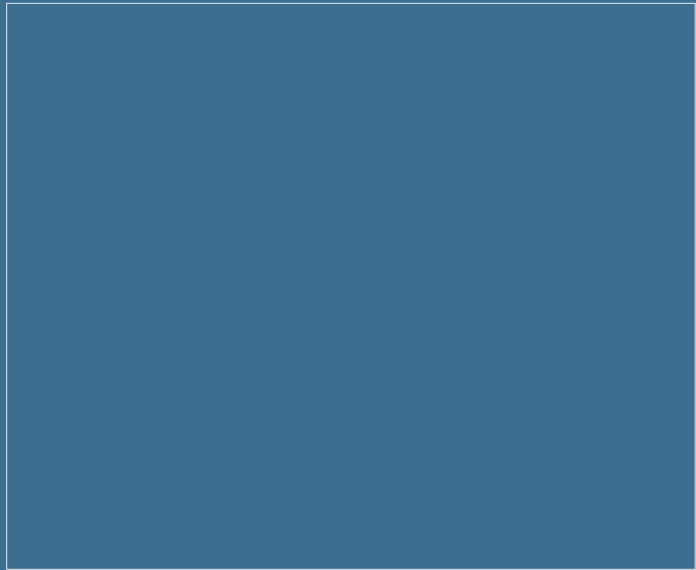
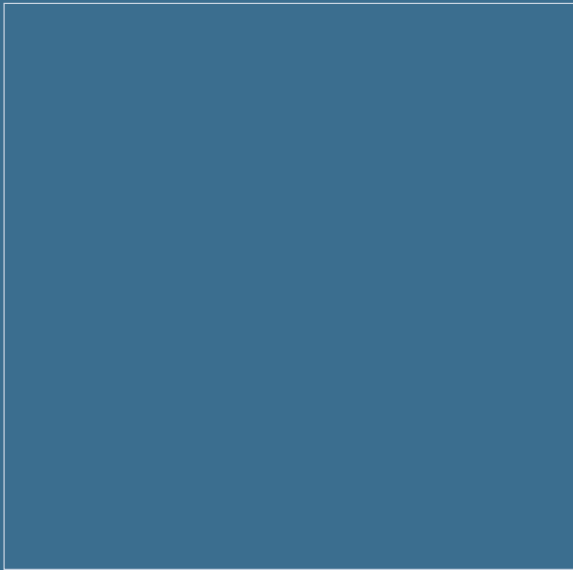


annual report | 2009



Murrumbeena Community
Financial Services Limited
ABN 47 104 667 361

Murrumbeena **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2009

In a year of global economic uncertainty, your Company proceeded cautiously, determined to minimise the impact of any downward trends and to maintain staffing levels. The Board's plan was simple; maintain status quo and continue to provide exemplary customer service to assist our customers, both new and existing, through uncertain times. The Bendigo and Adelaide Bank Ltd reacted quickly to the effects of the crisis and offered very competitive investment rates to attract long term deposits. Overall, the plan was a success and the end of the financial year saw us achieve more than double our budgeted growth of funds under management. A great result in tough times.

We also realised the need to increase our community commitment as funding and assistance to the community dropped away in other areas. Over the past year, we have been able to support and provide sponsorship to all clubs and organisations that your Company actively supported in previous years, plus quite a few new ones. This included the support of a series of parenting sessions in partnership with the Glen Eira City Council. During this period, we were able to put in excess of \$50,000 back into the community. This is an achievement that we are very proud of. It is through your tangible support that the Murrumbeena community has received this benefit.

On behalf of the Board of Directors of Murrumbeena Community Financial Services Limited, it is with great pride that I announce a profit for 2008/09 of \$76,091. I am equally pleased to announce that we will be paying a dividend of 5% to all shareholders. Your faith, community passion and patience has come to fruition and we thank you, as shareholders and customers, for our ability to make a difference in Murrumbeena and the surrounding communities.

As always, my fellow Directors worked tirelessly in a volunteer capacity showing their passion for community growth and ensuring the continued success of the branch. As the business grows, so too does the workload and each Director has met the challenge and donated more precious time to business growth and community needs.

The face of Murrumbeena **Community Bank**[®] Branch is the staff and without doubt we have the best with Julie, Lorraine, Amanda, Andrew and Jane providing an ever increasing knowledge and a dedicated level of personal service. Andrew Collard, our founding Branch Manager left our ranks at the end of March and Julie Scott excelled as acting Manager until July.

Thank you to you all. Your continued support ensures growth and strength and shows an ever increasing community presence in the Murrumbeena region.



Dennis Tarrant
Chairperson

Manager's report

For year ending 30 June 2009

The last 12 months has proven that the only constant in this world is change. How very different the world looks today than it did at 30 June 2008 but throughout the various challenges during the year the Bendigo and Adelaide Bank Ltd has worked diligently to protect the interests of its shareholders and customers and in spite of all has continued to open branches throughout Australia.


Many sporting clubs and organisations in Murrumbreena and our surrounding district have benefited from sponsorships and grants over the past year and the staff and Board of Murrumbreena **Community Bank**[®] Branch continue to find ways to enrich all aspects of our growing community.

As a result the community continues to embrace their bank seeing customer numbers rise to 2,607 with in excess of 3,700 accounts and funds under management of \$71.6 million which is an increase of \$23 million. This is an excellent achievement in what was a very challenging market.

During the year it was my pleasure to lead our very competent branch team for a period of time whilst the Board looked to appoint a new Branch Manager after the departure of our founding Branch Manager, Andrew Collard. Our staff are our most valuable asset and I thank Lorraine, Andrew, Amanda and Jane (our newest Customer Service Officer) for their dedication to creating the success of the branch and the wider community.

With change comes opportunity and as we move into the new year the staff and Directors of Murrumbreena Community Financial Services Limited will look to capitalise on these opportunities and continue to develop strong, ongoing relationships with our customers and local business and community groups.

We thank you for your continued support for your bank and together we look forward to a very exciting and successful year to come.



Julie Scott
Acting Branch Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2009

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

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

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

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

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

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

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

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



Russell Jenkins
Chief General Manager

Directors' report

For year ending 30 June 2009

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

Directors

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

Dennis Keith Tarrant

Chairman
Age: 59
Wholesale Distributor

Anthony Gerard Lee

Director
Age: 44
Estate Agent

Jan Priest

Director
Age: 60
Business Consultant

Leigh Coddington

Director
Age: 55
Finance & Administration

Eric John Wanless Attwood

Director
Age: 79
Newsagent

Peter John Apcar

Director (Resigned 1 April 2009)

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

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

Company Secretary

At the time of this Directors' Report the Company does not have an elected Company Secretary. Chairman, Dennis Tarrant is acting in this role in the interim.

Principal activities

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

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

Directors' report continued

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
\$	\$
76,091	61,862

Remuneration report

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

The Branch Manager attends all Board meetings and presents a full report to the Board of Directors. The Branch Manager advises the Directors on a number of issues but does not have any voting rights.

As at 30 June 2009 there were no employees who were directly accountable and have responsibility for the strategic direction and operational management of the entity. Murrumbeena Community Financial Services Limited has seconded Sue Foley from the Bendigo and Adelaide Bank Ltd in July 2009. She is employed on a contract which is in line with the standard remuneration levels applicable to Bendigo and Adelaide Bank Ltd staff in similar roles.

Dividends	Year ended 30 June 2009	
	Cents	\$'000
Dividends paid in the year:		
- dividend paid from previous years profits	2.1	12

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments

The Company will continue its policy of facilitating banking services to the community.

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' report continued

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 17 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
Dennis Keith Tarrant	11	11
Leigh Coddington	11	5
Anthony Gerard Lee	11	10
Eric John Wanless Attwood	11	11
Jan Priest	11	9
Peter John Apcar (Resigned 1 April 2009)	8	5

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 and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001.

Directors' report continued

Non Audit services (continued)

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

- all non-audit services have been reviewed by the Board of Directors 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 Murrumbeena, Victoria on 4 September 2009.



Dennis Keith Tarrant
Chairman



Anthony Gerard Lee
Director

Auditor's independence declaration



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Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the directors of Murrumbeena Community 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 4th day of September 2009

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	3	570,232	490,631
Salaries and employee benefits expense		(246,736)	(224,165)
Charitable donations, sponsorship, advertising & promotion		(46,241)	(26,263)
Occupancy and associated costs		(49,153)	(45,371)
Systems costs		(21,250)	(21,602)
Depreciation and amortisation expense	4	(15,229)	(17,944)
Finance costs	4	(1)	(9)
General administration expenses		(81,326)	(68,922)
Profit before income tax expense		110,296	86,355
Income tax expense	5	(34,205)	(24,493)
Profit for the period		76,091	61,862
Profit attributable to members of the entity		76,091	61,862
Earnings per share (cents per share)		¢	¢
- basic for profit for the year	19	12.79	10.40
- dividends paid per share	18	2.1	-

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	236,093	221,292
Trade and other receivables	7	59,334	53,933
Total current assets		295,427	275,225
Non-current assets			
Property, plant and equipment	8	103,111	107,822
Intangible assets	9	64,274	5,000
Deferred tax assets	10	23,212	57,417
Total non-current assets		190,597	170,239
Total assets		486,024	445,464
Liabilities			
Current liabilities			
Trade and other payables	11	26,850	38,685
Provisions	12	7,305	16,148
Total current liabilities		34,155	54,833
Non-current liabilities			
Provisions	12	3,947	6,309
Total non-current liabilities		3,947	6,309
Total liabilities		38,102	61,142
Net assets		447,922	384,323
Equity			
Issued capital	13	565,517	565,517
Accumulated losses	14	(117,595)	(181,194)
Total equity		447,922	384,323

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		603,449	535,948
Payments to suppliers and employees		(521,441)	(426,922)
Interest received		15,078	6,296
Interest paid		(1)	(9)
Net cash provided by operating activities	15	97,085	115,313
Cash flows from investing activities			
Payments for property, plant and equipment		(930)	(940)
Payments for intangible assets		(68,862)	-
Net cash used in investing activities		(69,792)	(940)
Cash flows from financing activities			
Dividends paid		(12,492)	-
Net cash used in financing activities		(12,492)	-
Net increase in cash held		14,801	114,373
Cash at the beginning of the financial year		221,292	106,919
Cash at the end of the financial year	6(a)	236,093	221,292

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		384,323	322,461
Net profit for the period		76,091	61,862
Net income/expense recognised directly in equity		-	-
Total income and expense recognised by the entity for the year		76,091	61,862
Dividends provided for or paid		(12,492)	-
Shares issued during period		-	-
Costs of issuing shares		-	-
Total equity at the end of the period		447,922	384,323

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.

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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.

(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.

Notes to the financial statements continued

Note 2. Financial risk management (continued)

(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	555,692	480,474
Total revenue from operating activities	555,692	480,474
Non-operating activities:		
- interest received	14,540	10,157
Total revenue from non-operating activities	14,540	10,157
Total revenues from ordinary activities	570,232	490,631

Note 4. Expenses

Depreciation of non-current assets:		
- plant and equipment	3,236	3,419
- leasehold improvements	2,405	2,525
Amortisation of non-current assets:		
- franchise agreement	9,588	12,000
	15,229	17,944
Finance costs:		
- interest paid	1	9

Note 5. Income tax expense

The components of tax expense comprise:

- Current tax	-	-
- Deferred tax on provisions	3,732	(3,418)
- Recoupment of prior year tax losses	30,473	27,911
- Future income tax benefit attributable to losses	-	-
- Under/over provision in respect to prior years	-	-
	34,205	24,493

Notes to the financial statements continued

	Note	2009 \$	2008 \$
Note 5. Income tax expense (continued)			
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit		110,296	86,355
Prima facie tax on profit from ordinary activities at 30%		33,089	25,907
Add tax effect of:			
- non-deductible expenses		2,876	3,600
- timing difference expenses		(3,732)	164
- blackhole expenses		(1,760)	(1,760)
Current tax		30,473	27,911
Movement in deferred tax	10.	3,732	(3,418)
		34,205	24,493

Note 6. Cash assets

Cash at bank and on hand		2,721	70,419
Term deposits		233,372	150,873
		236,093	221,292

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

6(a) Reconciliation of cash

Cash at bank and on hand		2,721	70,419
Term deposit		233,372	150,873
		236,093	221,292

Note 7. Trade and other receivables

Trade receivables		50,360	44,659
Prepayments		8,974	9,274
		59,334	53,933

Notes to the financial statements continued

	2009 \$	2008 \$
Note 8. Property, plant and equipment		
Plant and equipment		
At cost	68,150	67,220
Less accumulated depreciation	(21,345)	(18,109)
	46,805	49,111
Leasehold improvements		
At cost	70,949	70,949
Less accumulated depreciation	(14,643)	(12,238)
	56,306	58,711
Total written down amount	103,111	107,822
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	49,111	52,530
Additions	930	-
Disposals	-	-
Less: depreciation expense	(3,236)	(3,419)
Carrying amount at end	46,805	49,111
Leasehold improvements		
Carrying amount at beginning	58,711	60,297
Additions	-	939
Disposals	-	-
Less: depreciation expense	(2,406)	(2,525)
Carrying amount at end	56,306	58,711
Total written down amount	103,111	107,822

Notes to the financial statements continued

	2009 \$	2008 \$
Note 9. Intangible assets		
Franchise fee		
At cost	71,477	60,000
Less: accumulated amortisation	(60,764)	(55,000)
Franchise renewal fee		
At cost	57,385	-
Less: accumulated amortisation	(3,824)	-
	64,274	5,000

Note 10. Deferred tax

Deferred tax asset		
- Opening balance	57,417	88,746
Future income tax benefits attributable to losses	-	-
Recoupment of prior year tax losses	(30,473)	(27,911)
Deferred tax on provisions	(3,732)	(3,418)
Under/over provision in relation to prior years	-	-
- Closing balance	23,212	57,417

Note 11. Trade and other payables

Trade creditors	23,029	35,348
Other creditors & accruals	3,821	3,337
	26,850	38,685

Note 12. Provisions

Current		
Employee provisions	7,305	16,148
Non-current		
Employee provisions	3,947	6,309
Number of employees at year end	4	5

Notes to the financial statements continued

	2009 \$	2008 \$
Note 13. Contributed equity		
594,857 Ordinary shares (2008: 594,857)	594,857	594,857
Less: equity raising expenses	(29,340)	(29,340)
	565,517	565,517

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

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

(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.

Notes to the financial statements continued

Note 13. Contributed equity (continued)

Prohibited shareholding interest

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

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

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

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

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

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

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

	2009	2008
	\$	\$
Note 14. Accumulated losses		
Balance at the beginning of the financial year	(181,194)	(243,056)
Net profit from ordinary activities after income tax	76,091	61,862
Dividends paid	(12,492)	-
Balance at the end of the financial year	(117,595)	(181,194)

Notes to the financial statements continued

	2009 \$	2008 \$
Note 15. 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	76,091	61,862
Non cash items:		
- depreciation	5,641	5,944
- amortisation	9,588	12,000
Changes in assets and liabilities:		
- increase in receivables	(5,400)	(13,373)
- decrease in other assets	34,205	24,493
- increase/(decrease) in payables	(11,835)	19,331
-increase/(decrease) in provisions	(11,205)	5,056
Net cash flows provided by operating activities	97,085	115,313

Note 16. Auditors' remuneration

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

- audit & review services	4,500	3,000
- non audit services	3,556	2,108
	8,056	5,108

Note 17. Director and related party disclosures

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

Dennis Keith Tarrant

Leigh Coddington

Anthony Gerard Lee

Eric John Wanless Attwood

Jan Priest

Peter John Apcar (Resigned 1 April 2009)

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

Notes to the financial statements continued

Note 17. Director and related party disclosures

Directors' shareholdings	2009	2008
Dennis Keith Tarrant	501	501
Leigh Coddington	1	1
Anthony Gerard Lee	2,001	2,001
Eric John Wanless Attwood	8,001	8,001
Jan Priest	10,000	10,000
Peter John Apcar (Resigned 1 April 2009)	701	701

There was no movement in Directors shareholdings during the year.

	2009	2008
	\$	\$

Note 18. Dividends paid or provided

(a) Ordinary shares

Final dividend for the year ended 30 June 2008 of 2.1 cents per fully paid share

Unfranked - 2.1 cents per share	12,492	-
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Note 19. Earnings per share

(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share

	76,091	61,862
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	2009	2008
	Number	Number

(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share

	594,857	594,857
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Note 20. 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.

Notes to the financial statements continued

Note 21. Contingent liabilities

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

Note 22. 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 Murrumbeena, Victoria.

Note 23. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
436 Neerim Road, Murrumbeena VIC 3163	436 Neerim Road, Murrumbeena VIC 3163

Note 24. 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 Income Statement 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.

Notes to the financial statements continued

Note 24. Financial instruments (continued)

Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	2,208	2,696	-	-	-	-	-	-	513	513	0.05	0.05
At call accounts	-	-	16,054	67,210	-	-	-	-	-	-	1.85	4.16
Term deposit	-	-	217,318	150,873	-	-	-	-	-	-	5.65	7.38
Receivables	-	-	-	-	-	-	-	-	59,334	53,933	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	26,850	38,685	N/A	N/A

Directors' declaration

In accordance with a resolution of the Directors of Murrumbena Community 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.



Dennis Keith Tarrant
Chairman



Anthony Gerard Lee
Director

Signed on 4 September 2009.

Independent audit report



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INDEPENDENT AUDITOR'S REPORT

To the members of Murrumbeena Community Financial Services Limited

We have audited the accompanying financial statements of Murrumbeena Community 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 Murrumbeena Community 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 Murrumbeena Community Financial Services Limited for the year ended 30 June 2009, complies with section 300A if the Corporations Act 2001.



DAVID HUTCHINGS

ANDREW FREWIN & STEWART
61-65 Bull Street Bendigo 3550

Dated this day 4th of September 2009

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