annual report 2010

Maldon & District Financial Services Limited

ABN 46 086 749 886

Maldon & District **Community Bank®** Branch

Contents

Directors' report	**2-7**
Financial statements	**8-11**
Notes to the financial statements	**12-33**
Directors' declaration	**34**
Independent audit report	**35-36**
Auditor's independence declaration	**37**

Directors' report

For the financial year ended 30 June 2010

1. Directors' report

Your Directors present their report on the Company and its controlled entities for the financial year ending 30 June, 2010.

1.1 Director details

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

Ian R. French	Sandra Nevill
Genevieve Barlow	Joy Nicholson (resigned 14/12/09)
Andre J. Farley	Karly B. Smith
Gavin Hanlon	Peter G. Smith
Simon Morrison	Ronald J. Snep

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

1.2 Principal activities

The principal activities of the economic entity during the financial year were to:

- Manage a franchise of the Bendigo and Adeladie Bank Ltd, in the Maldon District.
- Provide a full array of banking services at competitive interest rates.
- Provide Community Enterprise products and services.
- Continue to conduct friendly, professional and personalised service.
- Provide ongoing encouragement and support to the Maldon & District **Community Bank®** Branch Manager, ensuring that the business focus is on creating strong relationships with the communities we support.
- Play an active role in enhancing the long-term economic and social prospects of the Maldon and District Community.
- Provide Community Grants and Sponsorships from the Maldon & District Financial Services profit share.
- Conduct strategy planning days to set short and long term business initiatives.

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

1.3 Operating results

The consolidated profit and extraordinary items of the economic entity after providing for income tax and eliminating outside equity interests amounted to a net profit of $45,331.

Directors' report continued

1.4 Review of operations

Now into our twelfth year of business operations Maldon and District Financial Services Ltd has experienced another successful year of increased business footings and steady profits. Through the efforts of our enthusiastic, capable and volunteering Board of Directors, a professional and engaged banking team, and our strong partnership with Bendigo and Adelaide Bank Ltd, the past financial year has been notable for the milestones reached that mark the maturity and ongoing standing our business has achieved in our community.

It was with great pleasure that on 7 June 2010 we were able to announce another round of funding grants to many of our hard working community groups. Of great significance on this occasion was that our total community investment in grants and sponsorships has now surpassed one million dollars. How amazing is it that the efforts of simply banking with your **Community Bank®** branch has resulted in the return of so much to our community. Another milestone reached is that as at 30 June 2010 our footings had passed one hundred million dollars and were sitting at $104.95 million. This figure, the sum of deposits and loans held by the **Community Bank®** branch, is a measure of the confidence and support shown by our community. We all need to bank somewhere; our customers know we are the only bank that returns so much to our community.

The Board remains totally committed to supporting programs that benefit our community. Amongst our many projects the popular driver training program continues to provide excellent tuition and experience to new probationary and learner drivers and a new business coaching program is bringing confidence and new business skills to our business community.

During the year we farewelled Treasurer, Joy Nicholson, and welcomed new Marketing Development Manager, Elissa O'Connor. On behalf of the Board I'd like to thank Joy for her contribution to the Board and in particular her strong representation for the local community. Elissa brings business marketing and local government experience to a new position that will strengthen and put strategy around our diverse and extended marketing and granting activities.

The Board continues to work toward the building of our new bank branch in the centre of Maldon. After changes to the plans of the proposed building in response to public consultation, the planning permit application has been approved by Mount Alexander Shire Council. Designing a building that conforms to 21st century building standards that will also fit sympathetically into a 19th century heritage setting was always going to be difficult, however, a small but vocal minority have objected to Council's decision so the application will now be decided be the Victorian Civil Administration Tribunal early next year.

Finally I'd like to thank the staff who make Maldon & District **Community Bank®** Branch a leading example within the Australia wide **Community Bank®** network. Their professionalism and caring approach to our customers needs means that we can all be confident in the long term future of this great business.

Ronald Snep

Chairman

1.5 Marketing Committee inaugural report

The MDFSL Board agreed in October 2009 to establish a marketing committee comprising three Directors and at least two bank staff.

Directors Ron Snep, Simon Morrison, myself and staff, Ben Rodda and Wendy Merlo, were appointed to that committee. We officially held our first committee meeting in January 2010.

Our job is to ensure bank branch profits returned to the community are well directed to viable projects and to promote the branch's community profile through media, sponsorship and community engagement. In 2009/2010 more than $270,000 has been returned to the community via our grants, sponsorship, driver training and business mentoring programs. We aim to increase this amount as our community support and business grows.

One of the marketing committee's first tasks was to employ a marketing specialist to help build awareness about the branch's grant-making and community-building endeavours in and around the areas we service - Maldon, Newstead and Dunolly. This was a big step for the Board but, with our grant making then about to reach the $1 million mark and the business about to reach $100 million, it was considered appropriate.

We were pleased to appoint Elissa O'Connor, a former manager with the Mount Alexander Shire Council, who has more than 12 years experience in marketing and fund raising. Elissa began as the marketing development manager on 22 February 2010 and is currently employed one day a week. She hit the ground running to oversee the 2010 community grant-making process and has worked diligently to set up processes and systems which should serve the Board and community well into the long term.

Elissa is helping the marketing committee develop one and five-year plans around community grant-making and sponsorships. She is also working out ways we can work better with community groups to ensure their projects are solid. This is a key step as it will determine, for example, whether some years the Board chooses to fund one major project in place of many small projects. It will also measure the **Community Bank®** branch's effectiveness in helping to build and nurture our communities.

The committee has continued to meet monthly when we assess applications for sponsorships from community groups. We are also in the throes of developing a new sponsorship application process that will help us track more closely the effectiveness of our sponsorships.

In March, 68 people attended an information session at the Maldon Community Centre which explained our annual grants program – how to apply for grants and criteria by which grant applications are judged etc. On 7 June 2010, about 90 people were present at an official ceremony when grants of $173,440 were handed out to 30 different projects.

In addition the marketing committee has approved sponsorships totalling $66,062 for major art, education, sport, service, community and cultural groups, clubs and organisations and projects.

Our week-long safe driver training course for young drivers continues to be in demand. Since November 2008, it has attracted 73 enrolees. This year, for the first time, we also sponsored business mentoring for local small businesses. Money has been set aside to develop this further as we see it as a key way to help locals develop and strengthen business planning and confidence.

Establishing the committee and setting out processes for reporting back to the Board and our community, thereby increasing accountability, has been time-consuming but will be invaluable.

Thanks to all staff who continue to be key over-the-counter promoters and marketers as well as great behind-the-scenes contributors.

Genevieve Barlow

MDFSL Marketing Committee Chair

1.5 Directors' and Executive Officers' emoluments

Disclosure relating to Directors' and executive Officers' emoluments has been included in Note 6 of the financial report.

1.6 Director information

Ronald Snep	Chairman & Director
Qualifications	Certificate of Professional writing.
Experience	Board member and Director since 2002. Wine Maker 25 years.
Sandra Nevill	Director & Treasurer
Experience	Board member since 2001, appointed Director 2001, Company Secretary for 2 years, Treasurer 1 year. 12 years experience in the Banking industry. 15 years experience as a Business Analyst in the Information technology industry. Currently employed by Bendigo and Adelaide Bank Ltd.
Karly Smith	Director & Company Secretary
Qualifications	Bachelor of Arts (Honours).
Experience	Joined the Board in February 2007. Over ten years experience as a geographer, working in project management and research in corporate and academic organisations.
Special responsibilities	Newstead Representative
Ian French	Director
Qualifications	Senior Associate – Financial Services Institute of Australasia.
Experience	Board member since 1999, appointed Director 1999. Past Board member of various community groups. Presently partner of several local businesses. 40 years in all facets of Banking, extensive accounting experience and retail business management.
Peter Smith	Director
Qualifications	Attended Marcus Oldham Agriculture College 1977 –1979. Diploma Farm Management.
Experience	Director of "Woodstock Holdings" since 1981. Board member and Director since 1999, past Deputy Chairman 2004. Past Dunolly sub-committee representative and special projects. Farmer and Property Developer for 32 years.
Simon Morrison	Director
Experience	Board member and Director since 2006, appointed 2006. Farmer & Manager / Director of Eddington Engineering. Community member of Eddington CFA & Golf club.
Special responsibilities	Dunolly sub-committee representative and special projects.

Andre Farley	Director
Experience	Board member since 2000, appointed Director 2000. Contract Business Operator.
Genevieve Barlow	Director
Experience	25 years in journalism covering politics, trade, agriculture, education, farming and food production. Currently running a freelance writing business.
Special Responsibilities	Marketing
Gavin Hanlon	Director & Deputy Chairman
Qualifications	Bachelor of Applied Science (Soils Science and Conservation), Master of Applied Science (Environmental Science) and Master of Business Administration. Graduate Institute Company Directors. Fellow Institute of Management, Williamson Fellow.
Experience	CEO of Statutory Authorities for seven years and is currently the Managing Director of Coliban Water Corporation. Previously a member of a numerous advisory boards for universities and government, and member of the audit committee of a local government.
Joy Nicholson	Director & Treasurer (resigned 14/12/2009)
Experience	Board member and Director since February 2007. 25 years experience in training and documentation in the Information Technology industry. Currently: Retail proprietor in Maldon.

1.6 Meetings of Directors

During the financial year, there were 14 meetings of Directors (including committees of Directors) were held.

Attendances by each Director during the year were:

Directors	Commenced/resigned during the financial year	Number of meetings attended	Number of meetings eligible to attend
Ronald Snep		12	12
Sandra Nevill		11	12
Karly Smith		12	12
Ian French		9	12
Peter Smith		7	12
Andre Farley		9	12
Simon Morrison		10	12
Genevieve Barlow		12	12
Gavin Hanlon		10	12
Joy Nicholson	Resigned 14/12/2009	3	5

Directors' report continued

2. Manager's report

Maldon & District **Community Bank®** Branch has once again completed an outstanding year of business, with excellent growth. This has resulted in the business sitting at the $105 million mark in total lending and deposit footings, resulting in a large profit base for the financial year.

There are close to 5,000 account holders at the **Community Bank®** branch. These are predominantly from the local district, but also come from all over Australia, and have contributed to our strong financial growth in all areas of the business. I would also like to thank the local staff and Board for their outstanding support over the financial year. As at 30 June 2010, the branch has deposit footings of $56.9 million and lending footings of $48 million.

Once again our branch was the leader in "community driven" initiatives, primarily through our Driver Training Program and a new pilot Business Coaching program. The latter program is aimed at providing business coaching to local businesses, keeping them at the forefront of their industries. The other major milestone of note was that Maldon, during the 2010 business year, handed its one millionth dollar back to the community, which is an amazing feat for such a small branch. This could not have happened without the support of our local client holders.

I'd like to again thank all of the people of Maldon, Newstead and Dunolly for making myself very welcome. The staff at the Maldon & District **Community Bank®** Branch will continue to be committed to providing a high standard of service to all of our current and prospective clients.

Ben Rodda
Branch Manager

3. Proceedings on behalf of Maldon & District Financial Services Ltd

No person has applied for leave of Court to bring proceedings on behalf of the Maldon & District Financial Services Ltd or intervene in any proceedings to which the Maldon & District Financial Services Ltd is a party for the purpose of taking responsibility on behalf of the Maldon & District Financial Services Ltd for all or any part of those proceedings.

The Maldon & District Financial Services Ltd was not a party to any such proceedings during the year.

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

Sandra Nevill
Director & Treasurer

Financial statements

Statement of comprehensive income
For the year ended 30 June 2010

	Note	2010 $	2009 $
Revenues from ordinary activities	2	1,003,971	945,062
Revenues - Mt Alexander community grants		10,265	11,071
Revenues from non-operating activites		100	-
Employee benefits expense		(355,729)	(319,672)
Administration, agency & occupancy costs		(300,841)	(256,460)
Depreciation & amortisation expense	3	(10,739)	(11,485)
Community sponsorship		(208,199)	(267,429)
Other expenses from ordinary activity		(56,154)	(66,670)
Expenses - Mt Alexander community grants		(10,000)	(10,510)
Profit from ordinary activities before income tax expense		**72,673**	**23,907**
Income tax expense relating to ordinary activities	4	(27,342)	(7,611)
Profit from ordinary activities after related income tax expense/(revenue)		**45,331**	**16,295**
Extraordinary revenue (expeniture) after income tax expense	5	-	-
Net profit / (loss)		**45,331**	**16,295**
Net profit attributable to outside equity interest		-	-
Net profit attributable to members of the Maldon & District Financial Services Ltd		45,331	16,295
Increase in asset revaluation reserve		-	-
Increase in retained profits and reserves on adoption of revised accounting standard		-	-
Total revenues, expenses and valuation adjustments attributable to members of the Maldon & District Financial Services Ltd and recognised directly in equity		**-**	**-**
Total changes in equity other than those resulting from transactions with owners as owners		**45,331**	**16,295**

The accompanying notes form part of these financial statements.

Statement of financial position
As at 30 June 2010

	Note	2010 $	2009 $
Current assets			
Cash and cash equivalents	8	356,455	227,459
Trade & other receivables	9	104,211	91,198
Other current assets	10	8,937	5,502
Total current assets		**469,604**	**324,159**
Non-current assets			
Property, plant and equipment	11	220,816	211,825
Intangible assets	12	7,628	9,628
Other non-current assets	13	13,289	14,035
Total non-current assets		**241,732**	**235,488**
Total assets		**711,336**	**559,648**
Current liabilities			
Trade & other payables	14	291,287	258,758
Short-term provisions	15	65,042	(2,254)
Other current liabilities	16	25,832	25,061
Total current liabilities		**382,161**	**281,565**
Non-current liabilities			
Payables	17	-	-
Long-term provisions	18	19,137	13,377
Total non-current liabilities		**19,137**	**13,377**
Total liabilities		**401,298**	**294,941**
Net assets		**310,038**	**264,706**
Equity			
Capital reserves	20	7,431	7,431
Retained profits	20	302,607	257,275
Total equity		**310,038**	**264,706**

The accompanying notes form part of these financial statements.

Statement of changes in equity
For the year ended 30 June 2010

	Retained earnings $	Capital reserves $	Total $
Balance at 1 July 2008	240,980	7,431	248,411
Profit attributable to members of parent entity	16,295	-	16,295
Balance at 30 June 2009	**257,275**	**7,431**	**264,706**
Profit attributable to members of parent entity	45,331	-	45,331
Balance at 30 June 2010	**302,606**	**7,431**	**310,037**

The accompanying notes form part of these financial statements.

Statement of cash flows
For the year ended 30 June 2010

	Note	2010 $	2009 $
Cash flows from operating activities			
Receipts from members and non-members		976,626	921,822
Payments to suppliers and employees		(1,139,269)	(626,131)
Interest received	2a	14,332	25,699
Net cash provided by (used in) operating activities		**(148,311)**	**321,390**
Cash flows from investing activities			
Purchase of property, plant and equipment	11a	(17,730)	(196,029)
Disposal of property, plant and equipment	11a	605	11,818
Lease payments		(6,478)	(6,478)
Term deposits		139,991	(174,304)
Net cash provided by (used in) investing activities		**116,389**	**(364,992)**
Net(decrease)/increase in cash		**(31,923)**	**(43,602)**
Cash and cash equivalents at the beginning of the financial year		(197,891)	(154,289)
Cash and cash equivalents at end of the financial year	**14**	**(229,814)**	**(197,891)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2010

These financial statements are for Maldon & District Financial Services Ltd as an individual entity, incorpoarated and domiciled in Australia. Maldon & District Financial Services Ltd is an unlisted not-for-profit Company limited by guarantee.

Note 1. Statement of significant accounting policies

Basis of preparation

The Directors have prepared the financial statements on the basis that the Company is a reporting entity. This financial report is therefore a general purpose financial statements that has been prepared in order to meet the requirements of the Corporations Act 2001.

The financial report covers the consolidated group of Maldon & District Financial Services Ltd and the controlled entities and Maldon & District Financial Services Ltd as an individual parent entity. Maldon & District Financial Services Ltd is an unlisted not-for-profit public Company limited by guarantee, incorporated and domiciled in Australia.

The financial report has been prepared in accordance with mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the Directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

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

Accounting policies

a. Principles of consolidation

   A controlled entity is any entity that Maldon & District Financial Services Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities. There are no controlled entities as at the report date.

   As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

   All inter-Company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have beend changed where necessary to ensure consistency with those adopted by the parent entity.

   Where controlled entities have entered or left the consolidated group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

b. Income tax

The consolidated group adopts the principles of comprehensive balance sheet liability method in respect of temporary differences arising from such differences between the carrying amount of asstes and liabilities and the corresponding tax benefit of those items.

In assessing its income tax liability, Maldon & District Financial Services Ltd applies the principles of mutuality to its revenue and expenses. Revenue in the form of receipts from members represents mutual income and is not subject to income tax. Expenditure associated with mutual activities is not deductible for income tax purposes. All other receipts and payments are classified for income tax purposes in accordance with income tax legislation. Due to the Australian Taxation Office's Interpretative Decision ATO ID 2002/93, and private ruling (Authorisation No. 42845) dated 22 July 2004, Maldon & District Financial Services Ltd is a taxable not-for-profit organisation.

Income tax expense is calculated on the operating result at current taxation rates.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available.

Maldon & District Financial Services Ltd and its wholly-owned Australian subsidiaries have not formed an income tax consolidated group under the Tax Consolidation System.

c. Inventories

Inventories are measured at the lower of cost and net realisable.

d. Property, plant and equipment

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

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same classes of assets are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

d. Property, plant and equipment (continued)

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

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

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

Class of fixed asset	Depreciation rate
Buildings and leasehold improvements	2.5% - 7.50%
Computer equipment	37.5%
Furniture and fittings	1.0% - 10.0%
Leased assets	15.0%
Motor vehicles	12.5%
Plant and equipment	7.5% - 37.50%

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

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

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

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

e. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated group, 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. Lease payments are allocated between the reduction of the lease liability and the 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.

f. 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 to the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. amortised cost using the effective interest rate method or cost. Transaction costs related to instruments classified as at fair value through profit or loss expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

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

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

f. Financial instruments (continued)

Classification and subsequent measurement

(i) Financial assets at fair value through profit and loss

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale finanical assets

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

(v) Finanical liabilities

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

Derivative instruments

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

Fair value

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

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

f. Financial instruments (continued)

Impairment

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

g. Impairment of assets

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

h. Intangibles

Intagibles are recorded at cost less accumulated amortisation and impairment where they have a finite life. The estimated useful life and amortisation method is reviewed at the end of ech annual reporting period. Where the intangibles are considered to have an indefinite life the impairment is measured annually by reference to the discounted future inflows of the asset.

i. Foreign currency transactions and balances

Foreign currency transactions are translated into functional currency using exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary itmes measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

j. Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. 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. Those cashflows are discounted using market yeilds on national government bonds with terms to maturity that match the expected timing of cashflows.

k. Provisions

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

l. Cash and cash equivalents

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

m. Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of signifcant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

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

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

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

n. Goods and Services Tax (GST)

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

Cash flows are presented in the cash flow statement on a net of GST basis.

o. Comparative figures

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

p. Critical accounting estimates and judgements

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

q. Adoption of new and revised accounting standards

During the current year the Company had adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements.

<u>AASB 101: Presentation of financial statements</u>

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and impact the adoption of these standards and interpretations has had on the financial statements.

<u>Disclosure impact</u>

Terminology changes - The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity - The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement changes in equity.

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

q. Adoption of new and revised accounting standards (continued)

Disclosure impact (continued)

Statement of comprehensive income - The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statementss, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Company's financial statements now contain a statement of comprehensive income.

	Note	2010 $	2009 $
Note 2. Revenue			
Operating activities			
- Maldon banking operations	2b	915,149	844,738
- Agency income		72,676	72,704
- Interest income	2a	14,332	25,699
- Other income		1,814	1,922
		1,003,971	**945,062**
Non-operating activities			
- Proceed on disposal of property, plant and equipment		100	-
- Proceed on disposal of non-current investments		-	-
		100	**-**
Total revenue		**1,004,071**	**945,062**
a. Interest revenue from:			
- Subsidiary corporations		-	-
- Other related parties		-	-
- Directors		-	-
- Other parties		14,332	25,699
Total interest revenue		**14,332**	**25,699**

	2010 $	2009 $

Note 2. Revenue (continued)

b. Maldon banking operations revenue from:

	2010 $	2009 $
- Margin income	553,919	485,490
- Trailers	176,998	161,738
- Fees income	77,734	87,570
- Other income	106,498	109,939
Total Maldon banking revenue	**915,149**	**844,738**

Note 3. Profit from ordinary activities

Profit from ordinary activities before income tax has been determined after

	2010 $	2009 $
a. Expenses		
Depreciation of non-current assets:		
- Buildings and improvements	192	194
- Computer equipment	131	211
- Furniture and fittings	1,147	1,687
- Leased assets	132	115
- Motor vehicles	4,924	4,924
- Plant and equipment	2,213	2,354
Total depreciation	**8,739**	**9,485**
Amortisation:		
- Franchise fees	2,000	2,000
Total amortisation	**2,000**	**2,000**
Bad and doubtful debts:		
- Trade debtors	-	-
- Related parties	-	-
Total bad and doubtful debts	-	-
Interest expense		
- Other related parties	25,131	25,061
- Other parties	-	-
Total interest expense	**25,131**	**25,061**

Notes to the financial statements continued

	2010 $	2009 $

Note 3. Profit from ordinary activities (continued)

b. Revenue and net gains

Net gain on disposal of non-current assets:		
- Property, plant and equipment	-	-
- Investments	-	-
Foreign currency transaction gains	-	-

Note 4. Income tax

The prima facie tax on profit from ordinary activities

Prima facie tax on operating profit	21,802	7,172
Tax effect of permanent differences	5,540	2,872
Underprovision of previous year	-	-
Income tax expense/(revenue) attributable to ordinary activities	**27,342**	**10,044**

Note 23 refers to the tax exempt status of the Maldon & District Financial Services Ltd.

Note 5. Extraordinary revenue (expenditure)

No extraordinary revenue or expenditure was incured during the year ended 30 June 2010.

	Salary $	Benefits $	Superannuation $

Note 6. Directors' remuneration

a. Directors' and Executives' remuneration

Sandra Lyn Nevill (Director, Treasurer)			
- Director's remuneration	3,749	-	-
Karly Smith (Director, Secretary)			
- Director's remuneration	5,769	-	-
Ronald Snep (Director, Chairman)			
- Director's remuneration	5,769	-	-

Note 6. Directors' remuneration (continued)

The service and performance criteria set to determine remuneration are included per Note (b). No other salaries or fees have been paid to executives or Directors unless specified above.

b. Remuneration practices

The Maldon & District Fincancial Services Ltd's policy for determining the nature and amount of emoluments of Board members and senior executives of the Maldon & District Fincancial Services Ltd is as follows:

The remuneration structure for executive Officers, including executive Directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Maldon & District Fincancial Services Ltd. The contracts for service between the Maldon & District Fincancial Services Ltd and specified Directors and executives are on a continuing basis the terms of which are not under review.

	2010 $	2009 $

Note 7. Auditors' remuneration

Remuneration of the Auditor of the parent entity for:		
- Auditing or reviewing the financial report	1,364	1,318
- Other services	-	-
- Services by related practice of Auditor	-	-

Note 8. Cash and cash equivalents

Cash on hand	146	200
Cash at bank	-	10,901
Cash at bank - Mt Alexander community grants	1,069	1,109
Deposits at call	355,240	215,249
	356,455	**227,459**

Note 9. Trade & other receivables

Current		
Trade debtors	103,201	90,402
Trade/other debtors - Mt Alexander community grants	687	796
Other debtors	323	-
Income tax refundable	-	-
	104,211	**91,198**

	2010 $	2009 $

Note 10. Other assets

Current		
Prepaid expenses	8,937	5,502

Note 11. Property plant and equipment

Land - 79-81 High Street, Maldon		
At cost	167,652	151,268
Buildings & improvements		
At cost	7,716	7,716
Accumulated depreciation	(1,955)	(1,763)
Total buildings & improvements	**5,761**	**5,953**
Computer equipment		
At cost	2,641	2,641
Accumulated depreciation	(2,421)	(2,290)
Total computer equipment	**220**	**351**
Plant and equipment		
At cost	42,753	41,407
Accumulated depreciation	(29,621)	(27,408)
Total plant and equipment	**13,132**	**13,999**
Leasehold improvements		
At cost	2,489	2,489
Accumulated depreciation	(288)	(156)
Total plant and equipment	**2,201**	**2,333**
Motor vehicles		
At cost	39,395	39,395
Accumulated depreciation	(11,615)	(6,691)
Total motor vehicles	**27,780**	**32,704**

	2010 $	2009 $

Note 11. Property plant and equipment (continued)

	2010 $	2009 $
Furniture & fittings		
At cost	27,457	28,062
Accumulated depreciation	(23,387)	(22,845)
Total furniture & fittings	**4,071**	**5,218**
Total property, plant and equipment	**220,816**	**211,825**
a. Movement in non-current assets		
Land @ cost		
Balance at the beginning of the year	151,268	-
Additions	16,384	151,268
Disposals	-	-
Balance at the end of the year	**167,652**	**151,268**
Buildings & improvements		
Balance at the beginning of the year	5,952	6,146
Additions	-	-
Disposals	-	-
Depreciation expense	(192)	(194)
Balance at the end of the year	**5,760**	**5,952**
Computer equipment		
Balance at the beginning of the year	351	562
Additions	-	
Disposals	-	-
Depreciation expense	(131)	(211)
Balance at the end of the year	**220**	**351**
Plant and equipment		
Balance at the beginning of the year	13,999	10,759
Additions	1,346	5,594
Disposals	-	-
Depreciation expense	(2,213)	(2,354)
Balance at the end of the year	**13,132**	**13,999**

	2010 $	2009 $

Note 11. Property plant and equipment (continued)

	2010 $	2009 $
Leasehold improvements		
Balance at the beginning of the year	2,333	1,125
Additions	-	1,323
Disposals	-	-
Depreciation expense	(132)	(115)
Balance at the end of the year	**2,201**	**2,333**
Motor vehicles		
Balance at the beginning of the year	32,704	37,628
Additions	-	-
Disposals	-	-
Profit/(loss) on sale of motor vehicle	-	-
Depreciation expense	(4,924)	(4,924)
Balance at the end of the year	**27,780**	**32,704**
Furniture & fittings		
Balance at the beginning of the year	5,218	3,434
Additions	-	3,471
Disposals	(605)	-
Depreciation expense	(542)	(1,687)
Balance at the end of the year	**4,071**	**5,218**
Total balance at the end of the year	**220,816**	**211,825**

Note 12. Intangible assets

	2010 $	2009 $
Franchise fees	70,000	70,000
Less franchise fees expensed	(62,372)	(60,372)
Total intangible assets	**7,628**	**9,628**

Notes to the financial statements continued

	2010 $	2009 $

Note 13. Other assets

Non-current		
Future income tax benefits	13,289	14,035

Note 14. Trade & other payables

Current		
Trade creditors and accruals	62,230	62,344
Fbt payable	-	-
Overdraft account	229,814	197,890
Credit card facility	757	388
Operating lease liability	-	-
Finance lease liability	-	5,833
Gst obligation	(1,514)	(7,698)
	291,287	**258,758**

Note 15. Short-term provisions

Provision for income tax	15,337	(35,660)
Marketer	16,547	-
Community sponsorships	2,670	15,265
Employee entitlements	30,487	18,141
	65,042	**(2,254)**

Note 16. Other liabilities

Current		
Maldon money trust	701	-
Interest due	25,131	25,061
Total other liabilities	**25,832**	**25,061**

Notes to the financial statements continued

	2010 $	2009 $

Note 17. Trade & other payables

Non-current		
Operating lease liability	-	-
Finance lease liability	-	-
	-	**-**

Note 18. Long-term provisions

Community sponsorships	-	-
Employee entitlements	19,137	13,377
	19,137	**13,377**

Note 19. Contributed equity

In accordance with the Association's Memorandum and Articles of Association, the Maldon & District Financal Services Ltd is limited by guarantee and does not have share capital. Each member is required to contribute a maximum of $10 towards meeting any outstanding obligations of the Company. As at 30 June 2010 the number of members was 171.

Note 20. Reserves and retained profits

Capital reserve		
Movement in reserves and retained profits	-	-
a. Capital reserve		
Balance at the beginning of the year	7,431	7,431
Balance at the end of the year	**7,431**	**7,431**
b. Retained profits		
Balance at the beginning of the year	257,275	240,980
Net profit / (loss)	45,331	16,295
Balance at the end of the year	**302,606**	**257,275**

Notes to the financial statements continued

	2010 $	2009 $
Note 21. Expenditure commitments		
Operating leases		
Minimum payments		
- Not later than one year	-	-
- Later than one year but not later than five years	-	-
- Later than five years	-	-
Hire purchase liabilities		
Minimum payments		
- Not later than one year	-	5,833
- Later than one year but not later than five years	-	-
- Later than five years	-	-

Note 22. Related party transactions

a. Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

b. No Directors contracted with the Maldon & District Financial Services Ltd during the year.

Note 23. Tax status

The Maldon & District **Community Bank®** Branch was initially established to be a not-for-profit income tax exempt body, to provide both banking facilities and funding for community services to the Maldon district. The Australian Taxation Office has declared that the bank is not income tax exempt.

	2010 $	2009 $

Note 24. Employee entitlements and superannuation commitments

As at 30 June 2010, the Company has employees and their superannuatuon obligations are as shown in the accounts. Amounts outstanding are as below.

	2010 $	2009 $
Employee entitlement		
- Annual leave provision	15,934	12,275
- Annual leave loading provision	2,789	2,148
- Personal/Sick leave provision	14,821	11,762
- Long service leave provision	8,082	5,333
- Bonuses payable	8,000	-

Note 25. Subsequent events

There have been no significant events which have occurred subsequent to the 30 June 2010.

Note 26. Contingent liabilities

There are no known contigent liabilities as at the report date.

Note 27. Financial instruments

Financial risk management policies

The Boards overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

Specific financial risk exposures and management

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

a. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the economic entity. The Company has adopted the policy of only dealing with creditworthy counterparts and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial losses from defaults.

Note 27. Financial instruments (continued)

Specific financial risk exposures and management (continued)

a. Credit risk (continued)

Credit risk of trade receivables is managed in the following ways:

- payment terms are 30 days with follow up every 7 days thereafter.
- revenue from the Bendigo and Adelaide Bank Ltd. is determined with the franchise agreement and is independently audited.

b. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rate for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the entity's net profit would increase/(decrease) by $1,776 and decreased by $1,157 (2009: increase by $1,076 and decrease by $991) . This is mainly attributable to the entity's exposure to interest rates on its variable rate deposits and borrowings.

The Entity's sensitivity to interest rates has increased during the current period due to the increase in deposits invested.

e. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity management framework for the management of the Company's liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continually monitoring forecast and actual cash flows.

Liquidity and interest risk tables

The following tables detail the entity's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the earliest date on which the entity can be required to pay. The table included both interest and principal cash flows.

Note 27. Financial instruments (continued)

Specific financial risk exposures and management (continued)

e. Liquidity risk management (continued)

	Weighted average effective interest rate %	less than 1 month $	1-3 months $	3 months to 1 year $	1-5 years $	5+ years $
2010						
Financial assets						
Non-interest bearing		146	112,826	-	-	-
Finance lease liability		-	-	-	-	-
Variable interest rate		1,069	-	-	-	-
Fixed interest rate	5.50%	-	77,912	277,328	-	
Financial guarantee		-	-	-	-	-
Total		**1,215**	**190,738**	**277,328**	**-**	**-**
Financial liabilities						
Non-interest bearing		-	63,361	66,650	19,137	-
Finance lease liability	0.00%	-912	-	-	-	-
Variable interest rate	6.00%	231,483	-	-	-	-
Fixed interest rate		-	-	-	-	-
Total		**230,571**	**63,361**	**66,650**	**19,137**	**-**
2009						
Financial assets						
Non-interest bearing		200	96,700	-	-	-
Finance lease liability		10,901	-	-	-	10,901
Variable interest rate		1,109	-	-	-	-
Fixed interest rate	4.00%	-	-	215,249	-	-
Financial guarantee		-	-	-	-	-
Total		**12,210**	**96,700**	**215,249**	**-**	**10,901**
Financial liabilities						
Non-interest bearing		-	69,696	7,542	13,377	-
Finance lease liability	9.65%	833	1,667	3,333	-	-
Variable interest rate	6.00%	198,278	-	-	-	-
Fixed interest rate		-	-	-	-	-
Total		**199,111**	**71,363**	**10,875**	**13,377**	**-**

Note 27. Financial instruments (continued)

Net fair values

Fair value estimation

The values of financial assets and financial liabilities presented in the Balance Sheet at their fair values. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below (if applicable). Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

Note 28. Bank overdraft security

The Bank Overdraft is secured by pledge monies provided by persons, who have agreed to support the establishment of a **Community Bank®** branch in Maldon. The monies are held in a trust account with the Bendigo Banking Group.

Note 29. Segment information

The Company operates predominantly within the banking industry as a franchise of the Bendigo and Adelaide Bank Ltd.

Note 30. Company details

Maldon & District Financial Services Ltd is an unlisted not-for-profit public Company, incorporated and domiciled in Australia.

The registered office of the Maldon & District Financial Services Ltd is:
93 High Street,
Maldon VIC 3463

The principal places of activities during the year are:
93 High Street,
Maldon VIC 3463

109 Broadway,
Dunolly VIC 3472

45 Lyons Street,
Newstead VIC 3462.

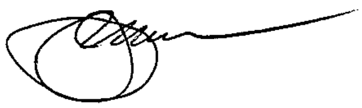
Directors' declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 8 to 33 are in accordance with the Corporations Act 2001:
   a. comply with Accounting Standards; and
   b. give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the entity.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board



Ian French
Director

Maldon

Date 13 August 2010.

Independent audit report

INDEPENDENT AUDIT REPORT
TO THE MEMBERS
MALDON & DISTRICT FINANCIAL SERVICES LIMITED
ABN 46 086 749 886

Report on the Financial Report

We have audited the accompanying financial report of Maldon & District Financial Services Limited which comprises the balance sheet as at 30 June 2010, and the income statement, balance sheet, and statement of cash flows for the year ended on that date, a summary of significant accounting policies and explanatory notes and the directors' declaration.

Directors Responsibility for the Financial Report

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

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 standards require that we comply with ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

INDEPENDENT AUDIT REPORT
TO THE MEMBERS
MALDON & DISTRICT FINANCIAL SERVICES LIMITED
ABN 46 086 749 886

Auditor's Opinion

In our opinion the financial report of Maldon & District 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 2010 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and

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

Name of Firm: G C PERRY & CO

Name of Partner: Geoffrey Charles Perry CPA

Address: Suite 28B, 255 Drummond Street Carlton 3053

Dated this 13th day of August 2010

Auditor's independence declaration

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
MALDON & DISTRICT FINANCIAL SERVICES LIMITED

I hereby declare that, to the best of my knowledge and belief, during the financial year ended 30 June 2010 there have been:

i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Name of firm:	G C PERRY & CO
Name of Partner:	Geofffey C Perry CPA
Address:	Suite 28B, 255 Drummond Street, Carlton
Date:	This 13th day of August 2010

Maldon & District **Community Bank®** Branch
93 High Street, Maldon VIC 3463
Phone: (03) 5475 1747

Franchisee: Maldon & District Financial Services Limited
93 High Street, Maldon VIC 3463
ABN: 46 086 749 886

www.bendigobank.com.au/maldon
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879.
(BMPAR10062) (09/10)

Bendigo Bank