



ANNUAL REPORT 2010



Contents

Chairman's report	2-4
Manager's report	5-6
Contributions	7
Bendigo and Adelaide Bank Ltd report	8-9
Directors' report	10-13
Financial statements	14-17
Notes to the financial statements	18-31
Directors' declaration	32
Independent audit report	33-34

Chairman's report

For year ending 30 June 2010

The past year has been a very successful one for our Company, returning a profit of approximately \$18,000 before tax. This result would appear modest but does not include the \$42,000 distributed in the 2010 Grants Program, and other sponsorship money allocated during the year.

At 30 June 2010, our total business had reached a little over \$63 million, a growth of nearly \$8 million for the year. This was a very pleasing growth in a difficult economic climate and ultimately due to the continued fantastic support from our customers and staff.

Dividend

The Board approved the payment of a 7 cent per share unfranked dividend to shareholders listed as at 30 September 2010. This is an increase of 3 cents per share from the previous year and reflects the increased profit margin of our Company.

Sponsorship

Our Company has awarded approximately \$16,000 to various groups and district organisations during the year as sponsorship. There is no doubt this is a significant contribution to many small groups and continues to be a great help to our small community.

Community support

Our 2010 Grants Program allocated \$43,000 to the following organisations:

• Charlton Grains Musuem inc – Hospital Memorabilia Display	\$1,694
• CFA Teddywaddy – Fire Shed Development	\$2,500
• Friends of EWHS Charlton Campus – Furnishing Family Room	\$6,150
• Charlton Catholic Schools Auxiliary – Fruit in Schools Program	\$600
• Friends of EWHS Donald Campus – Catering Equipment	\$520
• Charlton Forum Inc – Promoting Charlton	\$600
• Lions Club of Charlton Inc – BBQ on the move	\$3,000
• Charlton Courthouse Committee of Management Inc –Picture Hanging System	\$3,000
• Tchum Lake Aquatic Club Inc – Mower purchase	\$4,950
• Charlton & District Pre-School Inc – Office Space for Staff	\$10,900

Chairman's report continued

Applications which did not meet the criteria under the Grants Program but which were supported by way of direct sponsorship included :

- | | |
|--|---------|
| • Donald Junior Football Club – first aid equipment | \$1740 |
| • Charlton Basketball Association – first aid and referee training | \$2,000 |
| • Charlton Golf Club – Club House improvement | \$5,000 |

In addition to this, the Board has deposited \$60,000 in the Community Enterprise Foundation™, the philanthropic arm of Bendigo Bank, to add to the \$5,000 deposited last year. This money represents part of the Board commitment of \$100,000 towards the building of a new community facility at Charlton Park. As previously stated no money will be transferred until all relevant plans, grants and approvals are in place.

Staff

There have been no staff changes for the year.

We are pleased to report our Manager Brett has committed to a further two years with us, and we look forward to his continued enthusiasm in building our business.

Tracy, Leanne and Vicki continue their fantastic service to all our customers, and we thank them most sincerely for their support and work ethic.

Directors

Directors due to retire this year are: Peter Whykes, Joy Wright & Russell English. Russell, being eligible is available for re-election and has the full support of the Board.

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.

Peter Whykes will not stand for re-election, having served as Steering Committee Chairman and Board Chairman up until March this year. It is extremely difficult to relate the significance of Peter's contribution to the formation of our **Community Bank**® branch, other than to say without his drive, experience and determination, we would not have a **Community Bank**® branch. From our very first committee meeting in April 2002, throughout all the preparation and planning for our opening in October 2003 and to this very day, Peter has given total and absolute commitment to establishing and maintaining a community resource that will serve Charlton & District proudly for many years to come. Well done Peter, thank you seems totally inadequate for the level of your contribution, but we do offer our thanks and acknowledge what a fantastic Charlton citizen you are.

Joy Wright has chosen not to seek re-election for her position on the Board. Joy was a member of the Steering Committee and has been a valued contributor to not only the **Community Bank**® branch, but the wider Charlton District, where Joy takes on a vast array of tasks, in a range of groups and projects for the benefit of our small community. Joy, you are a great asset to our town, and I am sure you will continue to be a generous volunteer into the future. Thank you for your contribution to our **Community Bank**® branch.

Chairman's report continued

David Pollard was part of the original Steering Committee that worked to establish the **Community Bank**[®] branch. David is a very committed community person and after his election to the Buloke Shire Council along with his ongoing work with the Charlton Community Theatre, he found it necessary to resign his position on the **Community Bank**[®] Company Board. David was a very valuable and enthusiastic member of our Board and we thank him most sincerely for his contribution.

Glenda Litton, also a very community orientated person, has filled the vacancy left by David, and will be a valuable member of our Board.

Agencies

As most people would be aware, Donald is well on the way to establishing their own **Community Bank**[®] branch. When Donald & District **Community Bank**[®] branch opens, funds held by the Agency will automatically transfer to the new branch. This will impact on our business, but I fully understand why Donald would want to establish their own **Community Bank**[®] branch and we wish them every success in their venture.

Wycheproof agency is still under our control and we are actively negotiating with Bendigo Bank to access agencies in Birchip and Boort. These are only small businesses, with limited returns, but they open up the opportunity for our Manager Brett to operate and write business in these areas.

Looking forward

We need to continue to look for opportunities to grow our business from within and outside our district boundaries.

Our shareholder base can supply even more business than is currently being generated. Family and friends whether residing locally or elsewhere can domicile accounts to the Charlton & District **Community Bank**[®] branch. Brett and staff can set up house loans and all types of finance at very competitive rates either over the phone or in the branch.

I wish to thank the Board for their work and support during the past year. They do a fantastic job and contribute many hours of volunteer work which directly benefits our small community.

Finally, to our customers, we thank you most sincerely for your support and hope you continue to bank with and promote our **Community Bank**[®] branch.



Peter Rogan
Chairman

Manager's report

For year ending 30 June 2010

What a fantastic result for your business in 2009/2010. Our highest profit results and our business grew an amazing \$8.6 million. An incredible effort by all my staff and the Board through ongoing tough economic and seasonal conditions. Total business now sits well over \$63 million, as at 30 June 2010.

Our significant profit allowed us to provide almost \$50,000 to various groups from our Annual Grants Program. This year we held a Grants Dinner Presentation to present these funds to various recipients across our local communities in the North Central district. We were extremely fortunate to have Rob Hunt, retired CEO of Bendigo and Adelaide Bank Ltd, as our guest speaker. This night was held on Friday 17 September.

Distribution of our grants stands alone as an annual event, available to groups across our region to apply for funding for some major projects or activities that may be happening in their local communities. Our business has now provided more than \$250,000 since opening almost seven years ago, to our local district in various grants, sponsorship & support. We are extremely proud to be in a position to be able to support our region with their community projects, which are so essential to keep their communities vibrant.

The **Community Bank**[®] network has now returned more than \$40 million dollars to support local community groups and projects right across Australia and Charlton & District **Community Bank**[®] Branch is very fortunate to be part of this support.

Since the **Community Bank**[®] network commenced in 1998, more than 260 **Community Bank**[®] branches have been opened in partnership with more than 1,700 volunteer Directors and over 65,000 local shareholders, dedicated to delivering better outcomes for their local communities.

The network now has in excess of 800,000 accounts and boasts a total banking book of more than \$16.5 billion.

Community Bank[®] branches are helping improve the economic and social prospects of their local communities and we are doing this locally here in Charlton and surrounding communities.

Add to those contributions, the employment and daily spend in the local economy and you have a truly meaningful contribution to local prosperity.

We have over 3,300 account holders and our branch is now very well structured with experienced and knowledgeable staff to assist all our customers. All our staff are local people with local knowledge, all heavily involved in the Charlton community.

As I state every year our business has achieved a lot of goals the past 12 months and made some very significant contributions to our communities and I know that we can continue to do this with all our shareholders and customers continuing to support our great local business.

Our business continues to be very exciting, with the support it provides our community and we know the next 12 months will provide some more success stories from our community.

Manager's report continued

The season is still looking very favourable with the best rainfall for many years, although we have just suffered some devastating floods in Charlton and surrounding districts the past couple of days. We pray that people haven't suffered major loss and that our communities bond together to get through this very stressful time.

I like to take this opportunity to thank Peter Whykes, our retired Chairman, for all his support to me personally and to my staff and wish him well in his retirement from the Board. I'm sure he and Bernice will have a lot of travelling ahead of them (after you help the boys with harvest Peter.....).

Our new Chairman is Peter Rogan who has stepped into our other Peter's shoes very comfortably. Peter has continued the strong ongoing support to my team. Peter is a most fitting new Chairman for our business and will be invaluable with his experience, knowledge and professionalism for many years to come.

I'd like to sincerely thank and congratulate our customers, especially my staff and the Board, our shareholders and everyone else involved with our business over the past 7 years, and look forward to the next 12 months with much anticipation and excitement.



Brett Schofield

Branch Manager

Contributions



209,256 reasons to bank locally

Charlton & District Community Bank® Branch

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

Total \$209,256

Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL 237879, (S30351) (08/10)

Charlton & District Community Bank® Branch

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2010

Now in its 13th year, the **Community Bank**[®] network continues to grow and make significant contributions to local communities right across Australia.

In the 2009/10 financial year 22 new **Community Bank**[®] branches were opened, taking the total number of branches to 259.

More than 545,000 customers chose to support the network with their banking business made up of more than 788,000 accounts, giving the networks a combined banking book of more than \$16.3 billion.

Our **Community Bank**[®] customers have been served by more than 1150 staff that are supported by almost 1700 volunteer Directors.

And these Directors are endorsed by around 63,000 shareholders who have received more than \$14.7 million in dividends, a reward for their belief in the **Community Bank**[®] concept.

All of this support has enabled the **Community Bank**[®] network to return more than \$40.3 million to assist local community groups and projects since the first **Community Bank**[®] branch opened in 1998.

These figures add up to a strong **Community Bank**[®] network, a franchise of the Bendigo and Adelaide Bank Ltd, which like its community partners, continues to flourish attracting more than 10,000 new customers every month.

This has been made possible through the restructure of the bank's executive team under the leadership of Managing Director, Mike Hirst.

At the start of 2010, the world's great economies continued to feel the aftershocks of the Global Financial Crisis. However, Australia's economy remained relatively stable during the turbulent times. While the impact of the GFC was felt by our community owned and operated branches, it is a testament to our business models and partners that our **Community Bank**[®] network continues to develop.

In fact, not only did our network continue to develop, in the past year we have witnessed one of our most successful launch programs to date. We saw a new branch emerge out of the ashes in Kinglake, less than a year after the region was devastated by Victoria's Black Saturday Bushfires.

The Pyrmont **Community Bank**[®] Branch saw us make an inroad into the competitive but lucrative Sydney banking market. And over the next 12 months Bendigo Bank will continue to grow its ATM and branch network in New South Wales, providing further support in boosting the profile of Bendigo's brand in the state.

This year we have also launched Community Snapshots on the Bendigo Bank website. This online initiative shares and highlights the great contributions and tangible outcomes the **Community Bank**[®] network generates for its local communities.

Bendigo and Adelaide Bank Ltd report continued

There has also been a focus on the continued roll out of our Good for Business, Good for Community program, which is an important element of our overall Community Strengthening for the coming year.

Thank you again for your continued commitment and support of the **Community Bank**[®] network.



Russell Jenkins

Executive Customer and Community

Directors' report

For the financial year ended 30 June 2010

Your Directors submit the financial report of the Company for the financial year ended 30 June 2010.

Directors

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

Peter Rogan

Chairman

Occupation: Farmer

Alan Getley

Director

Occupation: Real Estate Agent

Robin McRae

Director

Occupation: Employment Consultant

Russell Andrew English

Director

Occupation: Retired

Barry John McKenzie

Director

Occupation: Teacher

Matthew Simon Peck

Director

Occupation: Teacher

Glenda Litton (appointed 22 March 2010)

Director

Occupation: Retired

Peter Wood Whykes

Director

Occupation: Farmer

Pamela Joy Wright

Director

Occupation: Farmer

David Thomas Pollard (resigned 18 January 2010)

Director

Occupation: Mechanic

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 \$15,853 (2009: \$26,391).

Dividends	Year ended 30 June 2010	
	Cents per share	\$'000
Final dividends recommended:	7	38,501

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 agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company also has Officers Insurance for the benefit of Officers of the Company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

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 during the year were:

Director	Board meetings #	Audit committee meetings #
Peter Wood Whykes	12 (12)	N/A
Alan Getley	11 (12)	N/A
Russell Andrew English	9 (12)	N/A
Barry John McKenzie	10 (12)	N/A
Matthew Simon Peck	11 (12)	N/A
Glenda Litton (appointed 22 March 2010)	4 (4)	3 (3)
Peter Rogan	10 (12)	N/A
Pamela Joy Wright	8 (12)	N/A
David Thomas Pollard (resigned 18 January 2010)	1 (7)	1 (1)
Robin McRae	10 (12)	4 (4)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

N/A - not a member of that Committee.

Company Secretary

John Harley was appointed as Company Secretary in April 2008. John is a retired 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 Glenda Litton and 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.

Directors' report continued

Auditor Independence Declaration

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

Richmond Sinnott & Delahunty Chartered Accountants



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

2 September 2010

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 Limited for the year ended 30 June 2010, 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 2 September 2010.

Peter Rogan
Chairman

Financial statements

Statement of comprehensive income For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenues from ordinary activities	2	589,976	481,169
Employee benefits expense	3	(224,875)	(207,109)
Charitable donations & sponsorship		(125,141)	(35,617)
Depreciation and amortisation expense	3	(23,965)	(23,533)
Administration and other expenses from ordinary activities		(197,230)	(178,296)
Profit before income tax expense		18,765	36,614
Income tax expense	4	2,912	10,223
Profit after income tax expense		15,853	26,391
Other comprehensive income		-	-
Total comprehensive income		15,853	26,391
Earnings per share (cents per share)			
- basic for profit for the year	21	2.88	4.80
- diluted for profit for the year	21	2.88	4.80

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of financial position As at 30 June 2010

	Note	2010 \$	2009 \$
Current assets			
Cash and cash equivalents	6	298,183	308,408
Receivables	7	71,305	51,823
Total current assets		369,488	360,231
Non-current assets			
Property, plant and equipment	8	59,481	53,597
Deferred tax asset	4	4,630	6,042
Intangible assets	9	45,329	59,052
Total non-current assets		109,440	118,691
Total assets		478,928	478,922
Current liabilities			
Payables	10	36,430	30,515
Provisions	11	13,728	13,490
Total current liabilities		50,158	44,005
Total liabilities		50,158	44,005
Net assets		428,770	434,917
Equity			
Share capital	12	526,840	526,840
Accumulated losses	13	(98,070)	(91,923)
Total equity		428,770	434,917

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Cash receipts in the course of operations		579,452	480,725
Cash payments in the course of operations		(557,725)	(438,306)
Interest received		10,500	21,034
Income tax paid		(1,500)	-
Net cash flows provided from operating activities	14b	30,727	63,453
Cash flows from investing activities			
Payments for property, plant and equipment		(35,667)	(19,148)
Proceeds from sale of property, plant and equipment		16,715	300
Payments for intangible assets		-	(68,862)
Net cash flows used in investing activities		(18,952)	(87,710)
Cash flows from financing activities			
Dividends paid		(22,000)	(27,501)
Net cash flows used in investing activities		(22,000)	(27,501)
Net decrease in cash held		(10,225)	(51,758)
Cash and cash equivalents at start of year		308,408	360,166
Cash and cash equivalents at end of year	14a	298,183	308,408

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity For the year ended June 2010

	Note	2010 \$	2009 \$
Share capital			
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		(91,923)	(90,813)
Profit after income tax expense		15,853	26,391
Dividends paid	20	(22,000)	(27,501)
Balance at end of year		(98,070)	(91,923)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2010

Note 1. Basis of preparation of the financial report

(a) Basis of preparation

North Central Financial Services Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2010 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing **Community Bank**[®] services.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 2 September 2010.

(b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. 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 2009 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the reporting 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 reporting 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.

Notes to the financial statements continued

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

Income tax (continued)

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.

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 Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

Notes to the financial statements continued

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

Goods and services tax (continued)

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 reporting 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 statement of cash flows, 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.

Loans and borrowings

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.

Share 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.

	2010 \$	2009 \$
--	------------	------------

Note 2. Revenue from ordinary activities

Operating activities

- services commissions	573,801	463,593
- other revenue	-	-
Total revenue from operating activities	573,801	463,593
Non-operating activities:		
- interest received	16,175	17,576
Total revenue from non-operating activities	16,175	17,576
Total revenue from ordinary activities	589,976	481,169

Notes to the financial statements continued

	2010 \$	2009 \$
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	195,662	183,274
- superannuation costs	18,620	16,032
- workers' compensation costs	763	528
- other costs	9,830	7,275
	224,875	207,109
Depreciation of non-current assets:		
- plant and equipment	10,242	8,473
Amortisation of non-current assets:		
- intangibles	13,723	15,060
	23,965	23,533
Bad debts	187	5

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%	5,630	10,984
Add tax effect of:		
- Non-deductible expenses	71	(761)
- Over provision of tax in prior years	(2,789)	-
Current income tax expense	2,912	10,223
Income tax expense	2,912	10,223
Deferred tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	4,630	6,042

Notes to the financial statements continued

	2010 \$	2009 \$
Note 5. Auditors' remuneration		
Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:		
- Audit of the financial report of the Company	3,900	3,650
- Share registry services	2,632	1,930
	6,532	5,580

Note 6. Cash and cash equivalents

Cash at bank and on hand	298,183	308,408
---------------------------------	----------------	----------------

Note 7. Receivables

Trade debtors	66,948	47,759
Prepayments	4,357	4,064
	71,305	51,823

Note 8. Property, plant and equipment

Plant and equipment

At cost	49,215	47,742
Less accumulated depreciation	(23,928)	(18,304)
Total written down amount	25,287	29,438

Motor vehicle

At cost	34,194	30,789
Less accumulated depreciation	-	(6,630)
Total written down amount	34,194	24,159
Total written down amount	59,481	53,597

Notes to the financial statements continued

	2010 \$	2009 \$
Note 8. Property, plant and equipment (continued)		
Movements in carrying amounts		
Plant and equipment		
Carrying amount at beginning of the year	29,438	14,464
Additions	1,473	19,148
Disposals	-	(319)
Depreciation expense	(5,624)	(3,855)
Carrying amount at end of the year	25,287	29,438
Motor vehicle		
Carrying amount at beginning of the year	24,159	28,777
Additions	34,194	-
Disposals	(19,541)	-
Depreciation expense	(4,618)	(4,618)
Carrying amount at end of the year	34,194	24,159

Note 9. Intangible assets

Franchise fee		
At cost	68,862	68,862
Less accumulated amortisation	(23,533)	(9,810)
	45,329	59,052

Note 10. Payables

Trade creditors	22,929	20,240
Other creditors and accruals	13,501	10,275
	36,430	30,515

Note 11. Provisions

Employee benefits	13,728	13,490
--------------------------	---------------	---------------

Notes to the financial statements continued

	2010 \$	2009 \$
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	(91,923)	(90,813)
Dividends paid	(22,000)	(27,501)
Profit after income tax	15,853	26,391
Balance at the end of the year	(98,070)	(91,923)

Note 14. Statement of cash flows

(a) Cash and cash equivalents

Cash assets	298,183	308,408
--------------------	----------------	----------------

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

Profit after income tax	15,853	26,391
Non cash items		
- Depreciation	10,242	8,473
- Amortisation	13,723	15,060
- Loss on sale of asset	2,826	19
Changes in assets and liabilities		
- (Increase) decrease in receivables	(19,482)	(654)
- Increase (decrease) in payables	5,915	4,028
- Increase (decrease) in provisions	238	(87)
- (Increase) decrease in deferred income tax asset	1,412	10,223
Net cash flows provided from / (used in) operating activities	30,727	63,453

Notes to the financial statements continued

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

Russell Andrew English

Barry John McKenzie

Matthew Simon Peck

Glenda Litton (appointed 22 March 2010)

Peter Rogan

Pamela Joy Wright

Robin McRae

David Thomas Pollard (resigned 18 January 2010)

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

Directors' shareholdings	2010	2009
Peter Wood Whykes	3,501	3,501
Alan Getley	500	500
Russell Andrew English	3,501	3,501
Barry John McKenzie	3,501	3,501
Matthew Simon Peck	3,201	3,201
Glenda Litton (appointed 22 March 2010)	-	-
Peter Rogan	3,301	3,301
Pamela Joy Wright	3,301	3,301
Robin McRae	-	-
David Thomas Pollard (resigned 18 January 2010)	3,501	3,501

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.

Notes to the financial statements continued

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 Limited 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.

	2010	2009
	\$	\$

Note 20. Dividends

(a) Dividends proposed and not recognised as a liability

Unfranked dividends - 7 cents per share (2009: 4 cents per share)	38,501	22,000
---	--------	--------

(b) Dividends paid during the year

Unfranked dividends - 4 cents per share (2009: 5 cents per share)	22,000	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	15,853	26,391
Weighted average number of ordinary shares for basic and diluted earnings per share	550,010	550,010

Notes to the financial statements continued

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.

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2010	2009
	\$	\$
Cash assets	298,183	308,408
Receivables	71,305	51,823
	369,488	360,231

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 (2009: 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 2010					
Payables	36,430	(36,430)	(36,430)	-	-
	36,430	(36,430)	(36,430)	-	-
30 June 2009					
Payables	30,515	(30,515)	(30,515)	-	-
	30,515	(30,515)	(30,515)	-	-

(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.

Sensitivity analysis

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

	Carrying amount	
	2010 \$	2009 \$
Fixed rate instruments		
Financial assets	287,966	250,000
Financial liabilities	-	-
	287,966	250,000

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis (continued)

	Carrying amount	
	2010	2009
	\$	\$
Variable rate instruments		
Financial assets	10,217	58,408
Financial liabilities	-	-
	10,217	58,408

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 2009 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 Statement of Financial Position. The Company does not have any unrecognised financial instruments at year end.

(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 Statement of Financial Position.

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%.

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(e) Capital management (continued)

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2010 can be seen in the Statement of Comprehensive Income.

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

Directors' declaration

In accordance with a resolution of the Directors of North Central 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 2010 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 Rogan
Chairman

Signed at Charlton on this day 2 September 2010

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
Philip P Delahunty
Brett A Andrews

SCOPE

The financial report comprises the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for North Central Financial Services Limited, for the year ended 30 June 2010.

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.

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 2010 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.

Richard Sinnott & Delahunty
RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 2 September 2010

**community
community**



Charlton & District
Community Bank® Branch Bendigo Bank
AFSL: 265318
39 High Street, Charlton Vic 3525
Ph: (03) 5491 2322
Fax: (03) 5491 2253
E-mail: charlton@bendigobank.com.au

North Central Financial Services Limited

ABN: 90 104 265 394
39 High Street, Charlton Vic 3525
Ph: (03) 5491 2322
Fax: (03) 5491 2253
E-mail: charlton@bendigobank.com.au

Photos Front Cover - Top - Charlton & District Community Bank Branch staff, Tracy Dalrymple (Customer Relationship Manager), Leanne Gregoir and Yilki Stevens (Customer Service Officers) with Branch Manager Brett Schofield and immediate past Community Bank Chairman, Peter Whykes.

Lower - Recipients of a 2010 Charlton & District Community Bank Grant were the Teddywaddy Rural Fire Brigade for their project "Teddywaddy Community-Building through Fire Shed Development". Presenting the cheque to Brigade Captain, Stuart Giles & members, is Branch Manager Brett Schofield.

Photo Back Cover - Peter Whykes - Steering Committee Chairman - April 2002 - Oct 2003
Community Bank Chairman - Oct 2003 - March 2010

Cover Design & Photos - Jenny Pollard