annual report 2010

Murrumbeena Community
Financial Services Limited
ABN 47 104 667 361

Murrumbeena **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2010

Whilst the world licked its wounds suffered from the global financial crisis, your Board of Directors reviewed our future needs and embarked on a total restructure of both the staff and Board.

We were fortunate enough to secure the services of Sue Foley, one of Bendigo and Adelaide Bank Ltd's leading Branch Managers. Sue brought with her over twenty years of vast banking experience, leadership skills and an enormous network combined with a passion for the community. Immediately the restructuring commenced and Sue began building a strongly skilled team that is very customer service and community oriented. Second in charge, Julie Scott received a well deserved promotion to Customer Relationship Manager and plays a major part in building our branch. Congratulations and thank you to Sue and her team for a fantastic effort and the dedication displayed throughout the year.

Overbearing work and family commitments saw the regrettable resignation of Director Jan Priest at the end of November. Jan is sadly missed and I thank him for his enormous contribution and dedication to the Board and community.

We have been very fortunate to introduce five new Directors during the year, all bringing valuable skill sets and experience to our line up:

- Nick Scott - Financial controller and manager
- Andrew Crommelin - Human resources and recruitment
- Matthew Nation - Sales, marketing and portfolio manager
- Amelia Collins - Brand manager and public relations
- Christian Strauss - Project management consultant

With these incoming abilities and the existing experience of the continuing Board members I believe that the Board is now the strongest in our history.

It is a great honour to announce a profit for the year of $16,249 and that the Board decided at our July meeting to declare a dividend of 5.0 cents per share as of 30 June 2010 and payable from 30 November 2010.

I stood before you at the Annual General Meeting in 2009 and declared that we had been able to contribute in excess of $100,000 back into the community in our first five years. I also stated our intention to aim for a similar amount for the 2010 year alone. What a pleasure it is to advise we have proudly invested over $110,000 into community organisations and projects in that twelve month period, making a difference to so many that needed our assistance.

As always, your Board is ever vigilant in looking for opportunities to expand our services in Murrumbeena and the surrounding districts. In keeping with our mission statement, "Better Banking, Better Service, Better Community" we are currently reviewing some potential areas to grow our services and to improve our presence in the community.

Chairman's report continued

I am humbled by the tireless efforts of my fellow Directors who donate their valuable time and expertise on a volunteer basis to make the Murrumbeena **Community Bank®** Branch a success and show true community spirit. Thank you for your contribution. It is greatly appreciated. It is my privilege to work alongside such a great team.

Thank you to the staff who recognise what is required to achieve excellence in the **Community Bank®** concept. Everyone willingly gives far more than their employment agreement dictates to ensure that we reach our full community potential and continue to be the best at what we do.

To our shareholders we are eternally grateful for your faith, confidence and investment allowing us to build such a great Company and consequently a massive community presence. Remember also that the purchase of shares was only the beginning and we also need your ongoing support via your banking to continue to grow our community aspirations.

Dennis Tarrant

Chairman

Manager's report

For year ending 30 June 2010

Reflecting on the Manager's report for 2008/2009 when the world was gripped by the global financial crisis I was reminded of the quote by Persian poet Attar who wrote "This too shall pass". Indeed the crisis did, and whilst we can never be complacent, it is pleasing to report that in the past year the business at Murrumbeena **Community Bank®** Branch has grown and developed, strengthened by the challenges presented in the previous year.

It was a great honour to be appointed Branch Manager on 1 July 2009 and given the opportunity to lead a skilled and professional team of staff. I have also enjoyed working alongside an enthusiastic, community minded Board of Directors.

During the year some of the faces at the branch have changed. Andrew Byrne left to pursue a new career, and Jane Chandler took on a position with the bank a little closer to home. Whilst their departure was a shame, it provided us with the opportunity to recruit Trish Blythe, Les Anderson and Chris English, who have been wonderful additions to our existing team of Julie Scott, Lorraine Crabb and Amanda Duerden.

Through the efforts of the branch team and the Board of Directors and with the ongoing support of the local community, Murrumbeena **Community Bank®** Branch has been able to achieve many of its business objectives. Notably, this has included strong growth in overall business holdings to $74.5 million - an increase of $2.9 million.

In addition to profitability, a key business goal for us is to drive the objectives of our local community, which over the past twelve months, have been many and varied. Whilst remaining committed to our support of sport and youth projects, the Murrumbeena **Community Bank®** Branch has been able to extend engagement to include community groups such as the local Griefline, the Murrumbeena Country Women's Association, the Glen Eira City Council co-ordinated Parenting Education Sessions, as well as a partnership helping to launch a specialised cookbook for the disabled community through Independent Living Skills.

One of the major achievements for the local community was the donation of a community bus for the Glen Eira community, which provides an ongoing transport solution for many of our local community groups.

On behalf of my staff, I would like to thank the community for its support to date. We look forward to continuing to provide a superior customer focused banking service whilst further developing our relationships with customers, local business and community partners.

There is much to do but together we can achieve great things.

Sue Foley

Susan Foley
Branch Manager

Directors' report

For the financial year ended 30 June 2010

Your directors submit the financial statements of the company for the financial year ended 30 June 2010.

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: 60
Wholesale Distributor

Leigh Coddington
Director
Age: 56
Finance & Administration

Anthony Gerard Lee
Director
Age: 45
Estate Agent

Eric John Wanless Attwood
Director
Age: 80
Newsagent

Jan Priest
Director (Resigned 1 December 2009)
Age: 60
Business Consultant

Andrew Peter Lake Crommelin
Director (Appointed 30 November 2009)
Age: 36
Recruitment

Nicholas Roland Scott
Director (Appointed 30 November 2009)
Age: 50
Manager

Matthew John Nation
Director (Appointed 22 February 2010)
Age: 32
Business Manager

Amelia Jane Collins
Director (Appointed 19 April 2010)
Age: 33
Brand Manager

Christian Felix Strauss
Director (Appointed 19 April 2010)
Age: 34
Project Management Consultant

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

No directors have material interests in contracts or proposed contracts with the company.

Company Secretary

The company secretary is Andrew Peter Lake Crommenlin. Andrew was appointed to the position on 30 November 2009.

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 Limited.

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 2010 $	Year ended 30 June 2009 $
	16,249	76,091

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 2010 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 Limited in July 2010. She is employed on a contract which is in line with the standard remuneration levels applicable to Bendigo and Adelaide Bank Limited staff in similar roles.

	Year Ended 30 June 2010	
Dividends	**Cents**	**$**
Dividends paid in the year:		
- paid during the year	5.0	29,742
Final dividend recommended from 2009/2010 profits:	5.0	29,742

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 statements.

Matters Subsequent to the End of the Financial Year

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

Likely Developments

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

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors' Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

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	3
Anthony Gerard Lee	11	10
Eric John Wanless Attwood	11	11
Jan Priest	5	3
Andrew Peter Lake Crommelin	7	7
Nicholas Roland Scott	7	7
Matthew John Nation	4	3
Amelia Jane Collins	3	2
Christian Felix Strauss	3	3

The Board has five sub-committees, Audit, Business Development, Community Investment & Partnerships, Human Resource and Property. All sub-committees have elected Directors who meet on a regular, or as needs, basis and present reports/recommendations to the monthly Board meetings where required.

Non Audit Services

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

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

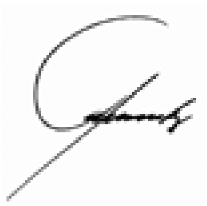
The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, 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.

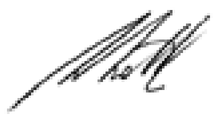
Auditors' Independence Declaration

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 30 August 2010.



Dennis Keith Tarrant,
Chairman



Nicholas Roland Scott,
Director

Auditor's independence declaration

AFS
partners in success
Chartered Accountants & Business Advisors

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61-65 Bull Street
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afs@afsbendigo.com.au
www.afsbendigo.com.au

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 2010 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 30th day of August 2010

Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	2010 $	2009 $
Revenues from ordinary activities	4	668,563	570,232
Employee benefits expense		(347,757)	(246,736)
Charitable donations, sponsorship, advertising and promotion		(110,001)	(46,241)
Occupancy and associated costs		(49,427)	(49,153)
Systems costs		(20,979)	(21,250)
Depreciation and amortisation expense	5	(20,255)	(15,229)
Finance costs	5	(34)	(1)
General administration expenses		(96,029)	(81,326)
Profit before income tax expense		**24,081**	**110,296**
Income tax expense	6	(7,832)	(34,205)
Profit after income tax expense		**16,249**	**76,091**
Total comprehensive income for the year		**16,249**	**76,091**
Earnings per share (cents per share)		**¢**	**¢**
- basic for profit for the year	22	2.73	12.79
- dividends paid per share	20	5.0	2.1

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet
as at 30 June 2010

	Note	2010 $	2009 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	236,092	236,093
Trade and other receivables	8	53,153	59,334
Current tax liabilities	11	1,966	-
Total Current Assets		**291,211**	**295,427**
Non-Current Assets			
Property, plant and equipment	9	108,361	103,111
Intangible assets	10	50,510	64,274
Deferred tax assets	11	15,380	23,212
Total Non-Current Assets		**174,251**	**190,597**
Total Assets		**465,462**	**486,024**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	16,886	26,850
Provisions	13	8,313	7,305
Total Current Liabilities		**25,199**	**34,155**
Non-Current Liabilities			
Provisions	13	5,835	3,947
Total Non-Current Liabilities		**5,835**	**3,947**
Total Liabilities		**31,034**	**38,102**
Net Assets		**434,428**	**447,922**
Equity			
Issued capital	14	565,517	565,517
Accumulated losses	15	(131,089)	(117,595)
Total Equity		**434,428**	**447,922**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended June 2010

	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2008	**565,517**	**(181,194)**	**384,323**
Total comprehensive income for the year	**-**	**76,091**	**76,091**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(12,492)	(12,492)
Balance at 30 June 2009	**565,517**	**(117,595)**	**447,922**
Balance at 1 July 2009	**565,517**	**(117,595)**	**447,922**
Total comprehensive income for the year	**-**	**16,249**	**16,249**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(29,743)	(29,743)
Balance at 30 June 2010	**565,517**	**(131,089)**	**434,428**

The accompanying notes form part of these financial statements.

Statement of Cashflows
for the year ended 30 June 2010

	Note	2010 $	2009 $
Cash Flows From Operating Activities			
Receipts from customers		686,322	603,449
Payments to suppliers and employees		(652,426)	(521,441)
Interest received		9,587	15,078
Interest paid		(34)	(1)
Income taxes paid		(1,966)	-
Net cash provided by operating activities	**16**	**41,483**	**97,085**
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(11,741)	(930)
Payments for intangible assets		-	(68,862)
Net cash used in investing activities		**(11,741)**	**(69,792)**
Cash Flows From Financing Activities			
Dividends paid		(29,743)	(12,492)
Net cash used in financing activities		**(29,743)**	**(12,492)**
Net increase/(decrease) in cash held		**(1)**	**14,801**
Cash and cash equivalents at the beginning of the financial year		236,093	221,292
Cash and cash equivalents at the end of the financial year	**7(a)**	**236,092**	**236,093**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standard Boards and the Corporations Act 2001.

Compliance with IFRS

These financial statements and notes comply with IFRS International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Financial statement presentation

The company has applied revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The company has elected to present all items of income and expense recognised in the period in a single statement of comprehensive income.

Historical cost convention

The financial statements have been prepared under the historical cost convention 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.

Comparative figures

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

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at Murrumbeena community financial services.

The branch operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the **Community Bank®** branch on behalf of Bendigo Bank, however all transactions with customers conducted through the **Community Bank®** branches are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

Bendigo Bank provides significant assistance in establishing and maintaining the **Community Bank®** branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch;
- training for the branch manager and other employees in banking, management systems and interface protocol;
- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. 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. All revenue is stated net of the amount of Goods and Services Tax (GST).

Note 1. Summary of Significant Accounting Policies (continued)

c) 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 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 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 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 statement of comprehensive income, 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.

Note 1. Summary of Significant Accounting Policies (continued)

d) 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.

e) Cash and Cash Equivalents

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.

f) 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.

g) 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)

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment Terms

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

j) Borrowings

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

k) 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 transaction 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.

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.

Note 1. Summary of Significant Accounting Policies (continued)

k) Financial Instruments (continued)

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 statement of comprehensive income.

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to 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 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.

m) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions of other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

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

n) 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.

o) 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.

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

p) 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 from 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 taxation authority are classified as operating cash flows.

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 Limited.

(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 Limited mitigates this risk significantly.

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 Limited 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 Limited 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 2010 can be seen in the statement of comprehensive income.

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

Note 3. 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.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Note 3. Critical Accounting Estimates and Judgements (continued)

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Note 3. Critical Accounting Estimates and Judgements (continued)

Impairment of assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

	2010 $	**2009 $**
Note 4. Revenue from Ordinary Activities		
Operating activities:		
- services commissions	657,702	555,692
Total revenue from operating activities	**657,702**	**555,692**
Non-operating activities:		
- interest received	10,861	14,540
Total revenue from non-operating activities	**10,861**	**14,540**
Total revenues from ordinary activities	**668,563**	**570,232**

Notes to the financial statements continued

	Note	2010 $	2009 $

Note 5. Expenses

Depreciation of non-current assets:			
- plant and equipment		3,274	3,236
- leasehold improvements		3,217	2,405
Amortisation of non-current assets:			
- franchise agreement		2,292	9,588
- franchise renewal fee		11,472	-
		20,255	**15,229**
Finance costs:			
- interest paid		**34**	**1**
Bad debts		1,270	-

Note 6. Income Tax Expense

The components of tax expense comprise:			
- Movement in deferred tax		(449)	3,732
- Recoup of prior year tax loss		8,281	30,473
		7,832	**34,205**
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit		24,081	110,296
Prima facie tax on profit from ordinary activities at 30%		7,224	33,089
Add tax effect of:			
- non-deductible expenses		4,129	2,876
- timing difference expenses		450	(3,732)
- other deductible expenses		(3,522)	(1,760)
		8,281	**30,473**
Movement in deferred tax	11	7,832	34,205
Recoupment of prior year tax loss		(8,281)	(30,473)
		7,832	**34,205**

Notes to the financial statements continued

	2010 $	2009 $

Note 7. Cash and Cash Equivalents

Cash at bank and on hand	1,844	2,721
Term deposits	234,248	233,372
	236,092	**236,093**

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

Note 7.(a) Reconciliation of cash		
Cash at bank and on hand	1,844	2,721
Term deposits	234,248	233,372
	236,092	**236,093**

Note 8. Trade and Other Receivables

Trade receivables	44,056	50,360
Prepayments	9,097	8,974
	53,153	**59,334**

Note 9. Property, Plant and Equipment

Plant and equipment		
At cost	70,480	68,150
Less accumulated depreciation	(24,619)	(21,345)
	45,861	**46,805**
Leasehold improvements		
At cost	80,360	70,949
Less accumulated depreciation	(17,860)	(14,643)
	62,500	**56,306**
Total written down amount	**108,361**	**103,111**

Notes to the financial statements continued

	2010 $	2009 $

Note 9. Property, Plant and Equipment (continued)

Movements in carrying amounts:

	2010 $	2009 $
Plant and equipment		
Carrying amount at beginning	46,805	49,111
Additions	2,330	930
Less: depreciation expense	(3,274)	(3,236)
Carrying amount at end	**45,861**	**46,805**
Leasehold improvements		
Carrying amount at beginning	56,306	58,711
Additions	9,412	-
Less: depreciation expense	(3,218)	(2,405)
Carrying amount at end	**62,500**	**56,306**
Total written down amount	**108,361**	**103,111**

Note 10. Intangible Assets

	2010 $	2009 $
Franchise fee		
At cost	71,477	71,477
Less: accumulated amortisation	(63,056)	(60,764)
	8,421	**10,713**
Renewal processing fee		
At cost	57,385	57,385
Less: accumulated amortisation	(15,296)	(3,824)
	42,089	**53,561**
Total written down amount	**50,510**	**64,274**

Notes to the financial statements continued

	2010 $	2009 $

Note 11. Tax

Current:		
Income tax refund	**1,966**	**-**
Non-Current:		
Deferred tax assets		
- accruals		
- employee provisions	4,245	3,376
- tax losses carried forward	15,244	23,526
	19,489	**26,902**
Deferred tax liability		
- accruals	1,379	998
- deductible prepayments	2,730	2,692
	4,109	**3,690**
Net deferred tax asset	**15,380**	**23,212**
Movement in deferred tax charged to statement of comprehensive income	**7,832**	**34,205**

Note 12. Trade and Other Payables

Trade creditors	14,130	23,029
Other creditors & accruals	2,756	3,821
	16,886	**26,850**

Note 13. Provisions

Current:		
Provision for annual leave	**8,313**	**7,305**
Non-Current:		
Provision for long service leave	**5,835**	**3,947**
Number of employees at year end	**4**	**4**

	2010 $	2009 $
Note 14. Contributed Equity		
594,857 Ordinary shares fully paid (2009: 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 member has the right to vote at a general meeting.

On a show of hands or a poll, each member 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 member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member 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 members of the community who have contributed to the establishment and ongoing operation of the **Community Bank®** have the same ability to influence the operation of the company.

(b) Dividends

Generally, dividends are payable to members 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 Limited 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 14. 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 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 member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member’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, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

	2010 $	2009 $
Note 15. Accumulated Losses		
Balance at the beginning of the financial year	(117,595)	(181,194)
Net profit from ordinary activities after income tax	16,249	76,091
Dividends paid or provided for	(29,743)	(12,492)
Balance at the end of the financial year	**(131,089)**	**(117,595)**

Note 16. Statement of Cashflows

	2010 $	2009 $
Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	16,249	76,091
Non cash items:		
- depreciation	6,491	5,641
- amortisation	13,764	9,588
Changes in assets and liabilities:		
- (increase)/decrease in receivables	6,181	(5,400)
- (increase)/decrease in other assets	7,832	34,205
- decrease in payables	(9,964)	(11,835)
- increase/(decrease) in provisions	2,896	(11,205)
- increase/(decrease) in current tax liabilities	(1,966)	-
Net cashflows provided by operating activities	**41,483**	**97,085**

Note 17. Leases

Operating lease commitments

	2010 $	2009 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
- not later than 12 months	30,259	-
- between 12 months and 5 years	83,212	-
- greater than 5 years	-	-
	113,471	**-**

The Murrumbeena **Community Bank®** lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance.

Note 18. Auditors' Remuneration

Amounts received or due and receivable by the auditor of the company for:

	2010 $	2009 $
- audit & review services	2,200	4,500
- share registry services	2,791	1,331
- non audit services	2,971	3,556
	7,962	**9,387**

Note 19. 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 (Resigned 1/12/2009)

Andrew Peter Lake Crommelin (Appointed 30/11/2009)

Nicholas Roland Scott (Appointed 30/11/2009)

Matthew John Nation (Appointed 22/2/2010)

Amelia Jane Collins (Appointed 19/4/2010)

Christian Felix Strauss (Appointed 19/4/2010)

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

Notes to the financial statements continued

Note 19. Director and Related Party Disclosures (continued)

Directors Shareholdings	**2010**	**2009**
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 (Resigned 1/12/2009)	10,000	10,000
Andrew Peter Lake Crommelin (Appointed 30/11/2009)	-	-
Nicholas Roland Scott (Appointed 30/11/2009)	-	-
Matthew John Nation (Appointed 22/2/2010)	-	-
Amelia Jane Collins (Appointed 19/4/2010)	-	-
Christian Felix Strauss (Appointed 19/4/2010)	-	-

There was no movement in directors shareholdings during the year.

Note 20. Dividends Paid or Provided

	2010 $	**2009 $**
a. Dividends paid during the year		
unfranked dividend - 5.0 cents (2009: 2.1 cents) per share	**29,742**	**12,492**
b. Dividends proposed and not recognised as a liability		
unfranked dividend - 5 cents (2009: Nil cents) per share	**29,742**	**-**
c. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	1,966	-
- franking credits that will arise from payment of income tax refundable as at the end of the financial year	(1,966)	-
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	-	-

	2010 $	2009 $
Note 20. Dividends Paid or Provided (continued)		
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	**-**	**-**

Note 21. Key Management Personnel Disclosures

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.

Note 22. Earnings Per Share

	2010 $	2009 $
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	16,249	76,091

	2010 Number	2009 Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	594,857	594,857

Note 23. Events Occurring After the Balance Sheet Date

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

Note 24. Contingent Liabilities

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

Note 25. Segment Reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Murrumbeena community financial services pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 26. Registered Office/Principal Place of Business

The registered office and principal place of business is:

Registered Office	Principal Place of Business
436 Neerim Road,	436 Neerim Road,
Murrumbeena VIC 3163	Murrumbeena VIC 3163

Note 27. Financial Instruments

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

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

Interest Rate Risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average effective interest rate	
	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 %	2009 %
Financial Assets												
Cash and cash equivalents	1,331	2,208	234,248	233,372	-	-	-	-	513	513	4.82	5.92
Receivables	-	-	-	-	-	-	-	-	53,153	59,334	N/A	N/A
Financial Liabilities												
Payables	-	-	-	-	-	-	-	-	16,886	26,850	N/A	N/A

Directors' declaration

In accordance with a resolution of the directors of Murrumbeena 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:

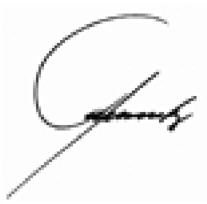
   (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the financial year ended on that date; and

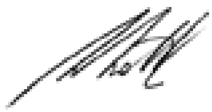
   (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(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

Nicholas Roland Scott,
Director

Signed on the 30th of August 2010.

Independent audit report

partners in success

Chartered Accountants & Business Advisors

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INDEPENDENT AUDITOR'S REPORT

To the members of Murrumbeena Community Financial Services Limited

We have audited the accompanying financial report of Murrumbeena Community Financial Services Limited, which comprises the balance sheet as at 30 June 2010, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the Directors' Declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and 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 controls relevant to the preparation and 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 fair 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 statements comply 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 presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

In conducting our audit we have complied with 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 giving a true and fair view of the company's financial position as at 30 June 2010 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

2) The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2010. 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 2010, complies with section 300A of the Corporations Act 2001.

<u>David Hutchings</u>
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 30th day of August 2010

Murrumbeena **Community Bank®** Branch
436 Neerim Road, Murrumbeena VIC 3163
Phone: (03) 9568 8166

Franchisee: Murrumbeena Community Financial Services Limited
436 Neerim Road, Murrumbeena VIC 3163
Phone: (03) 9568 8166
ABN: 47 104 667 361

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Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879.
(BMPAR10022) (07/10)

Bendigo Bank