annual report 2009

Wallan & District
Financial Services Limited
ABN 32 119 493 113

Wallan **Community Bank®** Branch

Contents

Chairman's report

For year ending 30 June 2009

Welcome to this year's Wallan & District Financial Services Limited annual report.

It is pleasing to offer you, our shareholders this report on the progress of your **Community Bank®** branch.

Whilst many issues continued to affect the banking industry for the past 12 month period it is pleasing to advise that your **Community Bank®** branch continued to grow slightly above the projections of the Company prospectus.

We are very confident that the next 12 month period will see the Company transform into a profitable entity.

The Board of Directors along with the very enthusiastic members of staff lead by Branch Manager Donna Draper have continued to work hard to ensure the continued growth of the business whilst at the same time providing a service that we believe is appreciated by all of our customers.

During the year we saw the departure of our Customer Relationship Officer, Laura Brizzio, whom has accepted a career opportunity outside of the banking industry. Laura has been replaced by the very competent Kathryn Liddell.

We also welcome new Director Paul Gardiner who is proving to be a very enthusiastic member of the Board.

Sadly we have seen the departure of our Manager, Donna Draper, who has decided to start a family. We thank her for the great job she has done to help establish the **Community Bank®** branch in the first two years of operation and wish her well for the future.

The Company has taken ownership of the ATM which was installed by Bendigo and Adelaide Bank Ltd after our suggestion, in the township of Broadford. This ATM has proven to be very successful and will assist in the growth of our business.

In closing may I thank you for your continued support throughout the year and trust that you find this report satisfactory. I also ask that you continue to encourage others to bank with your **Community Bank®** branch so that we can further contribute to our community.

Peter Roylance
Chairman

Manager’s report

For year ending 30 June 2009

One of the most rewarding aspects of my role is to report on the performance and success of our **Community Bank®** branch. Having completed just over two years of trading it is pleasing for me to report we are continuing to grow our business above projections. We now hold more than 3,000 customer accounts and have in excess of $43 million funds under management. The branch is still opening an average of 80 accounts per month.

This is a true reflection of the support from our shareholders, business people, mums and dads, individuals and the many clubs, groups and organisations within our community. Thanks to their support we have, in turn, been able to contribute more than $58,500 in grants, donations and sponsorships to our community groups.

Of course we cannot rest on these past achievements and we need to continue to strive toward that ultimate point in our business where we become profitable and are in a position to give something substantial back to our community and just as importantly, pay a dividend to our shareholders. For us to keep expanding our business and continue this momentum we ask you to support us with your banking and to recommend us to your family, friends and business contacts.

Unfortunately one of our foundation branch staff members, Laura Jackson (Brizzio) (Customer Relationship Officer) left us during the financial year to pursue a new career. Her replacement is a local girl, Kathryn Liddell who commenced with us in March and she has quickly adapted to branch and has developed into a valuable member of our team.

Many thanks go to familiar faces – Tracey Charry, Kirsty Goddard and Angela Carroll - for their dedication, support and assistance throughout the year. In a year of many challenges and changes the branch staff, continue to offer an outstanding quality of customer service and support to our customers and community.

I would also like to thank the Wallan & District Financial Services Limited Board for their support, faith and understanding. Without the efforts of the Board the branch would not function anywhere near as well as it does. They are to be commended for their efforts, considering they all give their time voluntarily.

It is with great sadness that I will be leaving in August to start a new phase in my life – becoming a parent. I am looking forward to the new challenges that face me with great optimism. I would like to again personally thank the staff, Board and the customers for all their support over the past two years. I am sure the incumbent Manager will strive to move the business forward with the continued support of the staff, Board, customers and the community.

Donna Draper
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 their 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 are:

Peter Roylance
Chairman
Electrical Supervisor

Graham Freeman
Director
Semi-Retired

Susan Marstaeller
Director
Office Administrator

Andrzej Skora
Director
Accountant

Antonio Bellizia
Director
Civil Engineer

Kathryn Harris (resigned 31 August 2008)
Director
Accountant

Paul Gardiner (appointed 11 November 2008)
Director
Police Officer

Pamela Cowen (resigned 5 August 2008)
Director
Retired Supervisor Bioscience

Peter Graham
Director
Small Business Operator

Walter Mott
Director
Businessman

Trevor Tobias
Director
Company Director

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

Principal activities

The principal activities of the Company during the course of the financial year were in providing **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.

Operating results

The loss of the Company for the financial year after provision for income tax was $37,394 (2008: $151,663).

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.

Significant events after the balance date

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 providing banking services to the community.

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 apart from the following.

Newspaper House Pty Ltd and James Yeates Printing Pty Ltd, of which Walter H Mott is a Director and shareholder, received a fee of $1,918 (2008: $1,291) for advertising and printing services supplied during the year ended 30 June 2009.

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 Managers 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' report continued

Directors' meetings

The number of Directors' meetings attended by each of the Directors of the Company during the year were:

Number of meetings held:	**10**
Number of meetings attended:	
Peter Roylance	8
Paul Gardiner (appointed 11 November 2008)	5
Pamela Cowen (resigned 5 August 2008)	-
Graham Freeman	9
Peter Graham	4
Susan Marstaeller	7
Walter Mott	8
Andrzej Skora	8
Trevor Tobias	6
Antonio Bellizia	5
Kathryn Harris (resigned 31 August 2008)	1

Company Secretary

Peter Graham has been the Company Secretary of Wallan & District Financial Services Ltd since inception. Peter's qualifications and experience include operating a small business in the building maintenance industry.

Corporate governance

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

(a) The establishment of an audit committee. Members of the audit committee are Andrzej Skora and Susan Marstaeller;

(b) Director approval of operating budgets and monitoring of progress against these budgets;

(c) Ongoing Director training; and

(d) Monthly Director meetings to discuss performance and strategic plans.

Auditor independence declaration

The Directors received the following declaration from the Auditor of the Company:

Richmond Sinnott & Delahunty
Chartered Accountants

Richmond Sinnott & Delahunty
Chartered Accountants

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

7 September 2009

The Directors
Wallan & District Financial Services Limited
1/51 High Street
WALLAN VIC 3756

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Wallan & District Financial Services Limited for the year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Signed in accordance with a resolution of the Board of Directors at Wallan on 7 September 2009.

Peter Roylance

Chairman

Financial statements

Income statement
For year ending 30 June 2009

	Note	2009 $	2008 $
Revenue from ordinary activities	2	407,000	211,633
Employee benefits expense	3	(263,392)	(234,165)
Charitable donations and sponsorship		(8,080)	(4,943)
Depreciation and amortisation expense	3	(38,791)	(38,343)
Other expenses from ordinary activities		(141,389)	(142,678)
Loss before income tax benefit		**(44,652)**	**(208,496)**
Income tax benefit	4	7,258	56,833
Loss after income tax benefit		**(37,394)**	**(151,663)**
Earnings per share (cents per share)			
- basic for loss for the year	20	(4.58)	(18.56)
- diluted for loss for the year	20	(4.58)	(18.56)

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2009

	Note	2009 $	2008 $
Current assets			
Cash assets	6	180,575	200,214
Receivables	7	21,268	8,384
Total current assets		**201,843**	**208,598**
Non-current assets			
Property, plant and equipment	8	243,565	257,867
Deferred income tax asset	4	81,110	73,852
Intangible assets	9	60,502	82,500
Total non-current assets		**385,177**	**414,219**
Total assets		**587,020**	**622,817**
Current liabilities			
Payables	10	10,697	12,176
Provisions	11	8,108	5,032
Total current liabilities		**18,805**	**17,208**
Total liabilities		**18,805**	**17,208**
Net assets		**568,215**	**605,609**
Equity			
Share capital	12	799,019	799,019
Accumulated losses	13	(230,804)	(193,410)
Total equity		**568,215**	**605,609**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Cash receipts in the course of operations		397,526	233,075
Cash payments in the course of operations		(426,471)	(396,052)
Interest received		11,797	17,186
Net cash flows used in operating activities	**14b**	**(17,148)**	**(145,791)**
Cash flows from investing activities			
Payments for property, plant and equipment		(2,491)	(34,015)
Net cash flows used in investing activities		**(2,491)**	**(34,015)**
Cash flows from financing activities			
Equity raising costs		-	(15,466)
Net cash flows from/(used in) financing activities		**-**	**(15,466)**
Net increase/(decrease) in cash held		**(19,639)**	**(195,272)**
Add opening cash brought forward		200,214	395,486
Closing cash carried forward	**14a**	**180,575**	**200,214**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2009

	Note	2009 $	2008 $
Share capital			
Ordinary shares			
Balance at start of year		799,019	814,485
Issue of share capital		-	-
Share issue costs		-	(15,466)
Balance at end of year		**799,019**	**799,019**
Accumulated losses			
Balance at start of year		(193,410)	(41,747)
Loss after income tax benefit		(37,394)	(151,663)
Dividends paid		-	-
Balance at end of year		**(230,804)**	**(193,410)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 7 September 2009.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

(c) Significant accounting policies

Income tax

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2008 financial statements.

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of asset	**Depreciation rate**
Buildings	4%
Computer software	40%

Plant & equipment is calculated on a diminishing value basis with rates between 10-33% used.

Note 1. Basis of preparation of the financial report (continued)

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

Property, plant and equipment

The recoverable amount of plant and equipment is the greater 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.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

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.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Goods and services tax (continued)

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 cash flow statement 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 operating cash flows.

Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The Company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. 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.

Interest bearing liabilities

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

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Provisions

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

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

Contributed capital

Issued and paid up capital is 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.

Comparative figures

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

Note 2. Revenue from ordinary activities

	2009 $	2008 $
Operating activities		
- services commissions	395,203	190,597
- other revenue	-	-
Total revenue from operating activities	**395,203**	**190,597**
Non-operating activities:		
- interest received	11,797	17,186
- other revenue	-	3,850
Total revenue from non-operating activities	**11,797**	**21,036**
Total revenue from ordinary activities	**407,000**	**211,633**

	2009 $	2008 $

Note 3. Expenses

	2009 $	2008 $
Employee benefits expense		
- wages and salaries	215,817	189,410
- superannuation costs	19,900	16,924
- workers' compensation costs	973	755
- other costs	26,702	27,076
	263,392	**234,165**
Depreciation of non-current assets:		
- buildings	10,411	9,887
- plant & equipment	203	292
- computer software	6,179	6,164
Amortisation of non-current assets:		
- intangibles	21,998	22,000
	38,791	**38,343**
Bad debts	2,634	-

Note 4. Income tax expense

The prima facie tax on loss before income tax is reconciled to the income tax benefit as follows:

	2009 $	2008 $
Prima facie tax on loss before income tax at 30%	(13,396)	(62,549)
Add tax effect of:		
- Non-deductible expenses	6,138	5,716
Current income tax benefit	(7,258)	(56,833)
Income tax benefit	**(7,258)**	**(56,833)**
Deferred income tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	**81,110**	**73,852**

Notes to the financial statements continued

	2009 $	2008 $

Note 5. Auditors' remuneration

Amounts received or due and receivable by

Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	**3,650**	**2,700**

Note 6. Cash assets

Cash at bank and on hand	**180,575**	**200,214**

Note 7. Receivables

GST receivable	-	2,175
Trade debtors	21,268	6,209
	21,268	**8,384**

Note 8. Property, plant and equipment

Buildings		
At cost	259,941	258,541
Less accumulated depreciation	(21,301)	(10,890)
	238,640	**247,651**
Plant & equipment		
At cost	2,354	1,263
Less accumulated depreciation	(495)	(292)
	1,859	**971**
Computer software		
At cost	15,409	15,409
Less accumulated depreciation	(12,343)	(6,164)
	3,066	**9,245**
Total written down amount	**243,565**	**257,867**

	2009 $	2008 $

Note 8. Property, plant and equipment (continued)

Movements in carrying amounts		
Building		
Carrying amount at beginning of year	247,651	239,625
Additions	1,400	17,913
Disposals	-	-
Depreciation expense	(10,411)	(9,887)
Carrying amount at end of year	**238,640**	**247,651**
Movements in carrying amounts		
Plant & equipment		
Carrying amount at beginning of year	971	570
Additions	1,091	693
Disposals	-	-
Depreciation expense	(203)	(292)
Carrying amount at end of year	**1,859**	**971**
Movements in carrying amounts		
Computer software		
Carrying amount at beginning of year	9,245	-
Additions	-	15,409
Disposals	-	-
Depreciation expense	(6,179)	(6,164)
Carrying amount at end of year	**3,066**	**9,245**

Notes to the financial statements continued

	2009 $	2008 $
Note 9. Intangible assets		
Franchise fee		
At cost	10,000	10,000
Less accumulated amortisation	(4,498)	(2,500)
	5,502	**7,500**
Establishment costs		
At cost	100,000	100,000
Less accumulated amortisation	(45,000)	(25,000)
	55,000	**75,000**
	60,502	**82,500**

Note 10. Payables

Trade creditors	-	6,473
Other creditors and accruals	10,697	5,703
	10,697	**12,176**

Note 11. Provisions

Employee benefits	**8,108**	**5,032**
Number of employees at year end	**5**	**5**

Note 12. Share capital

817,010 Ordinary shares fully paid of $1 each	817,010	817,010
less Equity raising costs	(17,991)	(17,991)
	799,019	**799,019**

Note 13. Accumulated losses

Balance at the beginning of the financial year	(193,410)	(41,747)
Loss after income tax	(37,394)	(151,663)
Balance at the end of the financial year	**(230,804)**	**(193,410)**

	2009 $	2008 $

Note 14. Cash flow statement

(a) Reconciliation of cash

	2009 $	2008 $
Cash assets	**180,575**	**200,214**

(b) Reconciliation of loss after tax to net cash provided from/(used in) operating activities

	2009 $	2008 $
Loss after income tax	(37,394)	(151,663)
Non cash items		
- Depreciation	16,793	16,343
- Amortisation	21,998	22,000
Changes in assets and liabilities		
- (Increase) decrease in deferred tax asset	(7,258)	(56,833)
- (Increase) decrease in receivables	(12,884)	27,023
- Increase (decrease) in payables	(1,479)	(6,624)
- Increase (decrease) in provisions	3,076	3,963
Net cash flows used in operating activities	**(17,148)**	**(145,791)**

Note 15. Director and related party disclosures

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

Peter Roylance

Paul Gardiner (appointed 11 November 2008)

Pamela Cowen (resigned 5 August 2008)

Graham Freeman

Peter Graham

Susan Marstaeller

Walter Mott

Andrzej Skora

Trevor Tobias

Antonio Bellizia

Kathryn Harris (resigned 31 August 2008)

Newspaper House Pty Ltd and James Yeates Printing Pty Ltd, of which Walter H Mott is a Director and shareholder, received a fee of $1,918 (2008: $1,291) for advertising and printing services supplied during the year ended 30 June 2009.

Notes to the financial statements continued

Note 15. Director and related party disclosures (continued)

Directors' shareholdings	2009	2008
Peter Roylance	1,001	1,001
Paul Gardiner (appointed 11 November 2008)	1,000	-
Pamela Cowen (resigned 5 August 2008)	1,501	1,501
Graham Freeman	501	501
Peter Graham	4,501	4,501
Susan Marstaeller	3,001	3,001
Walter Mott	55,868	55,868
Andrzej Skora	2,001	2,001
Trevor Tobias	501	501
Antonio Bellizia	1,000	1,000
Kathryn Harris (resigned 31 August 2008)	2,000	2,000

Paul Gardiner purchased 1,000 shares during the year. There were no other movements in Directors' shareholdings during the year. Each share held has a paid upvalue of $1 and is fully paid.

Note 16. Subsequent events

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

Note 17. Contingent liabilities

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

Note 18. Segment reporting

The economic entity operates in the financial services sector were it provides banking services to its clients. The economic entity operates in one geographic area being Wallan, Victoria.

Note 19. Corporate information

Wallan & District Financial Services Ltd is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is: 1/51 High Street, Wallan VIC 3756.

	2009 $	2008 $

Note 20. Earnings per share

Basic earnings per share amounts are calculated by dividing loss after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing loss after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2009 $	2008 $
Loss after income tax expense	**(37,394)**	**(151,663)**
Weighted average number of ordinary shares for basic and diluted earnings per share	**817,010**	**817,010**

Note 21. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

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. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2009 $	**2008 $**
Cash assets	180,575	200,214
Receivables	21,268	8,384
	201,843	**208,598**

Note 21. Financial risk management (continued)

(a) Credit risk (continued)

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2008: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount $	Contractual cash flows $	1 year or less $	Over 1 to 5 years $	More than 5 years $
30 June 2009					
Payables	10,697	(10,697)	(10,697)	–	–
	10,697	**(10,697)**	**(10,697)**	**–**	**–**
30 June 2008					
Payables	12,176	(12,176)	(12,176)	–	–
	12,176	**(12,176)**	**(12,176)**	**–**	**–**

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Note 21. Financial risk management (continued)

(c) Market risk (continued)

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular Board meetings.

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount 2009 $	2008 $
Financial assets	104,125	162,159
Financial liabilities	-	-
	104,125	**162,159**
Variable rate instruments		
Financial assets	76,450	37,645
Financial liabilities	-	-
	76,450	**37,645**

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2008 there was also no impact. As at both dates this assumes all other variables remain constant.

(d) 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 year end.

Note 21. Financial risk management (continued)

(e) 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.

Directors' declaration

In accordance with a resolution of the Directors of Wallan & District Financial Services Limited, I 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 their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; 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.

Peter Roylance
Chairman

Signed at Wallan on 7 September 2009.

Independent audit report

Richmond Sinnott & Delahunty
Chartered Accountants

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF WALLAN & DISTRICT
FINANCIAL SERVICES LIMITED

SCOPE

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Wallan & District Financial Services Limited, for the year ended 30 June 2009.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

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ABN 60 616 244 309

Independent audit report continued

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Wallan & District Financial Services Limited is in accordance with:

(a) the Corporations Act 2001 including:

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

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY

Chartered Accountants

W. J. SINNOTT

Partner

Bendigo

Date: 7 September 2009

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Bendigo Bank