

annual report 2009



Mooroolbark & District
Financial Services Limited
ABN 45 098 234 354

Mooroolbark & District **Community Bank**[®] Branch

Contents

Chairman's report	2
Manager's report	3
Promotions/sponsorship committee report	4
Directors' report	5-8
Auditor's independence declaration	9
Financial statements	10-13
Notes to the financial statements	14-29
Directors' declaration	30
Independent audit report	31-32
BSX report	33-34

Chairman's report

For year ending 30 June 2009

Despite the appalling world economic conditions, especially in banks around the globe, at Mooroolbark, we again did better than expected. This is a credit to our dedicated and hardworking Manager and staff. In fact, business has been so good that we have found it necessary to employ another staff member.

Thanks also to our hard working and voluntary Board who manage to squeeze enough time to do what needs to be done. And finally thanks to our shareholders and customers who make all this possible. As a result we can now be more generous in our sponsorship of community projects and have already begun to invest heavily. We will hear more of this in coming months.

Thanks again to everyone for a great and rewarding effort.



Peter McGowan
Chairman

Manager's report

For year ending 30 June 2009

During a period of tough economic conditions we have continued to substantially grow the total banking business held on our books. Our lending grew by \$4.6 million whilst our deposits grew by a staggering \$17.3 million. It would appear the Government's action of guaranteeing bank deposits, coupled with investors seeking the security offered by banks has had a significant effect on our deposit growth. As at 30 June 2009 we held \$106.343 million in total lending and deposits.

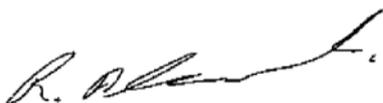
The economic climate experienced over the past 12 months has had an impact on our profit margins. Obviously we have been able to continue operating in a healthy financial position and continue our monetary support of local Community groups. But with that said our ability to generate greater profits, in line with our business growth, has been somewhat restricted and is out of the branch's field of direct control. We are starting to see some improvement in gross margin incomes and given the total of banking business held we are in a strong position going forward.

This financial year has seen us grow our customer numbers by 300, plus we have increased the number of products held per customer. We have continued to enjoy good insurance product sales and referrals to our Financial Planner. Overall our business activity continues to grow at a positive rate. So much so that our Board has agreed to accept Bendigo and Adelaide Bank Ltd's recommendation to appoint a new staff member in the role of Customer Relationship Officer.

To add to the above successes, last year we ran our first Community Grants program plus our Board made its first Dividend payment to our loyal shareholders. We also recently ran our first **Community Bank**[®] branch newsletter which was delivered to over 10,000 households in our local area.

We continue to be proud of the fact we still have all the original staff who opened our branch on day one. However other staff have come and gone in the meantime. In October 2008 our Customer Relationship Manager, Bryan Greene moved on to a business development role with Bendigo and Adelaide Bank Ltd at the Boronia Regional office. Bryan was replaced by Derek Brook who was working in a similar role at Warburton **Community Bank**[®] Branch. Derek has quickly settled in and is now helping a large number of clients with their lending needs.

I would again like to take this opportunity to thank our Regional Office support team, our Board of Directors, our dedicated branch staff, our shareholders and finally our most valued customers. All of these people play a significant role in the success of our branch and in return help us to provide valuable support to our local Community groups.



Rowan Alexander
Branch Manager

Promotions/sponsorship committee report

For year ending 30 June 2009

Again I have the pleasure to report that over the past financial year we have been able to continually increase the amount of funding we offer to our local community by way of grants and sponsorship payments.

Last year we made our first community grant payments. We were extremely pleased with the number of applications received and the high quality of these applications. In the end we approved grants to the total sum of \$42,125 which were distributed through eight local community organisations. Without any hesitation our Board agreed to run a similar project in the 2009/10 financial year.

Sponsorship requests come in at an ever increasing rate. Over 35 community groups benefited from over \$50,000 paid by way of sponsorships or donations. The variety of groups benefitting is vast, including sporting clubs, local health groups, community events, youth and aged care. We are also seeing valuable support back to our Board by the way that these groups and their members are in turn supporting us with their banking.

We are fortunate to be able to make a positive difference for the many and varied community groups within Mooroolbark and surrounding areas. This drives our Board and branch staff to continue to grow our local branch, as we all aim to improve on what we deliver to our community.



David Hodgett

Director

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:

Peter Alan McGowan

Chairman

Age: 54

Engineer

Frederick John Eakins

Treasurer

Age: 60

Public Accountant

Joan Lesley Drew

Secretary

Age: 54

Public Accountant

John Robert Connor

Director

Age: 59

Bookkeeper

Jean Hazel Mitchinson

Director

Age: 61

Cleaner

David John Hodgett

Director

Age: 45

Member of Victorian Parliament

Richard Kim Nicholas

Director

Age: 55

Real Estate Agent

Margaret Edith Cook

Director

Age: 62

Retired

Oliver James Beaumont

Director

Age: 60

Lawyer

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

Joan Lesley Drew has been the Company Secretary of Mooroolbark & District Financial Services Limited for 4 years. Joan's qualifications include a Bachelor of Business Degree, Accounting Major, Law Minor (Swinburne University) and Registered Tax Agent. Joan has operated her own accountancy practice for 16 years and was previously employed as an accountant and financial controller in private industry. Joan is member of the National Institute of Accountants and National Tax Agents Association.

Directors' report continued

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 have 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 \$
138,203	161,813

Remuneration report

No Director receives remuneration for services as a Company Director or Committee Member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

The Branch Manager commenced employment on 6 May 2002. He is employed on a contract which is in line with the standards and remuneration levels applicable to Bendigo and Adelaide Bank Ltd staff in similar roles.

Dividends	Cents	\$
Dividends paid in the year:		
- As recommended in the prior year report	8.00	50,337

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.

Directors' report continued

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

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

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
Peter Alan McGowan	11	9
Frederick John Eakins	11	8
Joan Lesley Drew	11	10
John Robert Connor	11	7
Jean Hazel Mitchinson	11	11
David John Hodgett	11	5
Richard Kim Nicholas	11	7
Margaret Edith Cook	11	5
Oliver James Beaumont	11	8

Directors' report continued

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.

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 9.

Signed in accordance with a resolution of the Board of Directors at Mooroolbark, Victoria on 2 October 2009.



Joan Lesley Drew
Secretary



Frederick John Eakins
Treasurer

Auditor's independence declaration



PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the directors of Mooroolbark & District 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 2nd day of October 2009

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	3	896,511	841,668
Salaries and employee benefits expense		(396,647)	(375,041)
Charitable donations, sponsorship, advertising & promotion		(119,546)	(94,957)
Occupancy and associated costs		(61,269)	(71,020)
Systems costs		(21,642)	(24,261)
Depreciation and amortisation expense	4	(11,044)	(10,705)
General administration expenses		(84,571)	(80,988)
Profit before income tax expense		201,792	184,696
Income tax expense	5	(63,589)	(22,883)
Profit for the period		138,203	161,813
Profit attributable to members of the entity		138,203	161,813
Earnings per share (cents per share)		¢	¢
- basic for profit for the year	20	21.96	25.72
- dividends paid per share	20	-	8

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Assets			
Current assets			
Cash assets	6	713,692	634,900
Trade and other receivables	7	86,204	73,398
Total current assets		799,896	708,298
Non-current assets			
Property, plant and equipment	8	3,853	3,103
Intangible assets	9	29,159	39,159
Deferred tax assets	10	25,669	22,166
Total non-current assets		58,681	64,428
Total assets		858,577	772,726
Liabilities			
Current liabilities			
Trade and other payables	11	47,683	31,330
Current tax liabilities	5	30,553	45,049
Provisions	13	47,855	101,737
Total current liabilities		126,091	178,116
Non-current liabilities			
Borrowings	12	-	2,500
Provisions	13	24,658	22,485
Total non-current liabilities		24,658	24,985
Total liabilities		150,749	203,101
Net assets		707,828	569,625
Equity			
Issued capital	14	629,209	629,209
Accumulated losses	15	78,619	(59,584)
Total equity		707,828	569,625

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Receipts from customers		867,957	896,400
Payments to suppliers and employees		(680,754)	(720,087)
Interest received		27,808	29,088
Income taxes paid		(87,588)	-
Net cash provided by operating activities	16	127,423	205,401
Cash flows from investing activities			
Payments for property, plant and equipment		(1,794)	(3,800)
Payments for intangible assets		-	-
Net cash used in investing activities		(1,794)	(3,800)
Cash flows from financing activities			
Repayment of borrowings		(2,500)	-
Dividends paid		(50,337)	-
Net cash used in financing activities		(52,837)	-
Net increase in cash held		72,792	201,601
Cash at the beginning of the financial year		634,900	433,299
Cash at the end of the financial year	6(a)	707,692	634,900

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Note	2009 \$	2008 \$
Total equity at the beginning of the period		569,625	458,149
Net profit for the period		138,203	161,813
Net income/expense recognised directly in equity		-	-
Total income and expense recognised by the entity for the year		138,203	161,813
Dividends provided for or paid		-	(50,337)
shares issued during period		-	-
Costs of issuing shares		-	-
Total equity at the end of the period		707,828	569,625

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.

Notes to the financial statements continued

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.

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.

Notes to the financial statements continued

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 or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

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

Contributed 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.

Notes to the financial statements continued

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	219,948	153,180
- other revenue	650,690	658,408
Total revenue from operating activities	870,638	811,588
Non-operating activities:		
- interest received	25,873	30,080
Total revenue from non-operating activities	25,873	30,080
Total revenues from ordinary activities	896,511	841,668

Note 4. Expenses

Depreciation of non-current assets:

- plant and equipment	1,044	697
Amortisation of non-current assets:		
- intangibles	10,000	10,008
	11,044	10,705

Note 5. Income tax expense

The components of tax expense comprise:

- Current tax	67,042	64,017
- Deferred tax on provisions	(3,503)	(22,166)
- Recoupment of prior year tax losses	-	(18,969)
- Under/over provision in prior year	50	-
	63,589	22,883

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

Operating profit	201,792	184,696
Prima facie tax on profit from ordinary activities at 30%	60,538	55,409

Notes to the financial statements continued

	Note	2009 \$	2008 \$
Note 5. Income tax expense (continued)			
Add tax effect of:			
- non-deductible expenses		3,000	3,002
- timing difference expenses		3,504	5,606
Current tax		67,042	64,017
Movement in deferred tax	10	(3,503)	(22,166)
Recoupment of prior year tax losses		-	(18,969)
Under/over provision in prior year		50	-
		63,589	22,882
Tax liabilities			
Current tax payable		30,553	64,017

Note 6. Cash assets

Cash at bank and on hand		20,854	22,850
Term deposits		692,838	612,050
		713,692	634,900

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

Cash at bank and on hand		20,854	22,850
Term deposit		692,838	612,050
		713,692	634,900

Note 7. Trade and other receivables

Trade receivables		79,704	73,398
Prepayments		6,500	-
		86,204	73,398

Notes to the financial statements continued

	2009 \$	2008 \$
Note 8. Property, plant and equipment		
Plant and equipment		
At cost	24,615	22,821
Less accumulated depreciation	(20,762)	(19,718)
	3,853	3,103
Total written down amount	3,853	3,103
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	3,103	-
Additions	1,794	3,800
Less: depreciation expense	(1,044)	(697)
Carrying amount at end	3,853	3,103
Total written down amount	3,853	3,103

Note 9. Intangible assets

Franchise fee		
At cost	100,000	100,000
Less: accumulated amortisation	(70,841)	(60,841)
	29,159	39,159

Note 10. Deferred tax

Deferred tax asset		
Opening balance	(22,166)	-
Deferred tax on provisions	(3,503)	(22,166)
Closing balance	(25,669)	(22,166)

Notes to the financial statements continued

	2009 \$	2008 \$
Note 11. Trade and other payables		
Trade creditors	26,899	5,956
Other creditors & accruals	20,784	25,374
	47,683	31,330

Note 12. Borrowings

Loan - Shire of Yarra Ranges	-	2,500
-------------------------------------	---	--------------

Note 13. Provisions

Current

Employee benefits	47,855	51,400
--------------------------	---------------	---------------

Non-current

Employee benefits	24,658	22,485
--------------------------	---------------	---------------

Number of employees at year end	8	8
--	----------	----------

Note 14. Contributed equity

629,209 Ordinary shares fully paid of \$1 each (2008: 629,209)	629,209	629,209
---	----------------	----------------

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.

Notes to the financial statements continued

Note 14. Contributed equity (continued)

Rights attached to shares (continued)

(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).

(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.

Notes to the financial statements continued

	2009 \$	2008 \$
Note 15. Accumulated losses		
Balance at the beginning of the financial year	(59,584)	(171,060)
Net profit from ordinary activities after income tax	138,203	161,813
Dividends paid or provided	-	(50,337)
Balance at the end of the financial year	78,619	(59,584)

Note 16. Statement of cash flows

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

Profit from ordinary activities after income tax	138,203	161,813
Non cash items:		
- depreciation	1,044	697
- amortisation	10,000	10,008
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(12,806)	(18,614)
- (increase)/decrease in other assets	(3,503)	(22,166)
- increase/(decrease) in payables	1,857	9,928
-increase/(decrease) in provisions	(1,372)	63,735
Net cash flows provided by operating activities	133,423	205,401

Note 17. Auditors' remuneration

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

- audit & review services	4,200	4,000
- non audit services	2,708	1,280
	6,908	5,280

Notes to the financial statements continued

Note 18. Director and related party disclosures

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

Peter Alan McGowan
Frederick John Eakins
Joan Lesley Drew
John Robert Connor
Jean Hazel Mitchinson
David John Hodgett
Richard Kim Nicholas
Margaret Edith Cook
Oliver James Beaumont

No Directors' fees have been paid as the positions are held on a voluntary basis.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2009 \$	2008 \$
Transactions with related parties:		
Frederick John Eakins supplied accounting, business and compliance services to the Company to the value of	2,112	3,434
Oliver James Beaumont supplied legal services to the Company to the value of	344	-

Directors' shareholdings	2009	2008
Peter Alan McGowan	1,001	1,001
Frederick John Eakins	1	1
Joan Lesley Drew	1	1
John Robert Connor	1,001	1,001
Jean Hazel Mitchinson	5,001	5,001
David John Hodgett	1,001	1,001
Richard Kim Nicholas	-	-
Margaret Edith Cook	-	-
Oliver James Beaumont	-	-

There was no movement in Directors' shareholdings during the year.

Notes to the financial statements continued

	2009 \$	2008 \$
Note 19. Dividends paid or provided		
(a) Ordinary shares		
Dividend for the year ended 30 June 2008 of 8 cents per fully paid share paid on 8 September 2008		
Fully franked based on tax paid at 30%	-	50,337

Note 20. Earnings per share

(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	138,203	161,813
--	---------	---------

	2009 Number	2008 Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	629,209	629,209

Note 21. 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 22. Contingent liabilities

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

Note 23. 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 Mooroolbark and district, Victoria.

Notes to the financial statements continued

Note 24. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
83 Taylor Road, Mooroolbark VIC 3138	Shop 19 Mooroolbark Shop Centre, 66-74 Brice Avenue, Mooroolbark VIC 3138

Note 25. 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	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	20,831	22,789	612,050	692,838	-	-	-	-	23	61	3.66	5.91
Receivables	-	-	-	-	-	-	-	-	78,629	73,398	N/A	N/A
Financial liabilities												
Borrowings	-	-	-	-	-	-	-	-	-	2,500	N/A	N/A
Payables	-	-	-	-	-	-	-	-	26,899	31,330	N/A	N/A

Directors' declaration

In accordance with a resolution of the Directors of Mooroolbark & District 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.



Joan Lesley Drew
Secretary



Frederick John Eakins
Treasurer

Signed on 2 October 2009.

Independent audit report



PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

INDEPENDENT AUDITOR'S REPORT

To the members of Mooroolbark & District Financial Services Limited

We have audited the accompanying financial statements of Mooroolbark & District 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.

Independent audit report continued

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 Mooroolbark & 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 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 Mooroolbark & District Financial Services Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.



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

Dated this 2nd day of October 2009

BSX report

Share information

In accordance with Bendigo Stock Exchange listing rules the Company provides the following information as at 18 August 2009 which is within 6 weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders
1 – 1,000	304
1,001 – 5,000	104
5,001 – 10,000	16
10,001 – 100,000	1
100,001 and over	0
Total shareholders	425

Each of the above shareholders is entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of the total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There are 79 shareholders holding less than a marketable parcel of shares (\$500) in value.

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1.00 per share. There are no unquoted equity securities.

The following table shows the 10 largest shareholders

Shareholder	Number of shares	Percentage of capital
Winpar Holdings Limited	19,100	3.04
Hubertus M & Cornelia P den Ridder	10,000	1.59
Neville & Margaret Jenz	10,000	1.59
Francis Kerr	10,000	1.59
Colin & Lois Monds	10,000	1.59
James Norman	10,000	1.59
Soltes Nominees Pty Ltd	10,000	1.59
Graham & Lisa Thompson	10,000	1.59
Shelagh Short	9,000	1.43
Joan McVeigh	8,615	1.37

BSX report continued

Registered office and principal administrative office

The registered office of the Company is located at:

83 Taylor Road,
Mooroolbark VIC 3138
Phone: (03) 9726 4044

The principal administrative office of the Company is located at:

83 Taylor Road,
Mooroolbark VIC 3138
Phone: (03) 9726 4044

Security register

The Security register (share register) is kept at:

AFS & Associates Pty Ltd
61-65 Bull Street,
Bendigo VIC 3550
Phone: (03) 5443 0344

Other information

Please refer to the Directors report, within the annual report, for details of the Company Secretary and main corporate governance practices of the entity.

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its annual report.

Mooroolbark & District **Community Bank**[®] Branch
Shop 19 Mooroolbark Terrace, 66-74 Brice Avenue,
Mooroolbark VIC 3138
Phone: (03) 9726 5388 Fax: (03) 9726 7388

Franchisee: Mooroolbark & District Financial Services Limited
83 Taylor Road, Mooroolbark VIC 3138
ABN: 45 098 234 354

www.bendigobank.com.au
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR9067) (09/09)

