

ANNUAL REPORT 2009

Charlton & District
Community Bank® Branch **Bendigo Bank**



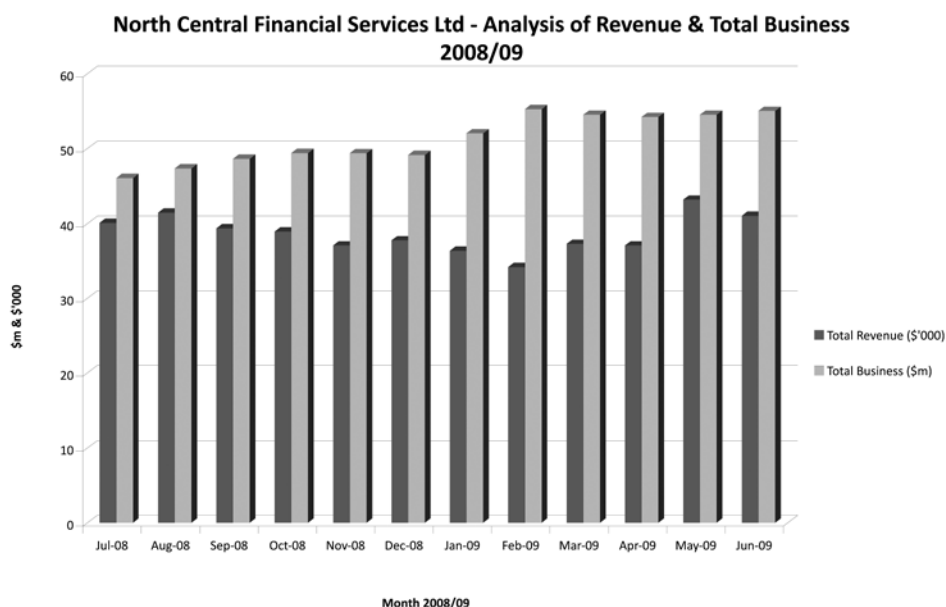
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Chairman's report

For year ending 30 June 2009

The past financial year has been another successful one for our Company returning a profit of \$26,391. This result is a reduction of 158% from our previous year. However this final profit does not include the \$23,000 distributed in the new grants program. At 30 June, our total business reached \$55 million, providing a growth of \$9 million for the year. Whilst this growth is very satisfying and the result of excellent work by our staff, our profit margins have significantly reduced. The world financial problems have seen considerable squeezing of margins for the banking businesses across Australia. Fortunately, our business has traded profitably each month during the year.



The changing circumstances though has reinforced our commitment to seek continuing business growth and to carefully manage the expenditure we can control.

Dividend

The Board approved the payment of a 4 cent per share un-franked dividend to shareholders listed as at 30 September. This is a reduction of 20% from the previous year, and reflects the reduced trading result. The Board hopes that as profit margins improve, further dividends can be paid at a higher level.

Community contributions

During the year the Board has continued to provide sponsorship and support to a number of local and district organisations. This has now grown to a total of \$83,000, hence we say that there are \$83,000 reasons to support the **Community Bank**[®] branch.

Chairman's report continued

In June, the Board also conducted our first Grants Awards, an event we hope will be an annual one. \$23,000 was granted to the following list of applicants:

• Wooroonook Fire Brigade – Stage 2 of Community Centre	\$2,500
• Charlton Golf Club – renovating fairways	\$2,000
• Wycheproof Men's Shed – purchase of shed	\$5,000
• Charlton Men's Shed – upgrade of existing building	\$5,000
• Charlton Driver Education Centre – purchase of drink drive simulation glasses	\$1,000
• Charlton Lawn Tennis Club – re-fencing of courts	\$4,500
• Charlton Chamber of Commerce – Christmas Festival	\$3,000

Of interest is the fact a number of these awards will provide base funding for the applicants to seek government grants for their projects, thus enhancing the value of our dollars to the community.

In addition, the Board deposited \$5,000 in the Bendigo Bank Foundation Trust, an effective way of gaining tax deductibility. The Board has made a commitment to the Charlton 20/20 Committee to provide \$100,000 towards the building of a new community facility at Charlton Park, and this will be our main community focus for the immediate future. The deposit with the Trust is earmarked for this project. No funds will be provided to the 20/20 Committee until all plans, etc. have been approved by the community, the Buloke Shire, and the Parks Committee, and government grants have been approved.

Bendigo Bank Telco

As a source of income for the proposed new community facility, the 20/20 Committee sought the Board and staff assistance in setting up a Telco income stream. This is a painless way for the community to make a contribution and we hope it succeeds.

Franchise agreement

Our Franchise Agreement with Bendigo and Adelaide Bank Ltd has been renewed for a further 5 years with the relevant company name changes included.

Staff

Staff changes during the year saw the resignation of Penelope Grant to take up a position with the Buloke Shire and the employment of a new part-time employee, Vicki Stevens.

During the past few months, all staff have been required to work some extra hours as assistance has been provided to the Donald community pending the closure of one of their town banks.

The Board appreciates the willingness of the staff, led by manager Brett, to assume these extra duties; our staff really do make our business.

Chairman's report continued

Retiring Directors

Directors to retire this year are: Peter Rogan, Robin McCrae, and Simon Peck.

All three Directors have indicated their intention to re-nominate and all have the Board's support.

Our Board is a very stable one and Directors continue to give of their time and expertise to manage the Company successfully.

Nominations for Directors positions have been advertised in the local press and will be voted on at our AGM. Voting on all resolutions is by way of proxy, by completing the voting papers, or in person at the AGM. Voting papers must be returned to the Company Secretary by the due date.

The future

Like most businesses, ours is one that needs continuous growth to more than match the growth in costs. The Board has increased its advertising budget, trialing radio advertisements on 3WM with modest success. There are limited growth opportunities in our local community and I believe we need to offer our services to a wider area.

Bendigo and Adelaide Bank Ltd and their newly named Rural Bank have a very comprehensive and competitive range of business services to offer. Our Manager Brett has been pro-active in getting out and meeting clients, new and old, however sometimes he needs a hand from shareholders.

Remember this is your business. If all our shareholders could support us with part or all of their banking business, then that would be some achievement. At present, we have approximately two thirds of shareholders doing business with our bank.

As we move through another spring, we farmers anxiously watch the sky and wait patiently for that big rain. Will it be this year? What a difference a bountiful season would make to our outlook and our business.



Peter Whykes

Chairman

Manager's report

For year ending 30 June 2009

Well, what a year it has been; very challenging both personally in my life and for the Charlton & District **Community Bank**[®] Branch, due to the Global Financial Crisis (GFC). However, our business has risen to the huge challenge, achieving some fantastic results for our shareholders and customers, and the Charlton and surrounding communities.

Our dream of achieving \$50 million in 5 years was not far off the mark, with this occurring a bit later than the 5 year mark. We reached over \$50 million in February of this year. The total business held as at the end of our financial year (30 June 2009) topped an amazing \$54.542 million, against our budgeted target of \$50.208 million. So, some great results generated through extremely difficult financial times.

We still managed to make a significant profit enabling us to distribute important funds to various community groups and projects. On top of these contributions we will again be paying a strong dividend to our shareholders.

As at 30 June 2009 our Lending business showed \$17.283 million and our Deposits \$32.722 million, with other business \$4.537 million. Other business includes our Agribusiness, Financial Planning and Superannuation clients. Our total accounts were at approximately 2,800. We look forward to celebrating our 3,000th customer in the very near future.

The Branch has increased staff hours over the past 12 months to accommodate our Business growth. Tracy Dalrymple and Leanne Gretgrix continue to be the back bone of our Branch with Tracy being here since the **Community Bank**[®] branch journey began back in October 2003. Her experience now allows her to handle all our Consumer Lending enquires and applications. Leanne is now working four days a week and is now completing all our Customer Supervisor duties allowing time for Tracy to assist clients with their consumer lending requirements.

We lost Penelope Grant, who had been with our **Community Bank**[®] branch since day one. She was fortunate enough to gain other full time employment in Wycheproof, saving her some travelling each day.

With Penelope's departure we were pleased to gain the services of Vikki Stevens, who is a local resident in Charlton. She has been with us since late last year and has settled into her part time Customer Service role very comfortably.

I am very fortunate to have such capable and dedicated staff who all complete their roles so commendably. All our staff are well known in our Community and involved in various community groups. They have a great rapport with all our clients.

At the printing of this report the season is looking favourable, but needing some good rainfall to get the crops through the Spring months. Hopefully, this has occurred and we can look forward to an encouraging season.

Manager's report continued

Our business continues to grow through these tough times and we emphasise that we are here for the long haul and here to provide support to everyone in the region, as we start to expand to surrounding communities. We are still able to provide superior banking solutions to all new and existing clients, from your personal needs to Business or Agribusiness.

An exciting venture we are involved in at the moment is the Charlton 2020 Bendigo Bank Telco project, where the community can transfer their existing Telco accounts, ie home, business, mobile, internet and more, to Bendigo Bank Telco. This in turn provides an income stream for Charlton 2020 to fund a major project they are working on at present, being a new Multi Purpose Building at Charlton Park. All you need to do is drop into our branch to find out how you can transfer your Telco needs to Bendigo Bank Telco.


We are continually supporting and involved in many community projects and events and look forward to continuing this support. Our most recent estimation of investment to our local communities is now in excess of \$85,000 and growing constantly. So, be a part of your fantastic local business by continuing or commencing to have your banking and other financial needs with your local **Community Bank**[®] branch.

I look forward to growing relationships with all our customers and shareholders as we keep on supporting your community projects, which will in turn make your community prosper and be more sustainable.

It's always exciting times for my staff and our Board as we progress and grow. We look forward to your continued support of our local **Community Bank**[®] branch to make your communities flourish.

I thank all our clients and shareholders who make our business such a success. Thanks also to my great staff and their excellent work and to the Board for their ongoing support and efforts.

Looking forward to another exciting and rewarding 12 months and seeing everyone involved with our business continue to enjoy their connections with the Charlton & District **Community Bank**[®] Branch.



Brett Schofield

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

Contributions



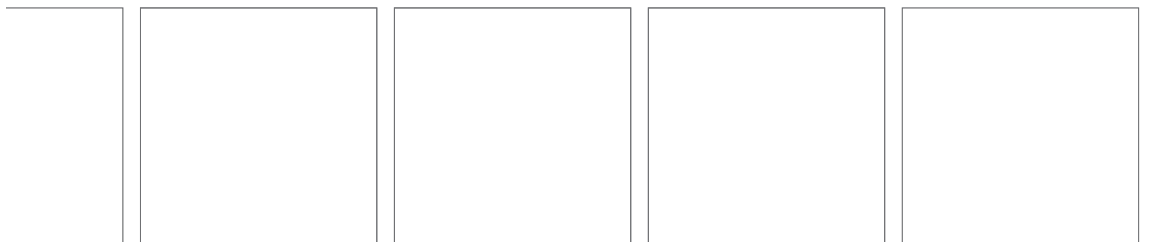
83,427 reasons to bank locally

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

- | | | |
|--|--------------------------------|--|
| Ban the Bulb | Charlton Garden Expo | Donald Lawn Tennis Club |
| Bendigo Pioneers – Josh McKee | Charlton Golden Putter Event | Donald Racing Club |
| Birchip Archery Club | Charlton Golf Club | Loddon Mallee Community Leadership Program |
| Birchip Friends of the Library Committee | Charlton Hockey Club | NCLLEN |
| Birchip Quarter Horse Cup | Charlton Lawn Tennis Club | North Central Football League |
| Birchip-Watchem Football Club | Charlton Men's Shed | North Central Garden Club |
| Central Victoria Blazers – Emma Finlay | Charlton Netball Club | North Central Landcare Festival |
| Charlton Angling Club | Charlton Newsletter | St Joseph's School |
| Charlton Badminton Club | Charlton Old Time Dance Club | Victorian Bushfire Appeal |
| Charlton Bowling Club | Charlton Park 2020 Committee | Wedderburn Alive Committee |
| Charlton Chamber of Commerce & Industry | Charlton Pony Club | Wooroonook Fire Brigade |
| Charlton College | Charlton Pre School | Wycheproof A & P Society |
| Charlton Community Rex Theatre | Charlton Rotary Art Exhibition | Wycheproof Bowls Club Inc. |
| Charlton Conservation | Charlton RSL | Wycheproof Golf Ladies |
| Charlton Cricket Club | Charlton A & P Society | Wycheproof Men's Shed |
| Charlton Croquet Club | Charlton Travellers Rest | Wycheproof-Narraport Football Club |
| Charlton Fishing Competition | Charlton Trotting Club | Wycheproof Netball Club |
| Charlton Football Club | Charlton Youth Group | Wycheproof 2010 |
| Charlton Forum | Donald A & P Society | Wycheproof Scout Group |
| | Donald Football Club | |

Total \$83,427

Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL 237879. (S25479) (08/09)



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

Directors' report

For year ending 30 June 2009

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

Directors

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

Peter Wood Whykes

Chairman
Occupation: Farmer

Robin McRae

Director
Occupation: Employment Consultant

Barry John McKenzie

Director
Occupation: Teacher

David Thomas Pollard

Director
Occupation: Mechanic

Pamela Joy Wright

Director
Occupation: Farmer

Lesley Elizabeth Cox (resigned 22 October 2008)

Director
Occupation: Retired

Russell Andrew English

Director
Occupation: Retired

Matthew Simon Peck

Director
Occupation: Teacher

Peter Rogan

Vice Chairman
Occupation: Farmer

Alan Getley (appointed 22 October 2008)

Director
Occupation: Real Estate Agent

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

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

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.

Operating results

The net profit of the Company for the financial year after provision for income tax was \$26,391 (2008: \$68,031).

Dividends	Year ended 30 June 2009	
	Cents per share	\$
Final dividends recommended:	4	22,000

Directors' report continued

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. 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:	12
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Number of meetings attended:	
<hr/>	
Peter Wood Whykes	12
<hr/>	
Alan Getley (appointed 22 October 2008)	9
<hr/>	
Lesley Elizabeth Cox (resigned 22 October 2008)	2
<hr/>	
Russell Andrew English	9
<hr/>	
Barry John McKenzie	11
<hr/>	
Matthew Simon Peck	12
<hr/>	
David Thomas Pollard	9
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Peter Rogan	10
<hr/>	
Pamela Joy Wright	9
<hr/>	
Robin McRae	10
<hr/>	

Company Secretary

John Harley was appointed as Company Secretary in April 2008. John has recently retired as principal of Charlton College and he has had extensive experience at committee level in a number of community organisations, including acting as Secretary.

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 Peter Whykes, Brett Schofield, David Pollard & Robin McRae;
- (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

Directors' report continued

Richmond Sinnott & Delahunty Chartered Accountants



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

26 August 2009

The Directors
North Central Financial Services Limited
PO Box 75
CHARLTON VIC 3525

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of North Central Financial Services Ltd 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 Charlton on 26 August 2009.



Peter Whykes
Chairman

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	2	481,169	456,028
Employee benefits expense	3	(207,109)	(173,333)
Charitable donations & sponsorship		(35,617)	(26,456)
Depreciation and amortisation expense	3	(23,533)	(25,083)
Administration and other expenses from ordinary activities		(178,296)	(129,631)
Profit before income tax expense		36,614	101,525
Income tax expense	4	10,223	33,494
Profit after income tax expense		26,391	68,031
Earnings per share (cents per share)			
- basic for profit for the year	21	4.80	12.37
- diluted for profit for the year	21	4.80	12.37
- dividends paid per share	20	5.00	-

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Current assets			
Cash assets	6	308,408	360,166
Receivables	7	51,823	51,169
Total current assets		360,231	411,335
Non-current assets			
Property, plant and equipment	8	53,597	43,241
Deferred income tax asset	4	6,042	16,265
Intangible assets	9	59,052	5,250
Total non-current assets		118,691	64,756
Total assets		478,922	476,091
Current liabilities			
Payables	10	30,515	26,487
Provisions	11	13,490	13,577
Total current liabilities		44,005	40,064
Total liabilities		44,005	40,064
Net assets		434,917	436,027
Equity			
Share capital	12	526,840	526,840
Accumulated losses	13	(91,923)	(90,813)
Total equity		434,917	436,027

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Cash receipts in the course of operations		480,725	467,988
Cash payments in the course of operations		(438,306)	(370,844)
Interest received		21,034	18,136
Net cash flows used in operating activities	14b	63,453	115,280
Cash flows from investing activities			
Payments for property, plant and equipment		(19,148)	(31,948)
Proceeds from sale of property, plant and equipment		300	13,000
Payments for intangible assets		(68,862)	-
Net cash flows used in investing activities		(87,710)	(18,948)
Cash flows from financing activities			
Dividends paid		(27,501)	-
Net cash flows used in investing activities		(27,501)	-
Net increase in cash held		(51,758)	96,332
Add opening cash brought forward		360,166	263,834
Closing cash carried forward	14a	308,408	360,166

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Note	2009 \$	2008 \$
Share capital			
Ordinary shares			
Balance at start of year		526,840	526,840
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		526,840	526,840
Retained earnings / (accumulated losses)			
Balance at start of year		(90,813)	(158,844)
Profit after income tax expense		26,391	68,031
Dividends paid		(27,501)	-
Balance at end of year		(91,923)	(90,813)

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 26 August 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

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.

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to the financial statements continued

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

Property, plant and equipment

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

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

Class of asset	Depreciation rate
• Motor vehicles	15%
• Plant & equipment	2.5 - 40%

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.

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.

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.

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.

Notes to the financial statements continued

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

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.

Comparative figures

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

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.

	2009 \$	2008 \$
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Note 2. Revenue from ordinary activities

Operating activities

- services commissions	463,593	435,458
- other revenue	-	-
Total revenue from operating activities	463,593	435,458
Non-operating activities:		
- interest received	17,576	20,570
Total revenue from non-operating activities	17,576	20,570
Total revenue from ordinary activities	481,169	456,028

Note 3. Expenses

Employee benefits expense

- wages and salaries	183,274	151,170
- superannuation costs	16,032	13,253
- workers' compensation costs	528	465
- other costs	7,275	8,445
	207,109	173,333

Notes to the financial statements continued

	2009 \$	2008 \$
Note 3. Expenses (continued)		
Depreciation of non-current assets:		
- plant and equipment	8,473	7,083
Amortisation of non-current assets:		
- intangibles	15,060	18,000
	23,533	25,083
Bad debts	5	47

Note 4. Income tax expense

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

Prima facie tax on profit before income tax at 30%	10,984	30,457
Add tax effect of:		
- Non-deductible expenses	(761)	3,037
Current income tax expense	10,223	33,494
Income tax expense	10,223	33,494
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.	6,042	16,265

Note 5. Auditors' remuneration

Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:

- Audit of the financial report of the Company	3,650	3,650
- Share registry services	1,930	-
	5,580	3,650

Note 6. Cash assets

Cash at bank and on hand	308,408	360,166
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Notes to the financial statements continued

	2009 \$	2008 \$
Note 7. Receivables		
Trade debtors	47,759	50,458
Prepayments	4,064	711
	51,823	51,169

Note 8. Property, plant and equipment

Plant and equipment

At cost	47,742	29,389
Less accumulated depreciation	(18,304)	(14,925)
Total written down amount	29,438	14,464

Motor vehicle

At cost	30,789	30,789
Less accumulated depreciation	(6,630)	(2,012)
Total written down amount	24,159	28,777

Total written down amount **53,597** **43,241**

Movements in carrying amounts

Plant and equipment

Carrying amount at beginning of the year	14,464	16,296
Additions	19,148	1,159
Disposals	(319)	-
Depreciation expense	(3,855)	(2,991)
Carrying amount at end of the year	29,438	14,464

Motor vehicle

Carrying amount at beginning of the year	28,777	20,505
Additions	-	30,789
Disposals	-	(18,425)
Depreciation expense	(4,618)	(4,092)
Carrying amount at end of the year	24,159	28,777

Notes to the financial statements continued

	2009 \$	2008 \$
Note 9. Intangible assets		
Franchise fee		
At cost	68,862	60,000
Less accumulated amortisation	(9,810)	(56,500)
	59,052	3,500
Preliminary expenses		
At cost	-	30,000
Less accumulated amortisation	-	(28,250)
	-	1,750
	59,052	5,250

Note 10. Payables

Trade creditors	20,240	11,321
Other creditors and accruals	10,275	15,166
	30,515	26,487

Note 11. Provisions

Employee benefits	13,490	13,577
Number of employees at year end	4	4

Note 12. Share capital

550,010 Ordinary Shares fully paid of \$1 each	550,010	550,010
Capital raising costs	(23,170)	(23,170)
	526,840	526,840

Note 13. Accumulated losses

Balance at the beginning of the year	(90,813)	(158,844)
Dividends paid	(27,501)	-
Profit after income tax	26,391	68,031
Balance at the end of the year	(91,923)	(90,813)

Notes to the financial statements continued

	2009 \$	2008 \$
Note 14. Cash flow statement		
(a) Reconciliation of cash		
Cash assets	308,408	360,166
(b) Reconciliation of profit after tax to net cash provided from/ (used in) operating activities		
Profit after income tax	26,391	68,031
Non cash items		
- Depreciation	8,473	7,083
- Amortisation	15,060	18,000
- Loss on sale of asset	19	5,425
Changes in assets and liabilities		
- (Increase) decrease in receivables	(654)	(13,655)
- Increase (decrease) in payables	4,028	(5,531)
- Increase (decrease) in provisions	(87)	2,433
- (Increase) decrease in deferred income tax asset	10,223	33,494
Net cashflows provided from / (used in) operating activities	63,453	115,280

Note 15. Director and related party disclosures

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

Peter Wood Whykes

Alan Getley (appointed 22 October 2008)

Lesley Elizabeth Cox (resigned 22 October 2008)

Russell Andrew English

Barry John McKenzie

Matthew Simon Peck

David Thomas Pollard

Peter Rogan

Pamela Joy Wright

Robin McRae

Notes to the financial statements continued

Note 15. Director and related party disclosures (continued)

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.

Directors' shareholdings	2009	2008
Peter Wood Whykes	3,501	3,501
Alan Getley (appointed 22 October 2008)	500	500
Lesley Elizabeth Cox (resigned 22 October 2008)	3,301	3,301
Russell Andrew English	3,501	3,501
Barry John McKenzie	3,501	3,501
Matthew Simon Peck	3,201	3,201
David Thomas Pollard	3,501	3,501
Peter Rogan	3,301	3,301
Pamela Joy Wright	3,301	3,301
Robin McRae	-	-

Each share held is valued at \$1 and is fully paid. There was no movement in shareholdings during the year.

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 where it provides banking services to its clients. The economic entity operates in one geographic area being Charlton, Victoria.

Note 19. Corporate information

North Central Financial Services Ltd is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is: 39 - 41 High Street, Charlton VIC 3525.

Notes to the financial statements continued

	2009 \$	2008 \$
Note 20. Dividends		
(a) Dividends proposed and not recognised as a liability		
Unfranked dividends - 4 cents per share (2008: 5 cents per share)	22,000	27,501
(b) Dividends paid during the year		
Unfranked dividends - 5 cents per share (2008: Nil)	27,501	-

Note 21. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing profit 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:

Profit after income tax expense	26,391	68,031
Weighted average number of ordinary shares for basic and diluted earnings per share	550,010	550,010

Note 22. 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.

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(a) Credit risk (continued)

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	308,408	360,166
Receivables	51,823	51,169
	360,231	411,335

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of the balance 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.

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(b) Liquidity risk (continued)

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	30,515	(30,515)	(30,515)	–	–
	30,515	(30,515)	(30,515)	–	–
30 June 2008					
Payables	26,487	(26,487)	(26,487)	–	–
	26,487	(26,487)	(26,487)	–	–

(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.

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.

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis

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

	Carrying amount	
	2009	2008
	\$	\$
Fixed rate instruments		
Financial assets	280,000	350,000
Financial liabilities	-	-
	280,000	350,000
Variable rate instruments		
Financial assets	28,408	10,166
Financial liabilities	-	-
	28,408	10,166

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.

Notes to the financial statements continued

Note 22. 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 North Central Financial Services Ltd, 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 Whykes
Chairman

Signed at Charlton on this day 26 August 2009.

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF NORTH CENTRAL FINANCIAL SERVICES LIMITED

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

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 North Central 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.

Woodbury Court, 172 Melvor Road Bendigo 3550. PO Box 30 Bendigo 3552. Ph: (03) 5443 1177. Fax: (03) 5444 4344. Email: rsd@rsdadvisors.com.au
ABN 60 616 244 309

Liability limited by a scheme approved under Professional Standards Legislation

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 North Central 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

W. J. SINNOTT
Partner
Bendigo

Date: 26 August 2009



Customer Service Officers (l-r) Vikki Stevens and Leanne Gregg with Customer Relationship Officer, Tracy Dalrymple, and Branch Manager Brett Schofield at the Charlton & District Community Bank Branch Bendigo Bank.

Charlton & District
Community Bank® Branch Bendigo Bank
AFSL: 265318
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Wycheproof Men's Shed was just one of the recipients of the inaugural North Central Financial Services grants. Pictured (l-r) are members Don Andison, Reg Pollard, Peter Rogan (N.C.F.S), Keith Bell and Dennis Keating.

