Contents

Our Mission Statement

To be a leader in the provision of banking services to Mukinbudin and surrounding districts and to return profits generated back to the local communities.

Company Objectives

To provide Shareholders and the community with a quality banking service, to observe best practice business ethics, and a safe workplace for employees. To pursue our mission statement we will communicate with our local community and seek their support in achieving our goals.

Chairperson’s Report

For the Year Ending 30 June 2009

Current Position

The district enjoyed good seasonal conditions and relatively high commodity prices during the past year. This resulted in an easing of financial concerns to some local farmers however; your local Mukinbudin Community Bank® Branch was negatively affected by the global financial crisis.

The resultant reduction in profit sharing income, caused by the crisis, impacted by changing a break even budget into an actual deficit. A years end increase of $5 million in total portfolio, from $30.6 million to $35.6 million, was a good result for the company, but failed to yield an increase in profit share due to a reduction in margins.

Acknowledgements

I would like to acknowledge Peter Sippe and Dudley Squire who both retired from the Board, following years of service as Company Chairman and Director.

I welcome with gratitude the appointments of Jenni Bunce and Sue Geraghty to the Board and their effectiveness along with our existing Board Members.

Administration

Steve Lange has continued his role as Treasurer and Company Secretary, while Debbie Shadbolt has continued as Board Secretary. On behalf of the Board I would like to thank both Steve and Debbie for their diligence in executing their respective roles.

Staff

Branch Manager, Tara Chambers has continued to perform well in her role, and has provided a very stable team of enthusiastic workers at the branch in Julie Palm, Stacey Manuel and Stella Underwood. I would like to thank Tara and her team for their efforts.

Future

Despite the difficulty in meeting our objective in making your company a profitable venture, the Board will continue to implement strategies to promote Mukinbudin **Community Bank®** Branch as a viable alternative to the community’s business banking requirements.

The Board appreciates the community’s support for their personal banking requirements, but now we require serious consideration from the community to utilise Bendigo Bank’s Agribusiness expertise and products. With more business accounts your company would perform extremely well into the future.

MCFS financial objectives are:

1. To provide an efficient and competitive Branch for our community
2. To return dividends to shareholders from profit at the earliest possible opportunity
3. To distribute profits back into the community by way of sponsorships and grants.

Finally, I would like to thank Bendigo and Adelaide Bank Limited and our customers for their continued support.

Stephen Sprigg
Chairman

Bendigo Bank Limited Report

For year ending 30 June 2009

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

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

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

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

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

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

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

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

Russell Jenkins
Chief General Manager

Directors' Report

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

Directors

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

Stephen Garth Sprigg

- *Board Position:* Chairman
- *Occupation:* Farmer
- *Background Information*: Born and raised in Bonnie Rock, Stephen has 30 years experience in the Primary Production industry. Between 1980 and 1993 Stephen owned and operated Exploration Contracting Company which discovered several major gold deposits and co-developed Tarmoola Gold Project JV with Mount Edon Goldmines Australia. He has had much past experience as a director.
- Stephen is committed to financially and socially enhancing our wheatbelt communities.

Steven Leslie Lange

- *Board Position:* Non-Executive Director
- *Occupation:* Business Proprietor, Grocer
- *Background Information*: Steven returned to Mukinbudin 14 years ago to purchase “Muka Mart”, which has since become “Foodland”, “Supa-Value” and now “IGA Mukinbudin”. Previously he has had 21 years experience in the banking industry, including seven years as Branch Manager. He holds a Certificate of Management. Steven was a member of the original steering committee formed to open the Bendigo Bank branch in Mukinbudin and has been on the Board since.
- He sees a Bendigo franchise as the best way for the community to become financially independent of government funding and continue to thriving.

John Felix Lombardini

- *Board Position:* Non-Executive Director
- *Occupation:* Machinery Dealership Manager and Business partner at Hutton & Northey Sales Group
- *Background Information*: John was in banking for 15 years, which included three years experience as an Agribusiness Manager at Westpac/Challenge Bank. John has been on several committees, however being on the Mukinbudin Community Financial Services Board is his first experience as a director.
- John is very supportive in the promotion of bringing back professional services to local communities like Mukinbudin.

Steven Allan Smith

- *Board Position:* Non-Executive Director
- *Occupation:* Builder
- *Background Information:* Steven came to Mukinbudin in 1996 and worked for three years with a local farmer before starting his own building and maintenance business in 1999. He is involved in community sporting activities including as hockey and squash.
- As a Director, Steven believes in growing and promoting our own bank.

Directors' Report

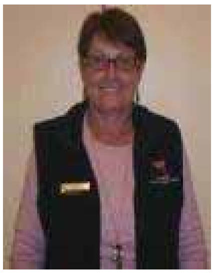
Debbie Maree Shadbolt

- *Board Position:* Non-Executive Director
- *Occupation:* Farmer
- *Background Information:* Debbie has lived in Mukinbudin for the past 30 years and is married with four children. She has 20 years experience in the Primary Production industry and is involved in community activities such as netball, tennis and also the Mukinbudin Planning & Development committee.
- Debbie joined the board knowing that it is not just a bank. She takes pride in the fact that the bank is community owned and that a percentage of the profits generated is returned to the community.

Susan Geraghty

- *Board Position:* Non-executive Director
- *Appointment Date:* 9 December 2008
- *Occupation:* Farmer
- *Background Information:* Sue came to live in Mukinbudin in 1976 after marrying her husband. She has been heavily involved in the community since then, being on the Anglican Church Board for 15 years and also the Mukinbudin District High School council. Sue has also been involved in the hockey club and golf club, including being the President of the Central Wheatbelt Women's Golf Association.
- Her wish is to see Mukinbudin Financial Services grow into a profitable and expanding business for the Mukinbudin & surrounding districts communities.

Jennifer Barbara Bunce



- *Board Position:* Non-Executive Director
- *Appointment Date:* 9 December 2008
- *Occupation:* Bus driver, Caravan Park Manager and Community Volunteer
- *Background Information:* Jenni is very active in the community of Beacon being heavily involved in sports such as hockey, football and bowls, taking on positions such as president, secretary and treasurer. She is currently a newspaper editor, Beacon Telecentre secretary/treasurer and also the Beacon Progress Association treasurer. Jenni has also been a councillor on the Mt Marshall Shire.
- Jennie joined the board as a representative of the Beacon Telecentre Agency and also because of her belief in and support of community banks.

Paul Edward Smith

- *Board Position:* Non-Executive Director
- *Occupation:* Farmer
- *Background Information:* Paul came out from England at age six and has lived in Mukinbudin since then. He has been involved in community sports such as hockey, football, tennis and bowls.
- Paul is on the board to provide a service that is sustainable and profitable, and which benefits and meets the needs of the Mukinbudin community.

John Douglas O'Neil

- *Board Position:* Non-Executive Director
- *Occupation:* Farmer

Stephen John Paterson

- *Board Position:* Non-Executive Director
- *Occupation:* Business Proprietor

Dudley John Squire

- *Board Position:* Non-Executive Director
- Resigned December 2008

Peter Dudley Ward Sippe

- *Board Position:* Non-Executive Director
- Resigned December 2008

Directors' Report continued

Company Secretary

Steven Leslie Lange

Directors Meetings Attended

During the financial year 12 meetings of Directors were held. Attendances by each director during the year were:

	Number eligible to attend	Number attended
Steven Lange	11	11
John Lombardini	11	9
Debbie Shadbolt	11	10
Stephen Sprigg	11	11
Steven Smith	11	8
Paul Smith	11	9
Stephen Paterson	11	0
John O'Neil	11	10
Susan Geraghty	5	4
Jennifer Bunce	5	3
Peter Sippe	5	5
Dudley Squire	6	5

Principal Activity and Review of Operations

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

Operating Results

The loss of the Company after providing for income tax amounted to $24,478.

Dividends Paid of Recommended

The Company did not pay or declared any dividends during the year.

Financial Position

The net assets deficit of the Company has increased from $122,946 as at 30 June 2008 to $147,424 as at 30 June 2009. The directors believe the Company is in a stable financial position.

Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review, not otherwise disclosed in these financial statements.

After Balance Date Events

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

Future Developments

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

Remuneration Report

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

Remuneration of Directors or Executives

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

Remuneration policy

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

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

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

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

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

Some individuals may have chosen to sacrifice part of their salary to increase payments towards superannuation.

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

Performance-based remuneration

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

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Company's goals and shareholder wealth, before the KPIs are set for the following year. In determining whether or not a KPI has been achieved, the Company bases the assessment on audited figures.

Company performance, shareholder wealth and Executive remuneration

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

Key management personnel remuneration policy

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

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

Performance income as a proportion of total remuneration

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

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

Options

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

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

Indemnifying Officers or Auditor

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

Environmental Issues

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

Proceedings on Behalf of Company

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

The Company was not a party to any such proceedings during the year.

Corporate Governance

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

a) Director approval of operating budgets and monitoring of progress against these budgets;
b) Ongoing Director training; and
c) Monthly Director meetings to discuss performance and strategic plans

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

Non-Audit Services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Directors' Report continued

The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

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

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

Taxation services: $4,700

Auditor's Independence Declaration

A copy of the auditor's independence declaration is included within the financial statements.
This report is signed in accordance with a resolution of the Board of Directors.

Director

Dated this 12th day of October 2009

RSM Bird Cameron Partners
Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION

I declare that, to the best of my knowledge and belief, in relation to the audit of the financial statements of Mukinbudin Community Financial Services Limited for the financial year ended 30 June 2009 there have been no contraventions of:

a. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and

b. any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners
Chartered Accountants

Perth, Western Australia

David Wall
Partner

Date: 12 October 2009

Financial Statements

Income Statement
For the year ended 30 June 2009

	Note	2009 $	2008 $
Revenue	2	315,605	310,660
Employee benefits expense		(198,370)	(176,092)
Depreciation and amortisation expense		(10,760)	(10,304)
Finance costs		(12,263)	(11,097)
Other expenses	3	(118,690)	(131,175)
Loss before income tax		**(24,478)**	**(18,008)**
Income tax expense	4	-	-
Profit/Loss attributable to members		**(24,478)**	**(18,008)**
Overall operations			
Basic loss per share (cents per share)		(6.02)	(4.43)
Dilutes loss per share (cents per share)		(6.02)	(4.43)

The accompanying notes form part of these financial statements

Financial Statements continued

Balance Sheet
For the year ended 30 June 2009

	Note	2009 $	2008 $
CURRENT ASSETS			
Cash and cash equivalents	6	-	-
Trade and other receivables	7	31,516	31,451
Other current assets	8	2,647	993
TOTAL CURRENT ASSETS		34,163	32,444
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,736	3,496
Intangible assets	10	27,150	37,150
TOTAL NON-CURRENT ASSETS		29,886	40,646
TOTAL ASSETS		**64,049**	**73,090**
CURRENT LIABILITIES			
Trade and other payables	11	49,307	67,077
Financial liabilities	12	134,838	102,993
Short-term provisions	13	12,703	9,987
TOTAL CURRENT LIABILITIES		196,848	180,057
NON-CURRENT LIABILITIES			
Financial liabilities	12	14,625	15,979
TOTAL NON-CURRENT LIABILITIES		14,625	15,979
TOTAL LIABILITIES		**211,473**	**196,036**
NET ASSETS		**(147,424)**	**(122,946)**
EQUITY			
Issued capital	14	399,201	399,201
Accumulated losses		(546,625)	(522,147)
TOTAL EQUITY		**(147,424)**	**(122,946)**

The accompanying notes form part of these financial statements

Statement of Changes in Equity
For the year ended 30 June 2009

	Share Capital (Ordinary shares)	Accumulated losses	Total
	$	$	$
Balance at 1 July 2007	399,201	(504,139)	(104,938)
Loss attributable to the members of the Company	-	(18,008)	(18,008)
Balance at 30 June 2008	**399,201**	**(522,147)**	**(122,946)**
Balance at 1 July 2008	399,201	(522,147)	(122,946)
Loss attributable to the members of the Company	-	(24,478)	(24,478)
Balance at 30 June 2009	**399,201**	**(546,625)**	**(147,424)**

The accompanying notes form part of these financial statements

Cashflow Statement
For the year ended 30 June 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Receipts from customers		315,540	306,370
Payments to suppliers and employees		(333,768)	(299,169)
Borrowing costs paid		(12,263)	(11,097)
Net cash provided by operating activities	15	(30,491)	(3,896)
Cash flows from investing activities			
Payments for plants & equipment		-	(3,800)
Net cash used in investing activities		-	(3,800)
Cash flows from financing activities			
Repayment of borrowings		(1,354)	(1,161)
Net cash used in financing activities		(1,354)	(1,161)
Net increase in cash held		(31,845)	(8,857)
Cash held at the beginning of the financial year		(99,777)	(90,920)
Cash held at the end of the financial year	**6**	**(131,622)**	**(90,777)**

The accompanying notes form part of these financial statements

Notes to the Financial Statements

1. Statement of significant accounting policies

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

(i) The Company is budgeting to return a profit within the next 2 to 5 years; and
(ii) Bendigo Bank has confirmed that it will support the Company such that it will be in a position to meet its financial obligations for the 2009/2010 financial year. The provision of additional funding by Bendigo Bank will be dependent upon the Company fulfilling its ongoing responsibilities under the Franchise Agreement and continuing to work closely with Bendigo Bank management to further develop the business.

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

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

The financial report covers Mukinbudin Community Financial Services Limited as an individual entity.

Mukinbudin Community Financial Services Limited is a public company, incorporated and domiciled in Australia.

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

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(a) Income tax

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

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

Notes to the Financial Statements continued

1. Statement of significant accounting policies

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

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

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

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

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

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

(b) Property, plant and equipment

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

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Notes to the Financial Statements continued

1. Statement of significant accounting policies (continued)

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 asset 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.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

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

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

Depreciation

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

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

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	20%

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

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

Notes to the Financial Statements continued

1. Statement of significant accounting policies (continued)

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

(c) Leases

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

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

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.
Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.
Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial instruments

Recognition and Initial Measurement

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

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

Derecognition

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

1. Statement of significant accounting policies (continued)

Classification and Subsequent Measurement

i. Financial assets at fair value through profit or loss

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

ii. Loans and receivables

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

iii. Held-to-maturity investments

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

iv. Available-for-sale financial assets

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

(d) Financial instruments (continued)

v. Financial Liabilities

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

Derivative instruments

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

The Company does not hold any derivative instruments.

1. Statement of significant accounting policies (continued)

Fair value

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

Impairment

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

Impairment losses are recognised in the income statement.

Financial Guarantees

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

The Company has not issued any financial guarantees.

(e) Impairment of assets

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

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

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

1. Statement of significant accounting policies (continued)

(f) Intangibles

Franchise fee

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

(g) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(h) Provisions

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

(i) Cash and cash equivalents

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

(j) Revenue and other income

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

Dividend revenue is recognised when the right to receive a dividend has been established.
Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

1. Statement of significant accounting policies (continued)

Borrowing costs

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

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

(l) Goods and services tax (GST)

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

Receivables and payables in the balance sheet are shown inclusive of GST.

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

(m) Comparative figures

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

(n) Critical accounting estimates and judgments

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

Key estimates — Impairment

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

No impairment has been recognised in respect of intangibles for the year ended 30 June 2009. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2009 amounting to $62,850.

1. Statement of significant accounting policies (continued)

(o) New Accounting Standards for Application in Future Periods

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

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Company will be unable to be determined. The following changes to accounting requirements are included:
    - acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
    - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
    - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
    - there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Company's policy);
    - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
    - impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
    - where there is, in substance, no change to Company interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

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

1. Statement of significant accounting policies (continued)

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

Notes to the Financial Statements continued

1. Statement of significant accounting policies (continued)

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

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

Notes to the Financial Statements continued

1. Statement of significant accounting policies (continued)

(p) Authorisation for financial report

The financial report was authorised for issue on 12 October 2009 by the Board of Directors

		2009 $	2008 $
2.	**Revenue**		
	Franchise margin income	315,605	310,660
		315,605	**310,660**
3.	**Expenses**		
	Advertising and marketing	4,239	1,070
	ATM leasing and running costs	-	274
	Bad debts	548	160
	Community sponsorship and donations	5,994	2,153
	Freight and postage	7,046	6,270
	Insurance	9,952	10,218
	IT leasing and running costs	23,366	23,298
	Printing and stationary	5,069	8,469
	Occupancy running costs	6,230	5,853
	Rental on operating lease	4,750	5,614
	Other operating expenses	51,496	67,796
		118,690	**131,175**
	Remuneration of the auditors of the Company		
	Audit services	6,600	5,850
	Other Services	4,700	8,650
		11,300	**14,500**

		2009 $	2008 $

4. Income tax expense

No income tax is payable by the Company as it has incurred tax losses for the year.

	2009 $	2008 $
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax (Note 20)	-	-
	-	-
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2008: 30%)	(7,343)	(5,402)
Add:		
Tax effect of:		
— non-deductible depreciation and amortisation	3,000	3,000
— other non-allowable items	5,218	2,252
— tax losses not brought to account	-	150
Less:		
Tax effect of:		
— other allowable items	(875)	-
Income tax attributable to entity	**-**	**-**

At balance date, the Company had tax losses of $410,489 (2008: $396,212) which are available to offset future years' taxable income.

The future income tax benefit of these tax losses is $123,147 (2008: $118,863). This benefit has been recognised as an asset in the statement of financial position as there is a high probability of its realisation. The benefits will only be obtained if:

(a) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
(b) The Company continues to comply with the conditions for deductibility imposed by the law; and
(c) No changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

Notes to the Financial Statements continued

5. Key management personnel compensation

a. Names and positions

Name	*Position*
Steven Lange	Non-Executive Director / Company Secretary
John Lombardini	Non-Executive Director
Debbie Shadbolt	Non-Executive Director
Stephen Sprigg	Non-Executive Director
Steven Smith	Non-Executive Director
Paul Smith	Non-Executive Director
Stephen Paterson	Non-Executive Director
John O'Neil	Non-Executive Director
Susan Geraghty	Non-Executive Director
Jennifer Bunce	Non-Executive Director
Peter Sippe	Resigned
Dudley Squire	Resigned

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

b. Options provided as remuneration and shares issued on exercise of such options

No options were provided as remuneration or shares issued on exercise of options

c. Option holdings

No options over ordinary shares in the Company are held by any Director of the Company or other key management personnel, including their personally related parties.

d. Shareholdings

Number of ordinary shares held by key management personnel.

2009

	Ordinary Shares			
Directors	*Balance at beginning of period*	*Purchased during the period*	*Other changes*	*Balance at end of period*
Steven Lange	2,001	-	-	2,001
Debbie Shadbolt	10,000	-	-	10,000
Stephen Paterson	-	-	1,000	1,000
Susan Geraghty	-	-	5,000	5,000
	12,001	**-**	**6,000**	**18,001**

		2009 $	2008 $
6.	**Cash and cash equivalents**		
	Cash at bank and in hand	-	-
	Reconciliation of cash		
	Cash at the end of the financial year as shown in the cash flow statement is reconciled to the items in the balance sheet as follows:		
	Bank overdrafts	**(131,622)**	**(99,777)**
7.	**Trade and other receivables**		
	Trade debtors	**31,516**	**31,451**

a. Provision For Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

There is no provision for impairment of receivables.

		2009 $	2008 $
8.	**Other assets**		
	Current		
	Prepayments	**2,647**	**993**

Notes to the Financial Statements continued

9. Property, plant and equipment

Plant and Equipment		
Cost	149,406	145,406
Accumulated depreciation	(145,670)	(145,910)
	2,736	**3,496**
Movement in carrying amount		
Balance at the beginning of the year	3,496	3,800
Depreciation expense	(760)	(304)
Carrying amount at the end of the year	**2,736**	**3,496**

	2009 $	2008 $

10. Intangible assets

Franchise fee		
Cost	100,000	100,000
Accumulated amortisation	(72,850)	(62,850)
	27,150	**37,150**

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

11. Trade and other payables

Trade creditors and accruals	45,808	63,392
GST payable	3,499	3,685
	49,307	**67,077**

Notes to the Financial Statements continued

12. Financial liabilities

Current		
Bank overdraft	131,622	99,777
Mortgage loan	3,216	3,216
	134,838	**102,993**
Non Current		
Mortgage loan	**14,625**	**15,979**

Security

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

	2009 $	2008 $

13. Provisions

Provision for employee entitlements	**12,703**	**9,987**
Number of employees at year end	**4**	**4**

14. Equity

406,510 (2008: 406,510) fully paid ordinary shares	406,510	406,510
Cost of raising equity	(7,309)	(7,309)
	399,201	**399,201**

Notes to the Financial Statements continued

15. Cash flow information

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

Profit after tax	(24,478)	(18,008)
Depreciation and amortisation	10,760	10,304
Movement in assets and liabilities		
Receivables	(65)	(4,290)
Other assets	(1,654)	(196)
Payables	(17,770)	4,967
Provisions	2,716	3,327
Net cash provided by/(used in) operating Activities	**(30,491)**	**(3,896)**

b. Credit Standby Arrangement and Loan Facilities

The Company has a bank overdraft facility amounting to $150,000 (2008: $120,000). This may be terminated at any time at the option of the bank. At 30 June 2009, $131,622 of this facility was used (2008 $99,777). Interest rates are variable.

16. Related party transactions

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

	2009 $	2008 $
17. Leasing commitments		
Non cancellable operating lease commitment contracted for but not capitalised in the financial statements		
Payable		
Not longer than 1 year	5,700	5,700
Longer than 1 year but not longer than 5 years	7,943	13,643
	13,643	**19,343**

Notes to the Financial Statements continued

18. Financial risk management

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

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

(a) Financial risk management policies

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

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

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

(b) Financial Risk exposures and management

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

i. Interest rate risk

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

ii. Foreign currency risk

The company is not exposed to fluctuations in foreign currencies.

iii. Liquidity risk

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

iv. Credit risk

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

There are no material amounts of collateral held as security at 30 June 2008.

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

18. Financial management (continued)

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

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

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

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

v. Price risk

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

(c) Financial Instrument Composition and Maturity analysis

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

2009	Weighted Average Effective Interest Rate	Variable	Fixed		Non-interest Bearing	Total
		Floating Interest Rate	Within 1 year	Within 1 to 5 years		
Financial Assets						
Loan and receivables		-	-	-	31,516	31,516
Total Financial Assets		**-**	**-**	**-**	**31,516**	**31,516**
Financial Liability						
Bank overdraft secured	8.64%	131,622	-	-	-	131,622
Bank loan secured	10.6%	-	3,216	14,625	-	17,841
Trade and other payables		-	-	-	49,307	49,307
Total Financial Liabilities		**131,622**	**3,216**	**14,625**	**67,307**	**198,770**

Notes to the Financial Statements continued

18. Financial management (continued)

2008	Weighted Average Effective Interest Rate	Variable	Fixed		Non-interest Bearing	Total
		Floating Interest Rate	Within 1 year	Within 1 to 5 years		
Financial Assets						
Loan and receivables		-	-	-	31,451	31,451
Total Financial Assets		**-**	**-**	**-**	**31,451**	**31,451**
Financial Liability						
Bank overdraft secured	10.6%	99,007	-	-	-	99,077
Bank loan secured	10.6%	-	3,216	15,979	-	19,195
Trade and other payables		-	-	-	67,077	67,077
Total Financial Liabilities		**99,077**	**3,216**	**15,979**	**67,077**	**185,349**

(c) Financial Instrument Composition and Maturity analysis (continued)

	2009 $	2008 $
Trade and sundry payables are expected to be paid as follows:		
Less than 6 months	38,307	67,077
6 months to 1 year	-	-
1 to 5 years	11,000	-
Over 5 years	-	-
	49,307	**67,077**

(d) Net Fair Values

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

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

18. Financial management (continued)

(e) Sensitivity Analysis

i. Interest Rate Risk

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

ii. Interest Rate Sensitivity Analysis

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

2009	Carrying Amount $	- 2%		+ 2%	
		Profit $	Equity $	Profit $	Equity $
Financial Liability					
Bank overdraft secured	131,622	2,623	2,632	(2,632)	(2,632)

(e) Sensitivity Analysis (continued)

2008	Carrying Amount $	- 2%		+ 2%	
		Profit $	Equity $	Profit $	Equity $
Financial Liability					
Bank overdraft secured	99,077	1,981	1,981	(1,981)	(1,981)

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

19. Segment reporting

The Company operates in the financial services sector as a branch of Bendigo Bank in Western Australia.

20. Events after the balance sheet date

No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

21. Contingent liabilities and contingent assets

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

	2009 $	2008 $
22. Tax		
i. Gross Movements		
Deferred tax assets not brought to account, the benefits of which will only be realised in the conditions for deductibility set out below		
— Temporary differences	2,716	2,996
— Tax losses: operating losses	123,147	118,863
Closing balance	**125,863**	**121,859**

23. Company details

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

29 Shadbolt Street
Mukinbudin WA 6479

Director's Declaration

The Directors of the Company declare that:

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

   a. comply with Accounting Standard and the Corporations Regulations 2001; and

   b. give a true and fair view of the Company's financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company.

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.

Director

Dated this 12th day of October 2009

RSM Bird Cameron Partners
Chartered Accountants

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

Report on the Financial Report

We have audited the accompanying financial report of Mukinbudin Community Financial Services Limited ("the company"), which comprises the balance sheet as at 30 June 2009 and the income statement, statement of changes in equity and cash flow statement for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

Independence

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

RSM Bird Cameron Partners
Chartered Accountants

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Auditor's Opinion on the Financial Report

In our opinion:

a. the financial report of Mukinbudin Community Financial Services Limited is in accordance with the Corporations Act 2001, including:

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

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

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial period 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 Mukinbudin Community Financial Services Limited for the financial period ended 30 June 2009 complies with section 300A of the Corporations Act 2001

RSM Bird Cameron Partners

RSM Bird Cameron Partners
Chartered Accountants

David Wall

Perth, Western Australia

David Wall
Partner

Date: 12 October 2009