freely transferable. However, the Directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the Company's constitution and the Corporations Act.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the Company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the Company (the "10% limit").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the Company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The Board has the power to request information from a person who has (or is suspected by the Board of having) a legal or beneficial interest in any shares in the Company or any voting power in the Company, for the purpose of determining whether a person has a prohibited shareholding interest. If the Board becomes aware that a shareholder has a prohibited shareholding interest, it must serve a notice requiring the shareholder (or the shareholder's associate) to dispose of the number of Shares the Board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the Board is authorised to sell the specified Shares on behalf of that person. The holder will be entitled to the consideration from the sale of the Shares, less any expenses incurred by the Board in selling or otherwise dealing with those shares.

In the Constitution, shareholders acknowledge and recognise that the exercise of the powers given to the Board may cause considerable disadvantage to individual shareholders, but that such a result may be necessary to enforce the prohibition.

	2009 $	2008 $

Note 16. Accumulated losses

	2009 $	2008 $
Balance at the beginning of the financial year	(171,881)	(193,611)
Net profit from ordinary activities after income tax	81,785	47,010
Dividends paid	(31,600)	(25,280)
Balance at the end of the financial year	**(121,696)**	**(171,881)**

Note 17. Statement of cash flows

Reconciliation of loss from ordinary activities after tax to net cash provided by operating activities

	2009 $	2008 $
Profit from ordinary activities after income tax	81,785	47,010
Non cash items:		
- depreciation	18,709	21,143
- amortisation	9,891	17,427
- reallocation of prepayment to intangible	(44,410)	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	23,128	(55,947)
- decrease in other assets	29,657	13,230
- increase/(decrease) in payables	19,750	(25,008)
- increase in other liabilities	17,607	19,394
Net cash flows used in operating activities	**156,117**	**37,249**

Note 18. Auditors’ remuneration

Amounts received or due and receivable by the Auditor of the Company for:

	2009 $	2008 $
- audit & review services	3,200	3,000
- non audit services	4,292	3,192
	7,492	**6,192**

Note 19. Director and related party disclosures

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

Simon Peter Burgess

Elizabeth Keran Francis

Lorraine Nita Whelan (Resigned 3 June 2009)

Laurence Patrick Dillon (Resigned 23 August 2008)

Robert Martin Dick

Dyana Bernice Griggs (Resigned 19 January 2009)

Anthony John Clark

Debra Joy Browne

Basil John Hills (Appointed 19 November 2008)

Lesley Joan Hazelwood (Resigned 22 January 2009)

Jill Suzanne Reading (Appointed 24 November 2008)

Douglas Barton (Appointed 19 November 2008, Resigned 21 January 2009)

Dixie Ann Emmerton (Appointed 19 November 2008, Resigned 20 January 2009)

David Patrick Dick (Appointed 28 November 2007, Resigned 26 August 2008)

Bernard George Freeman (Deceased 15 August 2008)

Director, Lorraine Whelan performed financial duties in relation to the input of information into the Company's financial software system and was paid a monthly fee. The total payments were $200 (2008: $3,720).

Director, Elizabeth Francis took over the role of Company Secretary on her appointment to the Board at the 28 November 2007 Board Meeting. She was paid an honorarium for her duties of $2,166.58 for the 2009 (2008: $1,167) financial year.

Director, Debra Browne assisted with performing the financial duties in relation to the input of information into the Company's financial software system and was paid a total of $5,569.70 during the 2009 financial year (2008: $840).

No other 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.

Note 19. Director and related party disclosures (continued)

Directors' shareholdings	**2009**	**2008**
Simon Peter Burgess	11,820	11,820
Elizabeth Keran Francis	-	-
Lorraine Nita Whelan (Resigned 3 June 2009)	1,000	1,000
Laurence Patrick Dillon (Resigned 23 August 2008)	11,001	11,001
Robert Martin Dick	-	-
Dyana Bernice Griggs (Resigned 19 January 2009)		1,000
Anthony John Clark	1,000	1,000
Debra Joy Browne	502	501
Basil John Hills (Appointed 19 November 2008)	-	-
Lesley Joan Hazelwood (Resigned 22 January 2009)	500	500
Jill Suzanne Reading (Appointed 24 November 2008)	500	500
Douglas Barton (Appointed 19 November 2008, Resigned 21 January 2009)	-	-
Dixie Ann Emmerton (Appointed 19 November 2008, Resigned 20 January 2009)	-	-
David Patrick Dick (Appointed 28 November 2007, Resigned 26 August 2008)	-	-
Bernard George Freeman (Deceased 15 August 2008)	5,000	5,000

Note 20. Dividends paid or provided

	2009 $	**2008 $**
(a) Ordinary shares		
Unfranked dividend of 5 cents per fully paid share paid on 15 December 2008		
Unfranked final dividend based on 5 cents per share (2008: 4 cents)	**31,600**	**25,280**

Notes to the financial statements continued

Note 21. Key management personnel disclosures

No Director of the Company receives remuneration for services as a Company Director or committee member.

There are no Executives within the Company whose remuneration is required to be disclosed.

Note 22. Earnings per share

	2009 $	2008 $
(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	81,785	47,010

	2009 Number	2008 Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	632,000	632,000

Note 23. Events occurring after the balance sheet date

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

Note 24. Contingent liabilities

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

Note 25. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services pursuant to a franchise agreement with Bendigo and Adelaide Bank Ltd. The economic entity operates in one geographic area being the Geeveston and Dover districts of Tasmania.

Note 26. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
13 Church Street, Geeveston TAS 7116	13 Church Street, Geeveston TAS 7116
	Shop 4/Southgate Shopping Centre, Dover TAS 7117

Note 27. Financial instruments

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 the year end.

Credit risk

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.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 %	2008 %
Financial assets												
Cash assets	39,294	11,369	264,903	174,821	-	-	-	-	200	200	2.34	4.35
Receivables	-	-	-	-	-	-	-	-	65,681	56,350	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	7,969	7,969	16,691	21,805	-	-	-	-	7.63	7.63
Payables	-	-	-	-	-	-	-	-	28,838	8,715	N/A	N/A

Directors' declaration

In accordance with a resolution of the Directors of Huon Valley Financial Services Limited, we 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 its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; 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.

(c) the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

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

Simon Peter Burgess
Chairman

Debra Joy Browne
Director

Signed on 15 September 2008.

Independent audit report

AFS
partners in success
Chartered Accountants & Business Advisors

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INDEPENDENT AUDITOR'S REPORT

To the members of Huon Valley Financial Services Limited

We have audited the accompanying financial statements of Huon Valley Financial Services Limited, which comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, 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 designing, implementing and maintaining internal controls 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 the Accounting Standard AASB 101 Presentation of Financial Statements 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 our 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, we consider internal controls 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion on the Financial Report

In our opinion:

1) The financial report of Huon Valley Financial Services Limited is in accordance with the Corporations Act 2001 including

   (a) giving a true and fair view of the company's financial position as at 30 June 2009 and of its financial performance and its cash flows for the year then ended and;

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

2) The financial statements and notes 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 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 Huon Valley Financial Services Limited for the year ended 30 June 2009, complies with section 300A if the Corporations Act 2001.

DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 15th day of September 2009

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13 Church Street, Geeveston TAS 7116
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Dover **Community Bank**® Branch
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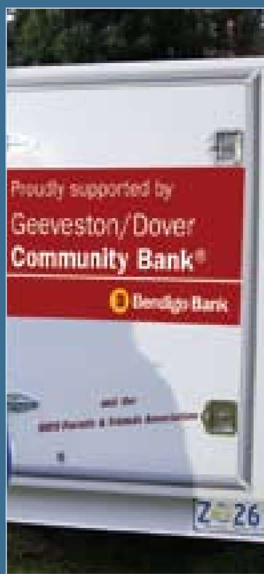
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR9016) (07/09)



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