

annual report | 2009



Pinjarra
Community Financial Services Limited
ABN 31 097 389 547

Pinjarra Community Bank® Branch
Waroon branch of Bendigo Bank

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Board of Directors' report

For year ending 30 June 2009

Your local Board of Directors are pleased to have traversed through a very tumultuous financial year, with the global financial crisis affecting our business, no different from many others.

Whilst the year is marked by a tax loss, the business itself has been positioned for considerable growth, and successfully navigated what has been suggested as the worst economic period since the great depression of the 1930's.

The year really was split into two halves with commitments prior to the rapid onset of the global financial crisis proving to be considerable highlights including;

- Waroona branch was opened in July 2008, and opens 5 days per week on limited hours.
- Some \$40,000 in community contributions were distributed from our Market Development Fund.
- We became a major sponsor for the Peel Farmer's Market in Pinjarra. These markets are held every Saturday morning at Ross McLarty Oval from 8.00am to 12noon and undercover during winter months.

The idea behind the farmer's market is to offer fresh produce from the producer direct to you and for the produce to be sourced locally, which has given local producers a great opportunity to sell their goods.

Pinjarra Community Financial Services Limited committed \$25,000 to the initial start up costs to enable marquees, table, chairs, coffee machine etc to be purchased, and every week our banner is put up at the markets.

We were also presented with and overcame several challenges including;

- Staff changes saw some new faces join the team with new management staff after we farewelled Donna Olney and Renae Bannear after 7 and 9 years of service respectively to the Bank.
- Several board changes occurred, including new directors and changes to key executive positions, and lastly
- The already mentioned global financial crisis, which saw monthly revenues halve during a 6 month period (and which thankfully have grown soundly since their lows of February)

We have learnt much from these successes and challenges and we are confident that our strategy and processes going forward are more robust than ever thanks to a committed board and local staffing team, and the knowledge that in the most challenging of environments our business has not only survived but has been structured to take advantage of the recovering economy.

We would like to thank our customers, our community and our shareholders who continue to be instrumental in their support of our local Pinjarra **Community Bank**[®] Branch and Waroona branch.

Board of Directors

Pinjarra Community Financial Services Limited

Manager's report

For year ending 30 June 2009

What an interesting year it has been with the major world financial economic downturn, it has been challenging, impacting on all financial institutions. Not only have we have survived but continue to build the business.

We now have 2848 customers on our books as from September 2009 compared to last year 2692. As at June 2009 we also had \$77.7 million in banking business compared to 2007/08 \$75.1 million therefore a business growth of \$2.6 million within the challenging 12 months. We now see a return to good activity with good enquiry for loans and home purchases.

Pinjarra **Community Bank**[®] Branch had some staff changes in 2008 -2009 with the most notable being Renae Bannear, leaving after being with the company since the inception.

Elizabeth Edwards was offered a position at the Head Office of Bendigo & Adelaide Bank in Perth to further her career and Amanda left to have a family.

On behalf of Pinjarra **Community Bank**[®] Branch we wish them all the very best, they were all respected by our customers and staff and it's always sad to lose a staff member.

The Waroona branch opened in July and initially was operating three days a week Monday, Wednesday and Friday between 9.30am – 4.30pm, we have since reviewed this and amended opening hours to suit the local community with a 5 day a week opening with reduced hours.

This change was achieved through restructuring staff and all at no extra cost. This has now proved to be a successful strategy as we are opening new accounts every week and the feedback within the town has been overwhelmingly positive.

Debbie Bell was transferred back to Pinjarra **Community Bank**[®] Branch from Waroona branch and is now our fulltime Customer Service Manager, but continues to visit the Waroona branch from time to time to assist oversee the operation.

In searching for new staff we have appointed three new members to the team being Jessica Rennie, Glenys Cox and Christine Romaines, all on a part time basis. With the new structure it has enabled us to utilise staff more effectively especially when staff are away for training, away sick or on annual leave.

Outside of all the changes this year, it has been very rewarding for all staff, together we have successfully met the challenges that confronted us this year.

I would like to thank our customers and shareholders for your continued support.

It has been my first year with Pinjarra **Community Bank**[®] Branch and I am impressed by the time, effort and passion put in by all the board members of Pinjarra Community Financial Service Limited.

Manager's report continued

I appreciate the efforts of the board and staff in having the sole focus to enrich our community - my sincere thanks.

Another chapter closes and now begins 2009 – 2010 which we look forward to being a better year for all.



Grant Ledger

Branch Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2009

2008/09 will go down as one of the most tumultuous financial years in history. The global financial crisis and its aftermath wiped trillions of dollars off the world's net wealth. Some of the biggest names in international banking disappeared; many other banks – vastly bigger than Bendigo and Adelaide Bank Ltd – turned to governments to bail them out. Not surprisingly, confidence sagged, reflected in rising unemployment and stock markets falling by around half their former valuations.

In short, we have seen the biggest financial meltdown since the Great Depression of nearly 80 years ago.

Amidst all that turmoil, though, our grassroots banking movement marched steadily on. Twenty new **Community Bank**[®] branches joined Bendigo and Adelaide Bank Ltd's national network. Around 120,000 new customers switched to the Bendigo style of banking. And 70 more communities continued their local campaign to open a **Community Bank**[®] branch.

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

That's the story of ordinary people – an awful phrase, but you know what I mean – who inherently understand that the role of a bank is to feed into prosperity, rather than profit from it. That lesson was forgotten by many bankers across the globe, with devastating consequences. But it is now well understood by the residents of 237 towns and suburbs that own their own **Community Bank**[®] branch, because every day they see the fruits of their investment in locally owned banking.

Again, the statistics are impressive enough – \$29 million paid out in community projects and nearly \$11 million in local shareholder dividends. But again, the real stories lie behind the numbers – new community centres and fire trucks, more local nurses, new walking tracks and swimming pools, safer young drivers, more trees and fewer wasteful incandescent globes, innovative water-saving projects... the list goes on.

And of course more money retained and spent locally. And more jobs. Fifteen hundred or so just in the branches alone. More because of the flow-on, or multiplier, effect of those wages being spent locally. And yet more because of the extra shopping now done in communities made more prosperous and active by having their own bank branch.

Community Bank[®] branches have not escaped the fallout from the global turmoil. Like Bendigo and Adelaide Bank Ltd, they have received less income than in normal times. But also like Bendigo and Adelaide Bank Ltd, they have not needed anyone's help to get through this crisis. And every day we are reminded that banks that are relevant and connected locally will be valued by their customers and communities. For the better of all.



Russell Jenkins
Chief General Manager

Directors' report

For year ending 30 June 2009

Your Directors present their report, together with the financial statements 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:

Michael Peter Faro

Chairman (to 1st August 2009) / Non-Executive Director / Company Secretary (From 1st August 2009)/ Resigned both offices on 16 September, 2009

Occupation: Registered Migration Agent

Background Information: Small Business Owner, Registered Migration Agent.

Directorships held in other entities: None

Interest in shares and options: -

Ernest Albert Hiddlestone

Non-Executive Director

Occupation: Self Employed Contractor

Background Information: 37 years as a School Teacher and 15 years a School Deputy Principal

Directorships held in other entities: None

Interest in shares and options: 300 shares

Brian Arthur Morrell

Non-Executive Director

Occupation: Agricultural Contracting Hand

Background Information: Outdoor Adventure Activities Leader, Farmhand, WYLD Program Assistant, Trainer, Instructor, Climbing and Adventure Guide, Youth group Leader.

Directorships held in other entities: None

Interest in shares and options: -

Monica Rae Bermingham

Non-Executive Director / Company Secretary (Resigned 1st August 2009)

Occupation: Self Employed/Semi Retired

Background Information: Extensive clerical, managerial, office background also farming, mining industry, human resources, community organisations.

Directorships held in other entities: None

Interest in shares and options: 1,051 shares

Evelyn Stagg

Non-Executive Director

Occupation: Retired

Background Information: Moved as an independent retiree to WA in 2002, interest travel and dance. Had a data input business in the UK.

Directorships held in other entities: None

Interest in shares and options: Nil

Barbara Dimasi

Non-Executive Director

Occupation: Business Manager

Background Information: Business owner/manager for 14 years, dental nursing.

Directorships held in other entities: None

Interest in shares and options: Nil

Directors' report continued

Rosemarree Reynolds

Non-Executive Director / Chairperson (From 1st August 2009)

Occupation: Project Cost Controller

Background Information: 24 years in Banking, Accounting, Cost control and Administration, Community organisations.

Directorships held in other entities: None

Interest in shares and options: Nil

Company Secretary

Monica Rae Bermingham (Resigned 1 August 2009)

Michael Peter Faro (Appointed 1 August 2009) / Resigned 16 September, 2009)

Ian James Anson Ilsley (appointed 16 September, 2009)

Directors' meetings attended

During the financial year, 12 meetings of Directors (including committees of Directors) were held.

Attendances by each Director during the year were as follows:

Names of Directors	Directors' meetings	
	Number eligible to attend	Number eligible to attend
Michael Peter Faro	12	12
Monica Rae Bermingham	12	12
Ernest Albert Hiddlestone	12	11
Brian Arthur Morrell	12	11
Evelyn Stagg	12	12
Barbara Dimasi	12	11
Rosemarree Reynolds	12	11

Principal activity and review of operations

The principal activity and focus of the Company's operations during the year was the operation of a Branch of Bendigo and Adelaide Bank Ltd, pursuant to a franchise agreement.

Operating results

The loss incurred by the Company after providing for income tax amounted to \$91,826.

Dividends paid or recommended

The Company paid or declared for payment dividends of \$31,533 during the year.

Directors' report continued

Financial position

The net assets of the Company have decreased from \$313,565 as at 30 June 2008 to \$190,206 as at 30 June 2009.

The Directors believe the Company is in a stable financial position.

Significant changes in 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 these financial statements.

After balance date events

No matters or circumstances have arisen since the end of the financial year that 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 financial years.

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Options

No options over issued shares or interests in the Company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

Indemnifying officers or Auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an officer, but not an auditor, of the Company. The insurance contract prohibits disclosure of any details of the cover.

Environmental issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory.

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.

Directors' report continued

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

The Company has not appointed a separate audit committee due to the size and nature of operations. The normal functions and responsibilities of an audit committee have been assumed by the Board.

Non-audit services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided do not compromise the general principles relating to Auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2009:

Taxation services:	\$6,100
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Remuneration report

This report details the nature and amount of remuneration for each key management person of the Company, and for the Executives receiving the highest remuneration.

Remuneration of Directors

No income was paid or was payable or otherwise made available, to the Directors of the Company during the years ended 30 June 2009 and 30 June 2008.

Remuneration policy

The remuneration policy of the Company has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between Directors, Executives and shareholders.

Directors' report continued

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), and superannuation.
- The Board reviews key management personnel packages annually by reference to the Company's performance, Executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each Executive and is based predominantly on the forecast growth of the Company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and bonuses, which must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals may have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed.

Performance-based remuneration

As part of each key management personnel's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each key management personnel is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Company expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Company's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, the Company bases the assessment on audited figures.

Company performance, shareholder wealth and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Executives. The method applied in achieving this aim is a performance based bonus based on key performance indicators. The Company believes this policy to have been effective in increasing shareholder wealth over the past years.

Directors' report continued

Key management personnel remuneration policy

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

The employment conditions of the key management personnel are formalised in contracts of employment. All Executives are permanent employees of the Company.

The employment contracts stipulate a resignation period. The Company may terminate an employment contract without cause by providing appropriate written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Performance income as a proportion of total remuneration

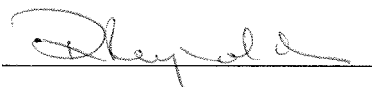
Executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The Board has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the Company.

The Board will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit to ensure use of the most cost effective and efficient methods.

Auditor's independence declaration

A copy of the Auditor's independence declaration is included within the financial statements.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Director

Dated this 30 day of September 2009

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

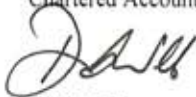
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Pinjarra Community 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:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants



D J WALL
Partner

Perth, WA

Dated: *30 September 2009*

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 35 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenue	2	755,549	832,035
Employee benefits expense		(418,814)	(319,316)
Depreciation and amortisation expense		(55,368)	(21,927)
Finance costs		(8,759)	(4,870)
Other expenses	3	(402,985)	(295,051)
Profit/(Loss) before income tax		(130,377)	190,871
Income tax (expense)/benefit	4	38,551	(65,004)
Profit/(Loss) attributable to members		(91,826)	125,867
Overall operations			
Basic profit per share (cents per share)		(23.3)	31.9
Diluted profit per share (cents per share)		(23.3)	31.9

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 and cash equivalents	6	22,468	142,366
Trade and other receivables	7	70,689	78,050
Other current assets	8	18,247	5,187
Total current assets		111,404	225,603
Non-current assets			
Property, plant and equipment	9	172,609	129,185
Intangible assets	10	39,834	53,834
Deferred tax asset	23	42,799	4,248
Total non-current assets		255,242	187,267
Total assets		366,646	412,870
Current Liabilities			
Trade and other payables	11	51,254	58,488
Financial liability	12	9,000	1,822
Short-term provisions	13	11,019	7,575
Current tax liability	23	15,713	24,836
Total current liabilities		86,986	92,721
Non-current liabilities			
Financial liability	12	80,809	-
Long-term provisions	13	8,645	6,584
Total non-current liabilities		89,454	6,584
Total liabilities		176,440	99,305
Net assets		190,206	313,565
Equity			
Issued capital	14	385,805	385,805
Retained earnings/(Accumulated losses)		(195,599)	(72,240)
Total equity		190,206	313,565

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Receipts from customers		757,940	819,154
Payments to suppliers and employees		(835,920)	(675,052)
Interest received		4,970	3,275
Borrowing costs paid		(8,759)	(4,871)
Income tax paid		(9,123)	(1,555)
Net cash provided by/(used in) operating activities	15	(90,892)	140,951
Cash flows from investing activities			
Payments for franchise fee		-	(20,000)
Payments for plant and equipment		(93,277)	(100,490)
Proceeds from sale of equipment		7,817	-
Net cash used in investing activities		(85,460)	(120,490)
Cash flows from financing activities			
Repayment of borrowings		(12,013)	(39,082)
Proceeds from borrowings		100,000	-
Dividends paid		(31,533)	(29,562)
Net cash provided by/(used) in financing activities		56,454	(68,644)
Net decrease in cash held		(119,898)	(48,183)
Cash held at the beginning of the financial year		142,366	190,549
Cash held at the end of the financial year	6	22,468	142,366

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Share capital (Ordinary shares)	Retained earnings/ (Accumulated losses)	Total
Balance at 1 July 2007	385,805	(198,107)	187,698
Profit attributable to the members of the Company	-	125,867	125,867
Balance at 30 June 2008	385,805	(72,240)	313,565
Balance at 1 July 2008	385,805	(72,240)	313,565
Profit attributable to the members of the Company	-	(91,826)	(91,826)
Dividends paid or provided	-	(31,533)	(31,533)
Balance at 30 June 2009	385,805	(195,599)	190,206

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Statement of significant accounting policies

The financial report has been prepared on a going concern basis after consideration by the Directors of the following matters

- (i) The Company is budgeting to return a profit within the next 2 to 5 years; and
- (ii) Bendigo and Adelaide Bank Ltd has confirmed that it will support the Company such that it will be in a position to meet its financial obligations for the next financial year. The provision of additional funding is dependent upon the Company fulfilling its ongoing responsibilities under the Franchise Agreement and continuing to work closely with Bendigo and Adelaide Bank Ltd management to further develop the business.

In consideration of the above matters, the Directors believe that it is appropriate to adopt the going concern basis of accounting in the preparation of this financial report

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

The financial report covers the Company as an individual entity. The Company is a public Company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Property, plant and equipment

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

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these 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 been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. 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 assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Lease payments for 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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement

i. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

The Company does not hold any derivative instruments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all un securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the Company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The Company has not issued any financial guarantees.

(e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Intangibles

Franchise fee

The franchise fee paid by the Company pursuant to a Franchise Agreement with Bendigo and Adelaide Bank Ltd is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(h) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(j) Revenue and other income

Interest revenue is recognised on a proportional basis taking into 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).

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative figures

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

(n) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2008. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2009 amounting to \$39,834.

(o) New accounting standards for application in future periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Company follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Company will be unable to be determined. The following changes to accounting requirements are included:

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

- acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
- contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
- a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
- there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Company's policy);
- dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
- impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
- where there is, in substance, no change to Company interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

The Company will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Company's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.
- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Company. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Company as a policy of capitalising qualifying borrowing costs has been maintained by the Company.
- AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.
- AASB 2008-2: Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, AASB 101, AASB 132 & AASB 139 & Interpretation 2] (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro-rata share of net assets only upon liquidation.
- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Company.
- AASB 2008-8: Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Company.
- AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110] (applicable for annual reporting periods commencing from 1 July 2009). This amendment requires that non-current assets held for distribution to owners to be measured at the lower of carrying value and fair value less costs to distribute.
- AASB Interpretation 15: Agreements for the Construction of Real Estate (applicable for annual reporting periods commencing from 1 January 2009). Under the interpretation, agreements for the construction of real estate shall be accounted for in accordance with AASB 111 where the agreement meets the definition of 'construction contract' per AASB 111 and when the significant risks and rewards of ownership of the work in progress transfer to the buyer continuously as

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

construction progresses. Where the recognition requirements in relation to construction are satisfied but the agreement does not meet the definition of 'construction contract', revenue is to be accounted for in accordance with AASB 118. Management does not believe that this will represent a change of policy to the Company.

- AASB Interpretation 16: Hedges of a Net Investment in a Foreign Operation (applicable for annual reporting periods commencing from 1 October 2008). Interpretation 16 applies to entities that hedge foreign currency risk arising from net investments in foreign operations and that want to adopt hedge accounting. The interpretation provides clarifying guidance on several issues in accounting for the hedge of a net investment in a foreign operation and is not expected to impact the Company.
- AASB Interpretation 17: Distributions of Non-cash Assets to Owners (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively only and clarifies that non-cash dividends payable should be measured at the fair value of the net assets to be distributed where the difference between the fair value and carrying value of the assets is recognised in profit or loss.

The Company does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Company's financial statements.

(p) Authorisation for financial report

The financial report was authorised for issue on 30 September 2009 by the Board of Directors.

Notes to the financial statements continued

	2009 \$	2008 \$
Note 2. Revenue		
Franchise margin income	750,579	825,743
Interest revenue	4,970	3,017
Other income	-	3,275
	755,549	832,035

Note 3. Expenses

Advertising and marketing	21,062	11,361
ATM leasing and running costs	43,940	44,874
Bad debts	205	2
Community sponsorship and donations	58,742	3,385
IT leasing and running costs	54,471	41,311
Insurance	16,350	14,768
Occupancy running costs	27,095	17,645
Postage and freight	20,715	7,179
Printing and stationery	21,306	20,322
Rental on operating lease	45,210	41,940
Other operating expenses	93,221	92,264
Net loss on sale of property, plant and equipment	668	-
	402,985	295,051

Remuneration of the Auditors of the Company

Audit services	9,397	5,250
Other services	6,100	5,000
	15,497	10,250

Notes to the financial statements continued

	2009 \$	2008 \$
Note 4. Income tax expense (benefit)		
a. The components of tax expense/(benefit) comprise:		
Current tax	(36,897)	26,390
Deferred tax (Note 23)	(1,654)	566
Recoupment of prior year tax losses	-	38,048
Under/(over) provision in respect of prior years		-
	(38,551)	65,004
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 30% (2008: 30%)	(39,113)	57,261
Add:		
Tax effect of:		
- under-provision for income tax in prior years		
- non-deductible depreciation and amortisation	4,200	3,100
- other non-allowable items	1,651	4,643
Less:		
Tax effect of:		
- recoupment of prior year tax losses not previously brought to account	-	-
- other allowable items	(5,289)	-
Income tax attributable to the Company	(38,551)	65,004

Notes to the financial statements continued

Note 5. Key management personnel compensation

a. Names and positions

Name	Position
Michael Peter Faro	Chairman
Monica Rae Bermingham	Non-Executive Director
Ernest Albert Hiddlestone	Non-Executive Director
Brian Arthur Morrell	Non-Executive Director
Evelyn Stagg	Non-Executive Director
Barbara Dimasi	Non-Executive Director
Rosemarree Reynolds	Non-Executive Director

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

b. Options provided as remuneration and shares issued on exercise of such options

No options were provided as remuneration or shares issued on exercise of options

c. Option holdings

No options over ordinary shares in the Company are held by any Director of the Company or other key management personnel, including their personally related parties.

d. Shareholdings

Number of ordinary shares held by key management personnel

2009

Directors	Ordinary shares			
	Balance at beginning of period	Purchased during the period	Other changes	Balance at end of period
Michael Faro	-	-	-	-
Monica Bermingham	1,051	-	-	1,051
Ernest Hiddlestone	300	-	-	300
Brian Morrell	-	-	-	-
Evelyn Stagg	-	-	-	-
Barbara Dimasi	-	-	-	-
Rosemarree Reynolds	-	-	-	-
	1,351	-	-	1,351

Notes to the financial statements continued

	2009	2008
	\$	\$
Note 6. Cash and cash equivalents		
Cash at bank and in hand	22,468	142,366
Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	22,468	142,366
	22,468	142,366

Note 7. Trade and other receivables

Trade debtors	70,689	78,050
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a. Provision for impairment of receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

There is no provision for impairment of receivables.

Note 8. Other assets

Current		
Prepayments	18,247	5,187

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 9. Property, plant and equipment

Plant and Equipment

Cost	340,531	265,476
Accumulated depreciation	(167,922)	(136,291)
	172,609	129,185
Movement in carrying amount		
Balance at the beginning of the year	129,185	40,289
Additions	93,277	100,490
Disposals	(8,485)	-
Depreciation expense	(41,368)	(11,594)
Carrying amount at the end of the year	172,609	129,185

Note 10. Intangible assets

Franchise fee

Cost	70,000	120,000
Accumulated amortisation	(30,166)	(66,166)
	39,834	53,834

Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Ltd, the Company operates a branch of Bendigo and Adelaide Bank Ltd, providing a core range of banking products and services.

Note 11. Trade and other payables

Trade creditors and accruals	33,850	42,955
GST payable	17,110	13,394
Dividend payable	294	2,139
	51,254	58,488

Notes to the financial statements continued

	2009 \$	2008 \$
Note 12. Financial liabilities		
Current		
Chattel mortgage	-	1,822
Mortgage loan	9,000	-
	9,000	1,822
Non current		
Mortgage loan	80,809	-
	80,809	-

Security:

The mortgage loan is secured by a floating charge over the Company's assets.

Note 13. Provisions

Current		
Provision for employee entitlements	11,019	7,575
Non current		
Provision for employee entitlements	8,645	6,584
Number of employees at year end	9	6

Note 14. Equity

394,160 (2008: 394,160) fully paid ordinary shares	394,160	394,160
Cost of raising equity	(8,355)	(8,355)
	385,805	385,805

Notes to the financial statements continued

	2009 \$	2008 \$
Note 15. Cash flow information		
a. Reconciliation of cash flow from operations with profit after tax		
Profit after tax	(91,826)	125,867
Depreciation and amortisation	55,368	21,927
Net loss on sale of property, plant and equipment	668	
Movement in assets and liabilities		
Receivables	7,361	(9,606)
Other assets	(13,060)	536
Deferred tax asset	(38,551)	38,613
Payables	(7,234)	(59,336)
Provisions	5,505	(1,886)
Current tax liability	(9,123)	24,836
Net cash provided by/(used in) operating Activities	(90,892)	140,951

b. Credit standby arrangement and loan facilities

The Company does not operate a bank overdraft facility.

Note 16. Related party transactions

The related parties have not entered into a transaction with the Company during the financial years ended 30 June 2009 and 30 June 2008.

Note 17. Leasing commitments

Non cancellable operating lease commitment contracted for but not capitalised in the financial statements

Payable		
Not longer than 1 year	36,967	36,967
Longer than 1 year but not longer than 5 years	42,594	79,561
	79,561	116,528

Notes to the financial statements continued

	2009 \$	2008 \$
Note 18. Dividends		
Distributions paid		
<hr/>		
2008 Final unfranked ordinary dividend of 8 (2008:0) cents per share, paid in 2009	31,533	-
	31,533	-

Note 19. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and leases.

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

a. Financial risk management policies

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

The Company does not have any derivative instruments at 30 June 2009.

b. Financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

i. Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

ii. Foreign currency risk

The Company is not exposed to fluctuations in foreign currencies.

iii. Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

iv. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2009.

Notes to the financial statements continued

Note 19. Financial risk management (continued)

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Credit risk is managed reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2009 and 30 June 2008 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

v. Price risk

The Company is not exposed to any material commodity price risk.

c. Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

2009

	Variable		Fixed			Total
	Weighted average effective interest rate	Floating interest rate	Within 1 year	Within 1 to 5 years	Non interest bearing	
Financial assets						
Cash and cash equivalents	0.05%	20,268	-	-	2,200	22,468
Loans and receivables		-	-	-	70,689	70,689
Total financial assets		20,268	-	-	72,889	93,157
Financial liability						
Bank loan secured	9.24%	-	9,000	80,809	-	89,809
Trade and other payables		-	-	-	51,254	51,254
Total financial liabilities		-	9,000	80,809	51,254	141,063

Notes to the financial statements continued

Note 19. Financial risk management (continued)

2008

	Variable		Fixed			Total
	Weighted average effective interest rate	Floating interest rate	Within 1 year	Within 1 to 5 years	Non interest bearing	
Financial assets						
Cash and cash equivalents		142,166	-	-	200	142,366
Loans and receivables		-	-	-	78,050	78,050
Total financial assets		142,166	-	-	78,250	220,416
Financial liability						
Bank loan secured	7.9%	-	1,822	-	-	1,822
Trade and other payables		-	-	-	58,488	58,488
Total financial liabilities		-	1,822	-	58,488	60,310

Trade and sundry payables are expected to be paid as followed:

Less than 6 months	51,254	58,488
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d. Net fair values

The net fair values of investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Fair values are materially in line with carrying values.

e. Sensitivity Analysis

i. Interest rate risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Notes to the financial statements continued

Note 19. Financial risk management (continued)

ii. Interest Rate Sensitivity Analysis

At 30 June 2009, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

2009

		-2%		+2%	
	Carrying amount \$	Profit \$	Equity \$	Profit \$	Equity \$

Financial assets

Cash and cash equivalents	20,268	(405)	(405)	405	405
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2008

		-2%		+2%	
	Carrying amount \$	Profit \$	Equity \$	Profit \$	Equity \$

Financial assets

Cash and cash equivalents	142,166	(2,843)	(2,843)	2,843	2,843
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The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The Company has no exposure to fluctuations in foreign currency.

Note 20. Segment reporting

The Company operates in the financial services sector as a branch of Bendigo and Adelaide Bank Ltd in Western Australia.

Note 21. Events after the balance sheet date

No matters or circumstances have arisen since the end of the financial year that 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 subsequent financial years.

Note 22. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at the reporting date.

Notes to the financial statements continued

	2009 \$	2008 \$
Note 23. Tax		
a. Liability		
Current		
Income tax	15,713	24,836
b. Assets		
Deferred tax assets comprise:		
Provisions	5,902	4,248
Tax losses carried forward	36,897	-
	42,799	4,248
c. Reconciliations		
i. Gross movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	4,248	42,861
(Charge)/Credit to income statement	38,551	(38,613)
Closing balance	42,799	4,248
ii. Deferred tax assets		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
Provisions		
Opening balance	4,248	4,813
(Charged)/Credited to the income statement	1,654	(565)
Closing balance	5,902	4,248
Other		
Opening balance	-	38,048
(Charged)/Credited to the income statement	36,897	(38,048)
Closing balance	36,897	-

Notes to the financial statements continued

Note 24. Company details

The registered office and principal place of business of the Company is:

7C George Street

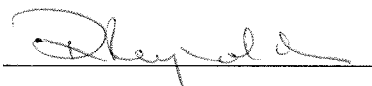
Pinjarra WA 6208

Director's declaration

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standard; and
 - b. give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the Company
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable:

This declaration is made in accordance with a resolution of the Board of Directors.



Director

Dated 30 September 2009

Independent audit report

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Pinjarra Community Financial Services Limited ("the company"), 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 company 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 establishing 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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 opinions.

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



Independent audit report continued

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of Pinjarra Community Financial Services Limited is 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 its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Pinjarra Community Financial Services Limited for the financial year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.



RSM BIRD CAMERON PARTNERS
Chartered Accountants



D J WALL
Partner

Perth, WA

Dated: 30 September 2009

BSX report

Additional Information required by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 25 September 2009.

(a) Distribution of equity securities

The number of shareholders, by size of holding, are:

Share Distribution Schedule	Holders	Shares Held	% L/C
1 - 1,000	178	90,591	22.98
1,001 - 5,000	77	217,768	55.25
5,001 - 10,000	7	65,050	16.50
10,001 - 100,000	2	20,751	5.27
100,001 and over	-	-	-
	264	394,160	100

There are 86 shareholders holding less than a marketable parcel of shares (\$500 in value). Their holdings total 18,157 shares.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

(b) Ten largest shareholdings

The names of the ten largest shareholders of quoted shares are:

	Number of shares	Number of ordinary shares
1. Anne Marie Barrett	10,700	10,700
2. Margaret Ruth Ingpen	10,051	10,051
3. Mary Ellen Nancarrow	10,000	10,000
4. Michael Stuart Martin	10,000	10,000
5. Peggy Holland Davis	10,000	10,000
6. Graham John Cleghorn	10,000	10,000
7. Darryal F. Eastwell & Kathryn V. Eastwell	10,000	10,000
8. Norma Tuckey	10,000	10,000
9. Reginald James Ross Campbell	5,050	5,050
10. Rodney C. Crake & Helen L. Crake	5,000	5,000
11. Stanley J. Hill & Beryl M. Hill	5,000	5,000

BSX report continued

	Number of shares	Number of ordinary shares
12. John T. Lloyd & Irene Lloyd	5,000	5,000
13. Susan Elizabeth Cronin	5,000	5,000
14. Brian W. Mason & Felicity L. Mason	5,000	5,000
15. Robert J. Nancarrow & Francis J. Nancarrow	5,000	5,000
16. Colin Michael Cramphorn	5,000	5,000
17. David Ross McGlenn	5,000	5,000
18. Brian Swan & Elizabeth Swan	5,000	5,000
19. LS NA Rosenthal Pty Ltd	5,000	5,000
20. Myra Pty Ltd	5,000	5,000
21. Kookaburra Grazing Company Pty Ltd	5,000	5,000
22. Michelle Colice Cockell	5,000	5,000
23. Lachlan Pleasance & Anne Marie Pleasance	5,000	5,000
24. Vientor Pty Ltd	5,000	5,000
25. SS Investments (WA) Pty Ltd	5,000	5,000

(c) Voting rights

Each shareholder has one vote.

(d) Corporate governance statement

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

- Director approval of operating budgets and monitoring of progress against these budgets;
- Ongoing Director training;
- Monthly Director meetings to discuss performance and strategic plans

The Directors in office at the date of this statement are:

Rosemarree Reynolds	Chairperson
Ernest Hiddlestone	Director
Brian Morrell	Director
Evelyn Stagg	Director
Barbara Dimasi	Director

BSX report continued

Board responsibilities

As a Board acts on behalf of and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways. The Board is responsible for ensuring that management's objective and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved. These mechanisms include the following:

- Implementation of operating plans and budgets by management and Board monitoring of progress against budget – this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes;
- Monitoring of the Board's performance and communication to shareholders In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the Board. Directors whose performance is unsatisfactory are asked to retire.

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to the shareholders through

- The annual report which is distributed to all shareholders:
- The annual general meeting and other meetings so called to obtain approval for Board action as appropriate.
- Regular Shareholder newsletters.

The Board has not appointed an audit committee due to the size and nature of its operations. The normal functions and responsibilities of an audit committee have been assumed by the Board.

(e) Name of Company Secretary:

Ian IIsley

(f) Address and telephone number of registered office:

The registered office is located at:

7c George Street

Pinjarra WA 6208

Phone: (08) 9531 4470

Fax: (08) 9531 4480

BSX report continued

The principal administrative office of the company is located at:

Pinjarra Community Bank

7c George Street

Pinjarra WA 6208

Phone: (08) 9531 4470

Fax: (08) 9531 4480

(g) Address and telephone number of office at which securities register is kept.

AFS & Associates

61-65 Bull Street

Bendigo VIC 3552

Phone (03) 5443 0344

(h) Trading history

The trading history for Pinjarra Community Financial Services Limited is available on the BSX website at www.bsx.com.au

Pinjarra Community Bank® Branch
7C George Street, Pinjarra WA 6208
Phone: (08) 9531 4470 Fax: (08) 9531 4480

Waroona branch of Bendigo Bank
83 South Western Highway, Waroona WA 6215
Phone: (08) 9733 3498 Fax: (08) 9733 2227

Franchisee: Pinjarra Community Financial Services Limited
7C George Street, Pinjarra WA 6208
Phone: (08) 9733 3498 Fax: (08) 9733 2227
ABN: 31 097 389 547

www.bendigo.com.au/pinjarra
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (KKWAR9013) (09/09)

