

**Pingelly Brookton Community Financial Services Limited**  
**ABN: 02 098 525 252**  
**Notice of Annual General Meeting**

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The eighth Annual General Meeting of Shareholders of Pingelly Brookton Community Financial Services Limited will be held at the Pingelly Shire office Queen Street, Pingelly on Thursday 5th November 2009. Commencing at 8p.m.

**AGENDA**

**1. Chairman's report**

The Chairman Evan Hodges will present his report on the operations of the company for the year ending 30<sup>th</sup> June 2009.

**2. Managers Report**

The manager Martin Nieveinstein will present his report on the status of the banking business held.

**3. Adoption of Accounts**

To receive and consider the financial statement and reports to the shareholder comprising

- The profit and loss accounts for the 30<sup>th</sup> June 2009 and balance sheet of the company as at 30<sup>th</sup> June 2009
- The director's declaration and report by auditors for the financial year ended 30<sup>th</sup> June 2009
- The director's report for the financial year ended 30<sup>th</sup> June 2009

**4. Election of Directors**

To consider, and if thought fit, past the following resolutions as ordinary resolutions

In accordance with the constitution, ratify the appointment of those nominating directors and the following re-elected as directors of the company.

Colin Noel Mills, Brian Robert Weatherhead, Valerie Margaret Cliff.

**5. Bendigo Bank Report**

A representative of Bendigo Bank will provide an update of the operations of Bendigo Bank and Community banking

**6. General Business**

To consider any other business that may be lawfully brought forward by the shareholders of the company

By Order of the Board  
2nd October 2009

## CHAIRMAN'S REPORT 2009

For the year ending 30 June 2009

I have pleasure in presenting to shareholders the yearly report on operations of Pingelly & Brookton **Community Bank**<sup>®</sup> branches for this our eighth Annual General Meeting.

The 2008/09 financial year has certainly been one to remember. The "global financial crisis" has certainly laid waste to many markets including the banking industry. I am happy to say that due to a lot of hard work by our Branch Manager Marty, and his staff, we have been able to not only retain business but pick up new business during this time of uncertainty.

While advising shareholders of a profit for the year, I also have to mention the profit for the year is certainly down on projections made last year. We as a board are more than happy for the result given the volatile markets.

Due to the reduction of profit for the year the board has decided that it would be prudent and good business not to issue a dividend this year.

On a more positive note the Pingelly & Brookton **Community Bank**<sup>®</sup> branches have however been able to invest in our communities by way of donations and partnerships totalling in excess of \$10,000. These monies we believe have been well spent in supporting groups within our communities.

During the year the board received a letter of resignation from Mr Neil Gill. Neil has been a supporter of the **Community Bank**<sup>®</sup> concept from the establishment of a steering committee in Brookton. Neil's contribution has seen him give not only his time and dedication to the board and shareholders but also his premises for a rent free period after our initial start up. On behalf of the board and shareholders, thank you Neil.

As mentioned in last year's report, an Automatic Teller Machine (ATM) has been installed at the Pingelly **Community Bank**<sup>®</sup> Branch and has been very busy. The board is currently looking at other opportunities regarding teller machines and agencies.

I would like to encourage shareholders to bank with Pingelly & Brookton **Community Bank**<sup>®</sup> branches. It is your bank and the returns to you as a customer and shareholder are a better banking experience, share dividends and a profit share with our communities that can only see us all better off.

Regards,



**EVAN HODGES**  
**CHAIRMAN**  
**PINGELLY BROOKTON COMMUNITY FINANCIAL SERVICES LIMITED**

**Managers Report  
For year ending 30 June 09**

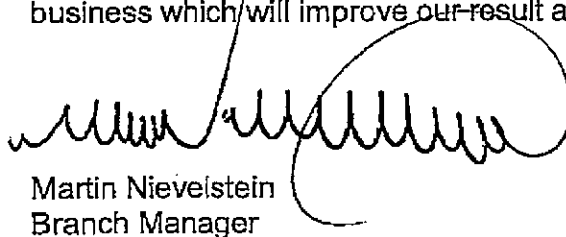
The 2008/09 financial year is now over and it has certainly been a difficult year with world financial markets impacting on the income of our **Community Bank®** branches.

I have been Branch Manager of the combined operation since January 2005 and we are now into our eighth year of operation.

Despite difficulty with financial markets we have achieved some significant milestones over the past year which include;

- Combined deposit/loan portfolio was \$58m on 30 June 2008; this has since grown to \$68.8m by end of financial year
- Operating profit of \$41,608, this came off a profit of \$85,396 the previous year
- Seventh birthday on 14 June 2009.
- We installed an ATM at Pingelly **Community Bank®** Branch in June 2009 to complement the ATM installed at Brookton **Community Bank®** Branch.
- We paid our first dividend of \$0.03 cents per share.

This coming year will again be challenging but with the support of my staff and new initiatives in place we anticipate further growth in all areas of our business which will improve our result again next year.



Martin Nieveinstein  
Branch Manager

# Bendigo and Adelaide Bank Ltd report

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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.

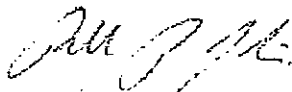
Those statistics are impressive in themselves, but it is the story behind them that is really important.

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.

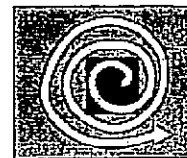
**Community Bank®** branches have not escaped the fallout from the global turmoil. Like Bendigo and Adelaide Bank Ltd, they have received less income than in normal times. But also like Bendigo and Adelaide Bank Ltd, they have not needed anyone's help to get through this crisis. And every day we are 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

# Richmond Sinnott & Delahunty

Chartered Accountants



## *INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PINGELLY BROOKTON COMMUNITY 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 Pingelly Brookton Community 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.

***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 Pingelly Brookton Community 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.

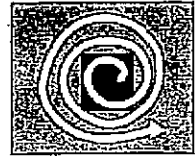
*Richmond Sinnott & Delahunty*  
**RICHMOND SINNOTT & DELAHUNTY**  
Chartered Accountants

*W. J. Sinnott*

**W. J. SINNOTT**  
Partner  
Bendigo

Date: 17 September 2009:

**Richmond Sinnott & Delahunty**  
Chartered Accountants



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

17 September 2009

The Directors  
Pingelly Brookton Community Financial Services Limited  
C/O Mr Bruce Sewell  
PO Box 2  
Pingelly WA 6308

Dear Directors

**Auditor's Independence Declaration**

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

Warren Sinnott  
Partner  
Richmond Sinnott & Delahunty

**Pingelly Brookton Community**

**Financial Services Limited**

**Financial Statements**

**as at**

**30 June 2009**



**Pingelly Brookton Community Financial Services Ltd**  
**ABN 69 098 525 252**  
**Directors' Report**

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

**Directors**

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

Evan John Hodges  
Chairman  
Business Proprietor

Colin Noel Mills  
Non-Executive Director  
Farmer

Victor Arthur Lee  
Non-Executive Director  
Farmer

Leslie Robert Eyre  
Non-Executive Director  
Business Proprietor

Gregory Ronald Carter  
Non-Executive Director  
Licenced Post Office Proprietor

Neil Leslie Gill (resigned 7 May 2009)  
Non-Executive Director  
Wool Buyer

Rosemary Anne Watts  
Non-Executive Director  
Farmer

Brian Robert Weatherhead  
Non-Executive Director  
Retired

Bruce Sewell  
Non-Executive Director  
Certified Practising Accountant/Farmer

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 banking services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

**Operating Results**

The profit of the Company for the financial year after provision for income tax was \$29,058 (2008: \$55,466).

Dividends	Year Ended 30 June 2009	
	Cents Per Share	\$
Dividends paid in the year:		
Final for the previous year	3	17,382

**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.

**Pingelly Brookton Community Financial Services Ltd**  
**ABN 69 098 525 252**  
**Directors' 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 Meetings**

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

**Number of Meetings Held:** 10

**Number of Meetings Attended:**

Evan John Hodges	9
Colin Noel Mills	10
Victor Arthur Lee	8
Leslie Robert Eyre	8
Gregory Ronald Carter	8
Neil Leslie Gill (resigned 7 May 2009)	9
Rosemary Anne Watts	10
Brian Robert Weatherhead	8
Bruce Eric John Sewell	8

**Company Secretary**

Colin Mills has been the company secretary of Pingelly Brookton Community Financial Services Ltd since 2002. Colin's qualifications and experience include being a resident and farmer since 1965. He has been a Shire Councillor since 1992, including 5 years as President.

Pingelly Brookton Community Financial Services Ltd  
ABN 69 098 525 252  
Directors' Report

**Corporate Governance**

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

- (a) Director approval of operating budgets and monitoring of progress against these budgets;
- (b) Ongoing Director training; and
- (c) 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



172 McIvor Road  
PO Box 30  
Bendigo, 3552  
Ph. 03 5443 1177  
Fax. 03 5444 4344  
E-mail: [rsd@rsdadvisors.com.au](mailto:rsd@rsdadvisors.com.au)

**Auditor's Independence Declaration**

In relation to our audit of the financial report of Pingelly Brookton Community Financial Services Ltd for the financial 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  
Bendigo  
17 September 2009

Signed in accordance with a resolution of the Board of Directors at Pingelly on 17 September 2009.

\_\_\_\_\_  
Evan John Hodges, Chairman

**Pingelly Brookton Community Financial Services Limited**  
**ABN 69 098 525 252**  
**Income Statement**  
**for the year ended 30 June 2009**

	<u>Notes</u>	2009 \$	2008 \$
Revenue from ordinary activities	2	601,404	615,952
Employee benefits expense	3	(320,851)	(305,000)
Charitable donations and sponsorship		(8,202)	(7,346)
Depreciation and amortisation expense	3	(24,237)	(19,768)
Finance costs	3	(22,448)	(11,816)
Other expenses from ordinary activities		<u>(184,058)</u>	<u>(186,626)</u>
<b>Profit before income tax expense</b>		41,608	85,396
Income tax expense	4	<u>12,550</u>	<u>29,930</u>
<b>Profit after income tax expense</b>		<u><u>29,058</u></u>	<u><u>55,466</u></u>
<b>Earnings per share (cents per share)</b>			
- basic for profit for the year	23	5.02	9.57
- diluted for profit for the year	23	5.02	9.57
- dividends paid per share	22	3.00	-

The accompanying notes form part of these financial statements

**Pingelly Brookton Community Financial Services Limited**  
**ABN 69 098 525 252**  
**Balance Sheet**  
**As at 30 June 2009**

	<u>Notes</u>	<u>2009</u> \$	<u>2008</u> \$
<b>Current Assets</b>			
Cash assets	6	9,633	5,337
Receivables	7	53,149	49,369
Other current assets	8	8,102	8,130
<b>Total Current Assets</b>		<u>70,884</u>	<u>62,836</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	398,129	33,458
Deferred income tax asset	4	143,214	155,764
Intangible assets	10	30,545	39,562
<b>Total Non-Current Assets</b>		<u>571,888</u>	<u>228,784</u>
<b>Total Assets</b>		<u>642,772</u>	<u>291,620</u>
<b>Current Liabilities</b>			
Payables	11	33,298	71,973
Interest bearing liabilities	12	157,078	53,572
Provisions	13	24,535	18,366
<b>Total Current Liabilities</b>		<u>214,911</u>	<u>143,911</u>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities	12	309,138	41,110
Provisions	13	2,085	1,637
<b>Total Non-Current Liabilities</b>		<u>311,223</u>	<u>42,747</u>
<b>Total Liabilities</b>		<u>526,134</u>	<u>186,658</u>
<b>Net Assets</b>		<u>116,638</u>	<u>104,962</u>
<b>Equity</b>			
Share capital	14	579,410	579,410
Accumulated losses	15	(462,772)	(474,448)
<b>Total Equity</b>		<u>116,638</u>	<u>104,962</u>

The accompanying notes form part of these financial statements

Pingelly Brookton Community Financial Services Limited  
 ABN 69 098 525 252  
 Cash Flow Statement  
 For the year ended 30 June 2009

	<u>Notes</u>	2009 \$	2008 \$
<b>Cash Flows From Operating Activities</b>			
Cash receipts in the course of operations		658,011	601,258
Cash payments in the course of operations		(605,534)	(484,115)
Interest paid		(22,448)	(11,816)
Interest received		6	7
<b>Net cash flows from/(used in) operating activities</b>	16b	<b>30,035</b>	<b>105,334</b>
<b>Cash Flows From Investing Activities</b>			
Payment for intangible assets		(1,113)	(10,000)
Payments for property, plant and equipment		(400,386)	(8,259)
Proceeds from sale of property, plant and equipment		21,608	-
<b>Net cash flows from/(used in) investing activities</b>		<b>(379,891)</b>	<b>(18,259)</b>
<b>Cash Flows From Financing Activities</b>			
Dividends paid		(17,382)	-
Proceeds from / (repayment of) borrowings		286,102	(10,299)
<b>Net cash flows from/(used in) financing activities</b>		<b>268,720</b>	<b>(10,299)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(81,136)</b>	<b>76,776</b>
Add opening cash brought forward		(30,977)	(107,753)
<b>Closing cash carried forward</b>	16a	<b>(112,113)</b>	<b>(30,977)</b>

The accompanying notes form part of these financial statements

**Pingelly Brookton Community Financial Services Limited**  
**ABN 69 098 525 252**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2009**

	2009	2008
	\$	\$
<b>SHARE CAPITAL</b>		
<i>Ordinary shares</i>		
Balance at start of year	579,410	579,410
Issue of share capital		-
Share issue costs	<u>-</u>	<u>-</u>
<b>Balance at end of year</b>	<u><b>579,410</b></u>	<u><b>579,410</b></u>
 <b>ACCUMULATED LOSSES</b>		
Balance at start of year	(474,448)	(529,914)
Profit after income tax expense	29,058	55,466
Dividends paid	<u>(17,382)</u>	<u>-</u>
<b>Balance at end of year</b>	<u><b>(462,772)</b></u>	<u><b>(474,448)</b></u>

The accompanying notes form part of these financial statements

**Pingelly Brookton Community Financial Services Limited**  
**ABN 69 098 525 252**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2009**

**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 17 September 2009.

**(b) Statement of compliance**

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

**(c) Significant accounting policies**

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.



**Pingelly Brookton Community Financial Services Limited**  
**ABN 69 098 525 252**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2009**

**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.

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

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

<i>Class of Asset</i>	<i>Depreciation Rate</i>
Buildings	2.5%
Furniture and fittings	20%
Motor vehicle	25%

**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.

**Revaluations**

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

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

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

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

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

**Recoverable amount of assets**

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

**Pingelly Brookton Community Financial Services Limited**  
**ABN 69 098 525 252**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2009**

**1. Basis of preparation of the Financial Report (continued)**

**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.

**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).

**Pingelly Brookton Community Financial Services Limited**  
**ABN 69 098 525 252**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2009**

**1. Basis of preparation of the Financial Report (continued)**

**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.

**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.

<b>2. Revenue from ordinary activities</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Operating activities		
- services commissions	578,053	583,425
- other revenue	<u>23,345</u>	<u>32,520</u>
Total revenue from operating activities	<u>601,398</u>	<u>615,945</u>
Non-operating activities:		
- interest received	<u>6</u>	<u>7</u>
Total revenue from ordinary activities	<u><u>601,404</u></u>	<u><u>615,952</u></u>

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3. Expenses	2009	2008
	\$	\$
Employee benefits expense		
- wages and salaries	274,417	245,020
- superannuation costs	32,973	36,490
- workers' compensation costs	1,305	2,289
- other costs	12,156	21,201
	<u>320,851</u>	<u>305,000</u>
Depreciation of non-current assets:		
- plant and equipment	14,107	9,768
Amortisation of non-current assets:		
- intangibles	10,130	10,000
	<u>24,237</u>	<u>19,768</u>
Finance Costs:		
- Interest paid	22,448	11,816
Bad debts	1,157	337
<b>4. Income Tax Expense</b>		
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%	12,482	25,619
Add tax effect of:		
- Non-deductible expenses	68	4,311
<i>Current income tax expense</i>	<u>12,550</u>	<u>29,930</u>
Income tax expense	<u>12,550</u>	<u>29,930</u>
<b>Deferred income tax asset</b>		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	<u>143,214</u>	<u>155,764</u>

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<b>5. Auditors' Remuneration</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Amounts received or due and receivable by RSM Bird Cameron Partners, for:		
- Audit or review of the financial report of the Company	-	7,000
- Other services in relation to the Company	-	4,000
	<u>-</u>	<u>11,000</u>
Amounts received or due and receivable by Richmond Sinnott & Delahunty, for:		
- Audit or review of the financial report of the Company	3,650	-
- Other services in relation to the Company	2,175	-
	<u>5,825</u>	<u>-</u>
<b>6. Cash Assets</b>		
Cash at bank and on hand	<u>9,633</u>	<u>5,337</u>
<b>7. Receivables</b>		
Trade debtors	<u>53,149</u>	<u>49,369</u>
<b>8. Other Assets</b>		
Prepayments	<u>8,102</u>	<u>8,130</u>
<b>9. Property, Plant and Equipment</b>		
<i>Land at cost</i>	77,520	-
<i>Buildings</i>		
At cost	289,406	-
Less accumulated depreciation	<u>(5,174)</u>	<u>-</u>
	<u>284,232</u>	<u>-</u>
<i>Furniture and fittings</i>		
At cost	12,778	12,100
Less accumulated depreciation	<u>(6,241)</u>	<u>(4,396)</u>
	<u>6,537</u>	<u>7,704</u>
<i>Motor vehicles</i>		
At cost	32,782	34,646
Less accumulated depreciation	<u>(2,942)</u>	<u>(8,892)</u>
	<u>29,840</u>	<u>25,754</u>
Total written down value	<u>398,129</u>	<u>33,458</u>

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9. Property, Plant and Equipment (continued)	2009	2008
	\$	\$
<b>Movements in carrying amounts</b>		
<i>Buildings</i>		
Carrying amount at beginning of year	-	-
Additions	289,406	-
Disposals	-	-
Depreciation expense	(5,174)	-
Carrying amount at end of year	<u>284,232</u>	<u>-</u>
<i>Furniture and fittings</i>		
Carrying amount at beginning of year	7,704	12,100
Additions	678	-
Disposals	-	-
Depreciation expense	(1,845)	(4,396)
Carrying amount at end of year	<u>6,537</u>	<u>7,704</u>
<i>Motor Vehicles</i>		
Carrying amount at beginning of year	25,754	34,646
Additions	32,782	-
Disposals	(21,608)	-
Depreciation expense	(7,088)	(8,892)
Carrying amount at end of year	<u>29,840</u>	<u>25,754</u>
<b>10. Intangible Assets</b>		
<i>Franchise fee</i>		
At cost	50,000	50,000
Less accumulated amortisation	(20,438)	(10,438)
	<u>29,562</u>	<u>39,562</u>
<i>Borrowing costs</i>		
At cost	1,113	-
Less accumulated amortisation	(130)	-
	<u>983</u>	<u>-</u>
Total written down value	<u>30,545</u>	<u>39,562</u>
<b>11. Payables</b>		
Trade creditors	20,020	56,497
GST payable	13,278	15,476
	<u>33,298</u>	<u>71,973</u>

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<b>12. Interest Bearing Liabilities</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Bank overdraft	121,746	36,314
Chattel mortgage	8,344	9,098
Mortgage loan	26,988	8,160
	<u>157,078</u>	<u>53,572</u>
<i>Non-current</i>		
Chattel mortgage	25,042	15,658
Mortgage loan	284,096	25,452
	<u>309,138</u>	<u>41,110</u>
<p>Bank loans are repayable monthly. Interest is recognised at an average rate of 6.92% (2008: 9.45%). The loans are secured by mortgage over the freehold land and building of the Company.</p>		
<b>13. Provisions</b>		
Current employee benefits	<u>24,535</u>	<u>18,366</u>
Non current employee benefits	<u>2,085</u>	<u>1,637</u>
Number of employees at year end	<u>7</u>	<u>7</u>
<b>14. Share Capital</b>		
579,410 Ordinary Shares fully paid of \$1 each	<u>579,410</u>	<u>579,410</u>
<b>15. Accumulated Losses</b>		
Balance at the beginning of the financial year	(474,448)	(529,914)
Profit after income tax	29,058	55,466
Dividends	(17,382)	-
Balance at the end of the financial year	<u>(462,772)</u>	<u>(474,448)</u>

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16. Cash Flow Statement	2009	2008
	\$	\$
<i>(a) Reconciliation of cash</i>		
Cash assets	9,633	5,337
Bank overdraft	<u>(121,746)</u>	<u>(36,314)</u>
	<u>(112,113)</u>	<u>(30,977)</u>
<i>(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities</i>		
Profit after income tax	29,058	55,466
Non cash items		
- Depreciation	14,107	9,768
- Amortisation	10,130	10,000
Changes in assets and liabilities		
- (Increase) decrease in receivables / other assets	(3,752)	(14,565)
- (Increase) decrease in deferred income tax asset	12,550	29,930
- Increase (decrease) in payables	(38,675)	10,373
- Increase (decrease) in provisions	6,617	4,362
Net cashflows from/(used in) operating activities	<u>30,035</u>	<u>105,334</u>

**17. Director and Related Party Disclosures**

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

Evan John Hodges  
 Colin Noel Mills  
 Victor Arthur Lee  
 Leslie Robert Eyre  
 Gregory Ronald Carter  
 Neil Leslie Gill (resigned 7 May 2009)  
 Rosemary Anne Watts  
 Brian Robert Weatherhead  
 Bruce Eric John Sewell

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
Evan John Hodges	16,600	16,600
Colin Noel Mills	7,300	7,300
Victor Arthur Lee	8,200	8,200
Leslie Robert Eyre	12,000	12,000
Gregory Ronald Carter	1,000	1,000
Neil Leslie Gill (resigned 7 May 2009)	26,000	26,000
Rosemary Anne Watts	6,000	6,000
Brian Robert Weatherhead	20,000	20,000
Bruce Eric John Sewell	5,000	5,000

There was no movement in directors shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.



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**18. Subsequent Events**

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

**19. Contingent Liabilities**

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

**20. 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 Pingelly Brookton, Western Australia.

**21. Corporate Information**

Pingelly Brookton Community Financial Services Ltd is a company limited by shares incorporated in Australia.

The registered office and principal place of business is: 7 Parade Street  
Pingelly WA, 6308

<b>22. Dividends paid or provided for on ordinary shares</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Dividends paid during the year</b>		
(i) Previous year final		
Unfranked dividends - 3 cents per share (2008: Nil cents per share)	17,382	-

**23. 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	<u>29,058</u>	<u>55,466</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>579,410</u>	<u>579,410</u>

**Pingelly Brookton Community Financial Services Limited**  
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**24. 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 is assisted in the area of risk management by an internal audit function.

**(a) Credit Risk**

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

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

	<u>Carrying Amount</u>	
	2009	2008
	<u>\$</u>	<u>\$</u>
Cash assets	9,633	5,337
Receivables	53,149	49,369
	<u>62,782</u>	<u>54,706</u>

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.

In addition, the Company has an established overdraft facility of \$165,000 (2008: \$100,000) with Bendigo and Adelaide Bank Ltd.

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**24. Financial risk management (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 \$
<b>30 June 2009</b>					
Payables	33,298	(33,298)	(33,298)	-	-
Interest bearing liabilities	466,216	(742,620)	(158,814)	(128,137)	(455,669)
	<u>499,514</u>	<u>(775,918)</u>	<u>(192,112)</u>	<u>(128,137)</u>	<u>(455,669)</u>
<b>30 June 2008</b>					
Payables	71,973	(71,973)	(71,973)	-	-
Interest bearing liabilities	94,682	(102,761)	(69,230)	(32,640)	(891)
	<u>166,655</u>	<u>(174,734)</u>	<u>(141,203)</u>	<u>(32,640)</u>	<u>(891)</u>

**(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:

	<b>Carrying Amount</b>	
	2009	2008
	\$	\$
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	33,386	24,756
	<u>33,386</u>	<u>24,756</u>
<b>Variable rate instruments</b>		
Financial assets	9,633	5,337
Financial liabilities	432,830	69,926
	<u>442,463</u>	<u>75,263</u>

**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.

**Pingelly Brookton Community Financial Services Limited**  
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**Notes to the Financial Statements**  
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**24. Financial risk management (continued)**

**(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.

**(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.

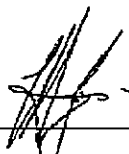
There were no changes in the Company's approach to capital management during the year.

**Pingelly Brookton Community Financial Services Ltd**  
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**Directors' Declaration**

In accordance with a resolution of the directors of Pingelly Prookton Community Financial Services Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



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Evan John Hodges, Chairman

Signed at Pingelly on the 17 of September 2009.