



Oak Flats Financial
Services Ltd
ABN 62 093 057 768

Oak Flats **Community Bank**[®] Branch
Shellharbour branch

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Chairman's report

For year ending 30 June 2009

Company performance

The profit after income tax has increased in the 2009 financial year to \$70,638.14 (2008 \$70,312.09). This small increase is a good result considering the effect of the Global Financial Crises on the Company's income along with increased expenses and community contributions for the year. Shellharbour Village **Community Bank**[®] Branch continued to grow and further growth is expected in the new financial year with profits being generated within the next financial year.

Business developments

Shellharbour Village branch has converted from a sub branch to a full **Community Bank**[®] branch and is now eligible for Market Development Fund payments from Bendigo and Adelaide Bank Ltd. These payments will help the further development of the branch which continues to grow in these tough economic times.

Community contributions

In 2009 these contributions amounted to \$151,091 (2008 \$143,000). The **Community Bank**[®] branch continues to contribute to the local community service organisations, schools and social and sporting bodies. This coming financial year a new sponsorship contract with Bendigo Bank Aerial Patrol is being negotiated. As in the past this will be a combined effort with contributions from Milton, Nowra and Fairy Meadow **Community Bank**[®] branches as well as Bendigo and Adelaide Bank Ltd.

Future

The Company is well placed for future growth as the economy recovers. The economic recovery along with increased marketing and community involvement will help increase future profitability.

I would like to thank the Board, Karen and her team at Oak Flats, Lesley and her team at Shellharbour, the shareholders and our customers for their continued efforts to make this Company a success.

Yours sincerely,



Geoff Egan
Chairman

Manager's report

For year ending 30 June 2009

Over the past 12 months Oak Flats **Community Bank**[®] Branch and Shellharbour branch have seen:

Business footings or book value combined was \$109 million as at 30 June 2009 comprising of:

	Oak Flats	Shellharbour
Lending book	\$42 million	\$11 million
Deposit book	\$48 million	\$8 million
Account numbers	7,059	1,203

The ATM is well supported in Shellharbour Village with transactions averaging 4998 per month while support of the Oak Flats ATM has remained consistent.

In the last 12 months the branches have been impacted by the global financial crisis which has seen significant pressures placed on all businesses with a significant number either recording decreased performance or even closure.

During this time we have held steady with a book value which has been better than the general business trends.

We have continued our support of our community and returned \$149,000 in donations, sponsorships and grants to local schools, community service organisations and clubs.

Shellharbour Village branch will be opened for three years in early August 2009 and has now grown to the extent that it is positioned to graduate from a sub-branch to a full branch in the new financial year. The only visible change will be the extension of opening hours in the near future.

Next year is a very important milestone being our 10th birthday celebrations for the Oak Flats branch. It is also pleasing that some of the staff have contributed to the success of the **Community Bank**[®] branch over this period namely, Jenny Zoccoli, Jenny McCallum and Paula Ramstadius.

All our staff at both branches will be reviewing the past ten years of operation and also planning for the next 10 years.

The aims over the next 12 months for our continued success will be to:

- pursue areas of growth in the business banking section of our books
- continue to provide the high level of customer service
- ongoing support of the local community and sporting groups.

Manager's report continued

Thank you to all our staff for providing the friendly and efficient customer service that our customers, shareholders and Board members enjoy.

To the Board members and shareholders, thank you for your continued support over the last 12 months.

Finally, to all our loyal customers who continue to support our two branches, thank you for your support to make our community owned branches a success.



Karen Layton

Branch Manager

Directors' report

For year ending 30 June 2009

Your Directors present this report on the Company for the financial year ended 30 June 2009.

Directors

The names of the Directors in office at any time during or since the end of the year are:

Name of Director	Period as Director	Qualifications, experience & special responsibilities
Geoffrey Michael Egan	26 May 2000	Chartered Accountant, Chairman
Michael Francis Gamble	26 May 2000	Solicitor, Secretary
Jennifer Marie Butler	26 May 2000	Semi-Retired
Nancy Brooker	26 Sept 2001	Retired
Peter John O'Dea	26 May 2000	Business Owner
Neil Greig	7 May 2002	Business Owner
Dale Robert Whittaker	26 May 2000	Business Owner
Terrence Barton	9 May 2006	Business Owner

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

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

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

Operating results

Operations have continued to perform in line with expectations. The profit/(loss) of the Company for the financial year after provision for income tax was \$70,638.14 (2008: \$70,312.09).

Dividends

	Year ended 30 June 2009	
	Cents per share	\$
Final dividends recommended:	10	46,010.80
Dividends paid in the year:		
- As recommended in the prior year report	12	55,212.96

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 has become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company 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 other than that mentioned in Note 20.

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' meetings

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

Name of Director	Number attended	Other committee
Geoffrey Michael Egan	10 of 11	4 of 5
Michael Francis Gamble	8 of 11	
Jennifer Marie Butler	9 of 11	2 of 2
Nancy Brooker	11 of 11	2 of 2
Peter John O'Dea	6 of 11	
Neil Greig	6 of 11	
Dale Robert Whittaker	9 of 11	1 of 2
Terrence Barton	9 of 11	

Directors' report continued

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

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

Auditors independence declaration

To the audit client:

As Lead Engagement partner/Auditor for the audit of Oak Flats Financial Services Limited, for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of the independence requirements of the Corporations Act in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.



Murray Reid

RM Chartered Accountants

Wollongong NSW

30 September 2009

Signed in accordance with a resolution of the Board of Directors:



Geoff Egan
Chairman



Michael Gamble
Secretary

Signed at Oak Flats on 30 September 2009.

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Classification of expenses by function			
Other revenues from ordinary activities	2	1,203,053.95	1,165,962.09
Borrowing costs expense	3	(284.69)	(300.74)
Occupancy expenses		(72,103.89)	(69,944.74)
Salaries		(467,892.56)	(426,697.02)
Contractors, sub-contractors and commissions			(328.37)
Depreciation and amortisation expenses	3	(31,893.00)	(36,937.00)
Superannuation expenses		(52,114.73)	(47,840.19)
Other operating expenses		(469,259.84)	(475,614.35)
Profit from ordinary activities before income tax	2	109,505.24	108,299.68
Income tax expense relating to ordinary activities	4	(38,867.10)	(37,987.59)
Net profit attributable to members of the Company		70,638.14	70,312.09
Total changes in equity other than those resulting from transactions with owners as owners			
Opening retained profits		58,630.38	43,531.25
Net profit attributable to members of the Company		70,638.14	70,312.09
Dividends recognised as a liability or paid if not previously recognised as a liability		55,212.96	55,212.96
Closing retained profits	5	74,055.56	58,630.38

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	219,719.31	276,196.36
Receivables	7	99,216.30	101,478.14
Other financial assets	8	76,588.68	10,378.00
Other	9	20,926.71	25,699.85
Total current assets		416,451.00	413,752.35
Non-current assets			
Property, plant and equipment	10	176,557.95	207,823.68
Intangible assets	11	12,416.97	4,416.89
Other	9	84,072.58	43,710.02
Total non-current assets		273,047.50	255,950.59
Total assets		689,498.50	669,702.94
Current liabilities			
Payables	12	24,466.01	26,900.21
Current tax liabilities	13	54,043.10	59,558.59
Total current liabilities		78,509.11	86,458.80
Non-current liabilities			
Provisions	14	85,825.83	73,505.76
Total non-current liabilities		85,825.83	73,505.76
Total liabilities		164,334.94	159,964.56
Net assets		525,163.56	509,738.38
Equity			
Contributed equity	15	451,108.00	451,108.00
Retained profits		74,055.56	58,630.38
Total equity		525,163.56	509,738.38

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 flow from operating activities			
Receipts from customers		1,200,281.25	1,148,435.01
Payments to suppliers and employees		(1,040,532.21)	(981,891.34)
Interest received		2,127.90	2,191.24
Interest and other costs of finance		(1.49)	(300.74)
Dividends received		1,686.00	620.00
Income tax paid		(37,987.59)	(17,766.90)
Net cash provided by (used in) operating activities (note 2)		125,573.86	151,287.27
Cash flow from investing activities			
Payment for:			
Shares in other companies		(66,210.68)	
Payments for property, plant and equipment		(60,627.27)	(3,929.34)
Net cash provided by (used in) investing activities		(126,837.95)	(3,929.34)
Cash flow from financing activities			
Dividends paid		(55,212.96)	(55,212.96)
Net cash provided by (used in) financing activities		(55,212.96)	(55,212.96)
Net increase (decrease) in cash held		(56,477.05)	92,144.97
Cash at the beginning of the year		276,196.36	184,051.39
Cash at the end of the year (note 1)		219,719.31	276,196.36

The accompanying notes form part of these financial statements.

Notes to the financial statements

	2009 \$	2008 \$
Note 1. Reconciliation of cash		
For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.		
Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash at Bank - Oak Flats	95,976.03	158,072.47
Dividend account	2,516.53	1,749.92
Cash at Bank - Shellharbour	16,514.78	13,689.04
Term deposit - 132926064	104,103.97	102,076.93
Cash on hand - Oak Flats	308.00	308.00
Cash on hand - Shellharbour	300.00	300.00
	219,719.31	276,196.36

Note 2. Reconciliation of net cash provided by/used in operating activities to net profit

Operating profit (loss) after tax	72,738.01	70,312.09
Depreciation	31,893.00	36,937.00
Amortisation	11,354.16	11,354.16
Increase/(decrease) in provision for income tax	(1,220.36)	20,220.69
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	2,261.84	(13,324.00)
(Increase) decrease in prepayments	4,773.14	3,143.98
(Increase) decrease in borrowing expenses	283.20	
Increase (decrease) in trade creditors and accruals	(1,728.20)	5,281.44
Increase (decrease) in other creditors	(706.00)	550.00
Increase (decrease) in employee entitlements	12,320.07	11,892.91
Increase (decrease) in sundry provisions	(6,395.00)	4,919.00
Net cash provided by operating activities	125,573.86	151,287.27

Notes to the financial statements continued

For year ending 30 June 2009

Note 1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Oak Flats Financial Services Ltd as an individual entity. Oak Flats Financial Services Ltd is a Company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs 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 following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

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.

Income tax

Income tax has been brought to account using the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

a) Plant and equipment

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amounts.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Property, plant and equipment (continued)

a) Plant and equipment (continued)

The cost of fixed assets constructed within Oak Flats Financial Services Ltd includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

b) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to Oak Flats Financial Services Ltd commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of asset	Depreciation rate %
Leasehold improvements	10 %
Plant and equipment	10 - 30 %
Other plant and equipment	10 - 15 %

Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Investments

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets for other non-listed investments.

The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Intangibles

Establishment costs have been amortised over 15 years on a straight line rate. Franchise fees are amortised over the period of the franchise on a straight line amount of 20% per year.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Employee entitlements

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

Contributions are made by Oak Flats Financial Services Ltd to an employee superannuation fund and are charged as expenses when incurred.

Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in all call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of 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 revenue is recognised on a proportional basis taking in to account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

Notes to the financial statements continued

	2009 \$	2008 \$
Note 2. Revenue		
Operating activities:		
Interest revenue	2,127.90	2,191.24
Dividend revenue	1,686.00	620.00
Other operating revenue:		
Gross receipts - Oak Flats	1,023,401.84	1,029,331.24
Gross receipts - Shellharbour	175,736.56	130,444.51
Other income - Oak Flats		1,441.78
Other income - Shellharbour		1,933.32
Rebates & refunds - Oak Flats	101.65	
	1,203,053.95	1,165,962.09
Interest from:		
Bendigo and Adelaide Bank Ltd	2,127.90	2,191.24
	2,127.90	2,191.24
Dividends from:		
Bendigo and Adelaide Bank Ltd	1,686.00	620.00
	1,686.00	620.00

Note 3. Profit from ordinary activities

Profit (loss) from ordinary activities before income tax has been determined after:

Charging as expense:

Amortisation of non-current assets:

- Preliminary expenses	7,727.52	7,727.52
- Other intangibles	1,999.92	1,999.92
- share issue expenses	1,626.72	1,626.72
Total amortisation expenses	11,354.16	11,354.16

Notes to the financial statements continued

	2009 \$	2008 \$
Note 3. Profit from ordinary activities (continued)		
Bad and doubtful debts	1,220.64	1,391.84
Borrowing costs:		
- Other persons	284.69	300.74
Total borrowing costs	284.69	300.74
Depreciation of non-current assets:		
- Plant and equipment	31,893.00	36,937.00
Total depreciation expenses	31,893.00	36,937.00

Note 4: Income tax

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie income tax payable on operating profit at 30%.	32,851.50	32,489.70
Add tax effect of:		
Imputation credit - Bendigo and Adelaide Bank Ltd shares	216.90	79.50
Amortisation - Oak Flats prior to blackhole writeoff provisions	1,643.40	1,643.40
Employee entitlements	3,696.00	3,567.90
Entertainment	1,182.30	472.80
	39,590.10	38,253.30
Less:		
Imputation credit	723.00	265.71
Income tax expense attributable to profit from ordinary activities	38,867.10	37,987.59

Note 5. Dividends

Dividends provided for or paid	55,212.96	55,212.96
	55,212.96	55,212.96

Notes to the financial statements continued

	2009 \$	2008 \$
Note 6. Cash assets		
Bank accounts:		
Cash at Bank - Oak Flats	95,976.03	158,072.47
Dividend account	2,516.53	1,749.92
Cash at Bank - Shellharbour	16,514.78	13,689.04
Term deposit - 132926064	104,103.97	102,076.93
Other cash items:		
Cash on hand - Oak Flats	308.00	308.00
Cash on hand - Shellharbour	300.00	300.00
	219,719.31	276,196.36
Reconciliation of cash:		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
- Cash	219,719.31	276,196.36
	219,719.31	276,196.36

Note 7. Receivables

Current

Trade debtors	99,216.30	101,478.14
	99,216.30	101,478.14

Note 8. Other financial assets

Current

shares in other corporations - at cost:

- Listed on a prescribed stock exchange	76,588.68	10,378.00
	76,588.68	10,378.00

Notes to the financial statements continued

	2009 \$	2008 \$
Note 9. Other assets		
Current		
Prepayments	20,926.71	25,699.85
	20,926.71	25,699.85
Non current		
Preliminary expenses	106,650.00	56,650.00
Less: accumulated amortisation	(33,487.21)	(25,759.69)
	73,162.79	30,890.31
Share issue expenses	23,955.60	23,955.60
Less: accumulated amortisation	(14,145.41)	(12,518.69)
	9,810.19	11,436.91
Borrowing expenses	849.60	1,132.80
Other	250.00	250.00
	84,072.58	43,710.02

Note 10. Property, plant and equipment

Leasehold improvements:

- At cost	309,348.87	308,721.60
- Less: Accumulated depreciation	(152,739.00)	(126,091.00)
	156,609.87	182,630.60

Plant and equipment:

- At cost	71,679.08	71,679.08
- Less: Accumulated depreciation	(51,731.00)	(46,486.00)
	19,948.08	25,193.08
	176,557.95	207,823.68

Notes to the financial statements continued

	2009 \$	2008 \$
Note 11. Intangible assets		
Other intangibles:		
- At cost	65,454.55	55,454.55
- Less: Accumulated amortisation	(53,037.58)	(51,037.66)
	12,416.97	4,416.89

Note 12. Payables

Unsecured:

- Trade creditors	17,999.01	19,727.21
- Other creditors	6,467.00	7,173.00
	24,466.01	26,900.21

Note 13. Tax liabilities

Current

GST clearing	15,176.00	21,571.00
Taxation	38,867.10	37,987.59
	54,043.10	59,558.59

Note 14. Provisions

Non current

Employee entitlements*	85,825.83	73,505.76
	85,825.83	73,505.76
* Aggregate employee entitlements liability	85,825.83	73,505.76

There were 11 employees at the end of the year.

Notes to the financial statements continued

	2009 \$	2008 \$
Note 15. Contributed capital		
460108 Ordinary shares at \$1.00 each fully paid	451,108.00	451,108.00

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Note 16. Remuneration & retirement benefits

Directors' remuneration

Number of Directors whose income from the Company or any related parties was within the following bands:

	No	No
\$100 - \$2,000	6	6
\$2,000 - \$15,000	2	2

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

Geoffrey Michael Egan	Chairman, Sponsorship, Remuneration, Shellharbour Committee
Michael Francis Gamble	Company Secretary
Jennifer Marie Butler	Sponsorship, Audit
Nancy Brooker	Sponsorship, Audit
Peter John O'Dea	Marketing, Audit
Neil Greig	Marketing, Audit
Dale Robert Whittaker	Remuneration, Audit, Marketing
Terrence Barton	Shellharbour Committee

Note 17. Superannuation commitments

The Company has registered as an employer with the fund nominated by each employee. Contributions to the funds are based a percentage of employees gross remuneration and are made by the employer. Contributions to the plan will not exceed the permitted levels prescribed by the income tax legislation from time to time.

Notes to the financial statements continued

	2009 \$	2008 \$
Note 18. Auditors' remuneration		
Remuneration of the Auditor of the Company for:		
Auditing or reviewing the financial report	1,600.00	1,600.00
	1,600.00	1,600.00

Note 19. Contingent liabilities

In the opinion of the Directors there are no contingent liabilities at balance date.

Note 20. Related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors

Transactions with Directors:

Professional fees of \$19,500 for share registry, dividend payment processing, office administration, taxation and accounting were paid to G.M. Egan & Co., of which Geoffrey Egan is the principal.

	2009 \$	2008 \$
Note 21. Dividends paid or provided for on ordinary shares		
(a) Previous year final		
Franked dividends - 10 cents per share (2008: 12 cents per share)		
(b) Dividends proposed and not recognised as a liability		
Franked dividends - 10 cents per share (2008: 12 cents per share)	46,010.80	55,212.96

Notes to the financial statements continued

	2009 \$	2008 \$
Note 21. Dividends paid or provided for on ordinary shares (continued)		
(c) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
• Franking account balance as at the end of the financial year at 30%	82,031.00	74,362.00
• Franking credits that will arise from the payment of income tax payable as at the end of the financial year	38,867.00	37,987.00
• Franking debits that will arise from the payment of dividends as at the end of the financial year	19,717.00	23,663.00

The tax rate at which dividends have been franked is 30% (2008: 30%).

Dividends proposed will be franked at a rate of 30% (2009: 30%).

Note 22. Earnings per share

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

	0.1565	0.1528
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Profit/(loss) after income tax expense	70,638.14	70,312.09
Weighted average number of ordinary shares for basic and diluted earnings per share	460,108.00	460,108.00

Note 23. Financial instruments

Net fair values

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

Credit risk

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

Directors' declaration

In accordance with a resolution of the Directors of Oak Flats Financial Services Ltd we state that:

1. In the opinion of the Directors
 - a. The Statement of Financial Performance of the Company is drawn up so as to give a true and fair view of the loss of the Company for the financial year ended 30 June 2009;
 - b. The Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Company as at 30 June 2009; and
 - c. At the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
2. The Company in respect of the financial year to which those accounts relate:
 - a. Has kept such accounting records as correctly record and explain the transactions and financial position of the Company;
 - b. Has kept its accounting records in such a manner as would enable true and fair accounts of the Company to be prepared from time to time; and
 - c. Has kept its accounting records in such a manner as would enable the accounts of the Company to be conveniently and properly audited in accordance with the Corporations Law.
3. The accounts to which this statement relates have been properly prepared by a competent person.

On behalf of the Board



Geoff Egan
Chairman



Michael Gamble
Secretary

Signed at Oak Flats on 30 September 2009.

Independent audit report

To the members of Oak Flats Financial Services Limited

We have audited the accompanying financial report of Oak Flats Financial Services Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration.

Directors' responsibility for the financial report

The Directors of the Oak Flats Financial Services Limited, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of Oak Flats Financial Services Limited, on 30 September 2009, would be in the same terms if provided to the Directors as at the date of this Auditor's report.

Independent audit report continued

Auditor's opinion

In our opinion the financial report of Oak Flats Financial Services Limited, is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of Oak Flats Financial Services Limited, financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- (b) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



Murray Reid,

R M Chartered Accountants

Victoria Street Wollongong

30 September 2009

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