annual report | 2009

Robe Community Financial Services Limited
ABN 24 101 974 887

Robe **Community Bank®** Branch

Contents

Chairman's report

For year ending 30 June 2009

Over the course of the 2008/09 financial year the financial world has had to endure conditions which have almost been unprecedented. The global financial crisis has impacted on many financial institutions around the world and your **Community Bank®** branch has also been affected. In our case it has had the effect of shrinking our margin income on some products and contributed to reducing our income by about $20,000. Despite this we have managed to record an improved financial result compared to our previous year. This was achieved through an increase in total income and a reduction in overall expenses.

The increased income was a result of our business volumes increasing by some 15% to $31 million at the end of June 2009 and whilst this increase was less than the Board anticipated it is an acceptable result in the tough economic conditions.

On a positive note I am pleased to be able to report that our income margins have shown improvement over recent months and are returning to the levels achieved in the pre GFC days.

In order to keep costs down we made a conscious decision to cease trading on Saturday mornings (we will remain open on Saturday mornings during the busy holiday months of December and January). Whilst the financial savings will no doubt help us we will also benefit through increased flexibility of our staff that will no longer need to work several Saturdays in succession. This decision has been implemented with the blessing of Bendigo and Adelaide Bank Ltd and will be reviewed in May 2010.

Our staff have continued to support and promote the **Community Bank®** branch at all times. We take this opportunity to thank Craig, Libby, Catherine and Isabel for their wonderful efforts throughout the year. During the past 12 months we have farewelled Karen Pitt and Shylie Jewell and in September our Branch Manager Craig McLaren made a decision to return to Adelaide. We thank each of them for their efforts in providing quality banking services to Robe.

I am very pleased to advise that we have been able to secure the services of an experienced Branch Manager to replace Craig. Andrew Nevins has spent the past two years working as the Business Development Manager for Inglewood & Districts **Community Bank®** Branch in Victoria. Andrew has worked for Bendigo and Adelaide Bank Ltd for eight years in total and in his spare time helps out with the family stock and station business. I am sure you will join with me in making Andrew welcome in our town.

Chairman's report continued

Our Community Grants program has continued and we have again supported various community groups with grants and sponsorships in excess of $10,000. Applications for this year's grants are now being considered and will be announced at this year's AGM. Please remember that the total funds available for grants are directly linked to the amount of banking business that is conducted through Robe **Community Bank®** Branch. So let our branch staff help you with all of your banking requirements.

I would like to take this opportunity to sincerely thank our shareholders for their continued support whilst we strive to achieve sustained profitability, and to our customers, staff and fellow Directors for their ongoing commitment to the Robe community.

Ian Regnier
Chairman

Manager's report

For year ending 30 June 2009

During 2008/2009 we bid farewell to Shylie Jewell who has moved to Adelaide with her family. Shylie now works at the West Beach & Districts **Community Bank®** Branch. We have been very fortunate in being able to restore our numbers with the recruitment of former RCB employee, Isabel Hansen. Staffing as at 30 June is made up as follows:

Manager:	Craig McLaren
Supervisor:	Libby Jauncey
Customer Service Officers:	Catherine Crafter
	Isabel Hansen

Sadly, for family reasons, I will also be returning to Adelaide in September.

Business growth has continued, albeit slowly.

Account numbers have grown from 1,005 in September 2008 to 1,115 in August 2009.

Business portfolio has increased from $27 million to $31 million.

As in past years, the branch has been very involved in local events. We have continued our strong support of the Robe community gym project and recent facilitated a meeting of local identities to look at potential developments that can be considered for the improvement of living in Robe. More on this later.

Staff also continued their participation in twilight bowls and the Christmas parade.

Once again, in conjunction with Mount Gambier & Districts **Community Bank®** Branch, Robe **Community Bank®** Branch participated in the South East Field Days. This is a great way to get to catch up with the farming community around the South East.

We have extended our reach into Naracoorte in the last 12 months with the opening of the Bendigo Bank agency at Wennerbom & Hoole's Mitre 10 store. This offers greater accessibility for customers and has resulted in new business being generated from that area.

Robe **Community Bank®** Branch is well situated to grow and prosper in the years ahead and I wish the Company all the best for the future. I also take this opportunity to thank all of our customers for your support and kindness over the past two years.

Craig McLaren
Branch Manager

Directors' report

For year ending 30 June 2009

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

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

Merilyn Paxton (appointed 9/09/02)

Peter Darr (appointed 9/09/02)

Ian Robert Regnier (appointed 9/09/02)

George Richard Legoe (retired 23/10/08)

Mark Andrew Baker (appointed 18/06/07)

David Philip Macauley (appointed 14/11/06)

Michael Mattei (appointed 24/04/08)

Alan Schinckel (appointed 24/04/08)

Marsha Loise Chappel (appointed 20/11/08)

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

The loss of the Company for the financial year after providing for income tax and eliminating minority equity interests amounted to $-62,591.

A review of the operations of the Company during the financial year and the results of those operations found that the changes in market demand and competition have seen an increase in commissions of 10% to $256,877. The increase in commissions has contributed to an decrease in the Company's operating loss before tax.

No significant changes in the state of affairs of the Company occurred during the financial year.

The principal activities of the Company during the financial year were to provide a banking and financial service to Robe and the surrounding districts.

No significant change in the nature of these activities occurred during the year.

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

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.

The operations of the Company are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Directors' report continued

Dividends paid or declared since the start of the financial year are as follows:

a) No Dividend was paid during the year,

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

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an Officer or Auditor of the 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.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

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

Ian Robert Regnier
Director

Dated 15 September 2009.

Auditor's independence declaration

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

(i) no contraventions of the Auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm Murray Nankivell and Associates Pty Ltd

Name of Director **MARK STEPHEN EDWARDS**

Registered Company Auditor Number 289565

Date 16 October 2009

Address 17 Smith Street,
Naracoorte SA 5271

Financial statements

Income statement
For year ending 30 June 2009

	Note	2009 $	2008 $
Revenue	2	256,888	232,976
Other income	2	-	8,225
Changes in inventories of finished goods and work in progress		-	-
Raw materials and consumables used		-	-
Employee benefits expense		(134,420)	(141,844)
Freight and cartage		-	-
Depreciation and amortisation expenses		(6,419)	(11,726)
Commissions paid		-	-
Impairment of property, plant and equipment		-	-
Finance costs	3	(40,020)	(37,055)
Other expenses		(138,390)	(136,401)
share of net profits of associates and joint ventures		-	-
Profit before income tax	**3**	**(62,361)**	**(85,825)**
Income tax expense	4	(230)	(3,453)
Profit attributable to members of the entity		**(62,591)**	**(89,278)**
Dividends per share (cents)		-	

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2009

	Note	2009 $	2008 $
Assets			
Current assets			
Cash and cash equivalents	8	700	585
Trade and other receivables	9	18,425	16,211
Total current assets		**19,125**	**16,796**
Non-current assets			
Trade and other receivables	9	-	-
Property, plant and equipment	10	51,601	58,020
Deferred tax assets	13	2,804	3,034
Other non-current assets	9	-	-
Total non-current assets		**54,405**	**61,054**
Total assets		**73,530**	**77,850**
Current liabilities			
Trade and other payables	11	11,069	13,674
Borrowings	12	386,526	327,797
Current tax liabilities	13	-	-
Short-term provisions	14	9,321	7,171
Total current liabilities		**406,916**	**348,642**
Non-current liabilities			
Trade and other payables	11	-	-
Borrowings	12	-	-
Deferred tax liabilities	13	-	-
Long-term provisions	14	-	-
Total non-current liabilities		**-**	**-**
Total liabilities		**406,916**	**348,642**
Net assets		**(333,386)**	**(270,792)**
Equity			
Issued capital	15	427,989	427,989
Reserves		-	-
Retained earnings		(761,375)	(698,781)
Total equity		**(333,386)**	**(270,792)**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Receipts from customers		280,581	244,784
Payments to suppliers and employees		(339,206)	(311,861)
Dividends received		-	-
Interest received		11	6
Finance costs		-	(3,362)
Income tax paid		-	-
Net cash provided by operating activities	**17(a)**	**(58,614)**	**(70,433)**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	31,511
Proceeds from sale of investments		-	-
Purchase of property, plant and equipment		-	-
Purchase of investments		-	-
Loans to related parties			
• Payments made		-	-
• Proceeds from repayments		-	-
Net cash used in investing activities		**-**	**31,511**
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	(34,380)
Dividends paid		-	-
Net cash provided by (used in) financing activities		**-**	**(34,380)**
Net (decrease) increase in cash held		**(58,614)**	**(73,302)**
Cash at beginning of financial year		(327,212)	(253,910)
Cash at end of financial year	**8**	**(385,826)**	**(327,212)**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2009

	Note	Share capital		Retained earnings (accumulated losses) $	Asset revaluation reserve $	Financial assets reserve $	General reserves $	Total $
		Ordinary $	Partly paid ordinary shares $					
Balance at 1 July 2007		**427,989**		**(609,503)**				**(181,514)**
Profit attributable to equity shareholders				(89,278)				(89,278)
Transfers to and from reserves:								
• General reserve								-
Transfers from retained profits								-
Sub-total		427,989	-	(698,781)	-	-	-	(270,792)
Dividends paid or provided for	7			-				-
Balance at 30 June 2008		**427,989**	**-**	**(698,781)**	**-**	**-**	**-**	**(270,792)**
shares issued during the year								-
Profit attributable to equity shareholders				(62,594)				(62,594)
Revaluation increment / (decrement)								-
Sub-total		427,989	-	(761,375)	-	-	-	(333,386)
Dividends paid or provided for	7			-				-
Balance at 30 June 2009		**427,989**	**-**	**(761,375)**	**-**	**-**	**-**	**(333,386)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

This financial report includes the financial statements and notes of Robe Community Financial Services Limited. Robe Community Financial Services Limited is a Company limited by shares, incorporated and domiciled in Australia.

Note 1. Statement of significant accounting policies

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the 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.

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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(a) Income tax (continued)

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.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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 as indicated less, where applicable, any accumulated depreciation and impairment losses.

<u>Property</u>

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.

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.

<u>Plant and equipment</u>

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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(b) Property, plant and equipment (continued)

Plant and equipment (continued)

The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

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

Class of fixed asset	**Depreciation rate**
Buildings	2.5% to 5%
Plant and equipment	5% to 25%

Leased plant and equipment

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 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 period.

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

The Company is committed to a lease agreement for its premises to October 2013 with a further 5 year option.

Note 1. Statement of significant accounting policies (continued)

(d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

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 either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are 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. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(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.

(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 entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. 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.

(vi) 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 unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Note 1. Statement of significant accounting policies (continued)

(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.

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) 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.

(g) 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. Provisions are measured using the best estimate of the amounts required to settle the obligation at balance date.

(h) 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.

(i) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(i) Revenue and other income (continued)

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

(j) 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.

(k) 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 Tax 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.

(l) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

(m) 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 and which the Company has decided not to early adopt. A discussion of those future requirements and their impact on the Company is as follows:

- 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 and AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). This Standard 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.

Note 1. Statement of significant accounting policies (continued)

(m) New Accounting Standards for application in future periods (continued)

- 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 redefine 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.
- 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 and AASB 138 and Interpretations 1 and 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.

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

Note 2. Revenue and other income

	Note	2009 $	2008 $
Sales revenue			
• sale of goods		-	-
• provision of services		-	-
Total sales revenue		**-**	**-**
Other revenue			
• dividends received	2(a)	-	-
• interest received	2(b)	11	6
• construction revenue		-	-
• services revenue		256,877	232,970
• other revenues		-	-
Total other revenue		**256,888**	**232,976**
Total sales revenue and other revenue		**256,888**	**232,976**

Notes to the financial statements continued

	Note	2009 $	2008 $
Note 2. Revenue and other income (continued)			
Other income			
• gain on disposal of property, plant and equipment		-	8,225
• gains on disposal of non-current investments		-	-
• other income		-	-
Total other income		**-**	**8,225**
(a) Dividend revenue from:			
• associated companies		-	-
• other corporations		-	-
• joint venture entities		-	-
Total dividend revenue		**-**	**-**
(b) Interest revenue from:			
• other related parties		-	-
• other persons		11	6
• Directors		-	-
Total interest revenue on financial assets not at fair value through profit of loss		**11**	**6**

Note 3. Profit before income tax

(a) Expenses			
Cost of sales		-	-
Interest expense on financial liabilities not at fair value through profit of loss			
• Company		-	-
• Director related Company		-	-
• Other persons		40,020	37,055
Total interest expense		**40,020**	**37,055**

Notes to the financial statements continued

	Note	2009 $	2008 $
Note 3. Profit before income tax (continued)			
Impairment of non-current investments		-	-
Foreign currency translation losses		-	-
Bad and doubtful debts:			
• trade receivables		-	-
Total bad and doubtful debts		**-**	**-**
Rental expense on operating leases			
• minimum lease payments		20,574	20,821
• contingent rentals		-	-
• rental expense for sub-lease		-	-
		20,574	**20,821**
Contingent rentals on finance leases		-	-
Research and development costs		-	-
(b) Significant revenue and expenses			
The following significant revenue and expense items are relevant in explaining the financial performance:			
• Write-off of obsolete inventory included within cost of sales		-	-
• Loss on disposal of property, plant and equipment		-	-
• Loss on disposal of non-current investments		-	-

Note 4. Income tax expense

(a) The components of tax expense comprise:

	Note	2009 $	2008 $
Current tax			
Deferred tax	13	230	3,453
Recoupment of prior year tax losses			
Under provision in respect of prior years			
		230	**3,453**

Notes to the financial statements continued

	Note	2009 $	2008 $

Note 4. Income tax expense (continued)

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

Prima facie tax payable on profit from ordinary activities before income tax at 30% 2008: 30%			
Add:			
Tax effect of:			
• under-provision for income tax in prior years		-	-
• non-deductible depreciation and amortisation		-	-
• other non-allowable items		-	-
		-	**-**
Less:			
Tax effect of:			
• Movement in provisions		646	1,076
• Movement in other assets		(876)	(4,529)
• share of net profits of associates and joint venture entities netted directly		-	-
• recoupment of prior year tax losses not previously brought to account		-	-
Income tax attributable to Company		**230**	**3,453**
The applicable weighted average effective tax rates are as follows:		0%	-4%

The increase in the weighted average effective tax rate for 2009 is a result of a significant reduction in the availability of prior year tax losses to reduce the current tax liability.

Note 5. Key management personnel compensation

Directors on the Board orf the Company are all positions of a voluntary nature where no remuneration is paid.

The Company provides Director/Officer Indemnity for its Directors on their behalf.

Notes to the financial statements continued

	Note	2009 $	2008 $

Note 6. Auditors' remuneration

Remuneration of the Auditor for:

• auditing or reviewing the financial report		4,000	3,600
• taxation services		3,889	3,100
• due diligence services		-	-
• taxation services provided by related practice of Auditor		-	-

Note 7. Dividends

No dividends have been declared or paid at 30 June 2009.

Note 8. Cash and cash equivalents

Current			
Cash at bank and in hand		700	585
Short-term bank deposits		-	-
		700	**585**
The effective interest rate on short-term bank deposits was 10.58% (2008: 11.09%).			
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		700	585
Bank overdrafts	12	(386,526)	(327,797)
		(385,826)	**(327,212)**

A floating charge over cash and cash equivalents has been provided for certain debt. Refer to Note 12 for further detail.

	Note	2009 $	2008 $

Note 9. Trade and other receivables

	Note	2009 $	2008 $
Current			
Trade receivables		18,425	16,158
Provision for impairment	9(d)	-	-
		18,425	**16,158**
Amounts due from customers for construction contracts	9(a)	-	-
Other receivables		-	53
Loans to directors	9(b)	-	-
Other related parties	9(c)	-	-
Total current trade and other receivables		**18,425**	**16,211**
Non-current			
Trade receivables		-	-
Provision for impairment	9(d)	-	-
Total non-current trade and other receivables		-	-
(a) financial assets classified as loans and receivables			
Trade and other receivables			
• Total current		18,425	16,211
• Total non-current		-	-
		18,425	**16,211**
Less construction contracts in progress			
Financial assets	**21**	**18,425**	**16,211**

	Note	2009 $	2008 $

Note 10. Property, plant and equipment

Plant and equipment

Plant and equipment:		
At cost	89,597	89,597
Accumulated depreciation	(37,996)	(31,577)
Accumulated impairment losses	-	-
	51,601	**58,020**
	-	-
Total plant and equipment	**51,601**	**58,020**
Total property, plant and equipment	**51,601**	**58,020**

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment for the current and prior financial years

	Freehold land $	Buildings $	Plant and equipment $	Leased plant and equipment $	Total $
Balance at 1 July 2007			**93,032**		**93,032**
Additions					-
Disposals			(31,511)		(31,511)
Revaluation increments/ (decrements)			8,225		8,225
Depreciation expense			(11,726)		(11,726)
Capitalised borrowing cost and depreciation					-
Balance at 30 June 2008	**–**	**–**	**58,020**	**–**	**58,020**
Additions					-
Disposals					-
Revaluation increments/ (decrements)					-
Depreciation expense			(6,419)		(6,419)
Capitalised borrowing cost and depreciation					-
Carrying amount at 30 June 2009	**–**	**–**	**51,601**	**–**	**51,601**

	Note	2009 $	2008 $

Note 11. Trade and other payables

	Note	2009 $	2008 $
Current			
Unsecured liabilities			
Trade payables		1,971	1,180
Sundry payables and accrued expenses		9,098	12,494
Unsecured loans		-	-
Employee benefits		-	-
Amounts payable to:			
• ultimate parent Company		-	-
• other related parties		-	-
	11(a)	**11,069**	**13,674**
Non-current			
Unsecured liabilities			
Trade payables		-	-
Sundry payables and accrued expenses		-	-
Unsecured loans		-	-
Annual leave		-	-
Amounts payable to:			
• ultimate parent Company		-	-
• other related parties		-	-
	11(a)	**-**	**-**
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
• Total current		11,069	13,674
• Total non-current		-	-
		11,069	**13,674**
Less annual leave entitlements			
Financial liabilities as trade and other payables	**21**	**11,069**	**13,674**

	Note	2009 $	2008 $

Note 12. Borrowings

	Note	2009 $	2008 $
Current			
Bank loan secured	12(b)	-	-
Bank overdraft secured		386,526	327,797
Lease liability		-	-
Unsecured loans		-	-
Total current borrowings		**386,526**	**327,797**
Non-current			
Bank loan secured	12(b)	-	-
Bank bills secured	12(b)	-	-
Lease liability		-	-
Total non-current borrowings		**-**	**-**
Total borrowings	**21**	**386,526**	**327,797**
(a) Total current and non-current secured liabilities:			
Bank overdraft		386,526	327,797
Bank loan		-	-
Bank bills		-	-
		386,526	**327,797**

(b) The bank overdraft and loan are secured by Bendigo and Adelaide Bank Ltd who provide Working Capital by the way of an Overdaft facility to support the Company's operations. Bendigo and Adelaide Bank Ltd believe the need for any substantial financial support is unlikely, but nonetheless, provision of additional funding will be dependant upon the Robe Community Financial Services Limited fulfilling their ongoing responsibilities under the Franchise Agreement and continuing to work closely with Bendigo and Adelaide Bank Ltd Management to further develop the business

Lease liabilities are secured by the underlying leased assets.

Notes to the financial statements continued

	Note	2009 $	2008 $

Note 12. Borrowings (continued)

Financial assets that have been pledged as part of the total collateral for the benefit of bank debt are as follows:

	Note	2009 $	2008 $
Cash and cash equivalents	8	700	585
Trade receivables	9	18,425	16,158
Listed investments		-	-
Total financial assets pledged		**19,125**	**16,743**

Note 13. Tax

	2009 $	2008 $
Current		
Income tax	-	-
Total	**-**	**-**

Non-current	**Opening balance $**	**Charged to income $**	**Charged directly to equity $**	**Changes in tax rate $**	**Exchange differences $**	**Closing balance $**
Deferred tax liability						
Property, plant and equipment - Tax allowance						-
Tangible assets revaluation						-
Fair value gain						-
Other						-
Balance as at 30 June 2008	**-**	**-**	**-**	**-**	**-**	**-**
Property, plant and equipment - tax allowance						-
Tangible assets revaluation						-
Fair value gain						-
Other						-
Balance as at 30 June 2009	**-**	**-**	**-**	**-**	**-**	**-**

Note 13. Tax (continued)

Non-current	Opening balance $	Charged to income $	Charged directly to equity $	Changes in tax rate $	Exchange differences $	Closing balance $
Deferred tax assets						
Provisions	1,368	783				2,151
Property, plant and equipment - impairment						-
Other	5,119	(4,236)				883
Balance as at 30 June 2008	**6,487**	**(3,453)**	**-**	**-**	**-**	**3,034**
Provisions	2,151	646				2,797
Property, plant and equipment - impairment	-					-
Other	883	(876)				7
Balance as at 30 June 2009	**3,034**	**(230)**	**-**	**-**	**-**	**2,804**

	Note	2009 $	2008 $

Note 14. Provisions

	Note	2009 $	2008 $
Current			
Short-term employee benefits			
Opening balance at beginning of year		7,171	4,560
Additional provisions raised during year		2,150	2,611
Amounts used		-	-
Balance at end of the year		**9,321**	**7,171**
Analysis of total provisions			
Current		9,321	7,171
Non-current		-	-
		9,321	**7,171**

Note 14. Provisions (continued)

Provision for long-term employee benefits

A provision has been recognised for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1(f).

Provision for dividends

A provision has been recognised for dividends that have been declared, but are yet to be paid. Refer Note 7 for further dividend information.

	Note	2009 $	2008 $
Note 15. Issued capital			
455610 (2008:455610) fully paid ordinary shares		445,610	445,610
Prospectus fees & costs		(17,621)	(17,621)
		427,989	**427,989**

The Company has authorised share capital amounting to [insert amount] ordinary shares of no par value.

	2009 No.	2008 No.
(a) Ordinary shares		
At the beginning of reporting period	445,610	-
shares issued during year	-	-
At reporting date	**445,610**	**-**

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

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

(b) Capital management

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

	Note	2009 $	2008 $

Note 15. Issued capital (continued)

(b) Capital management (continued)

	Note	2009 $	2008 $
Total borrowings	12	386,526	327,797
Trade and other payables	11	11,069	13,674
Less cash and cash equivalents	8	(700)	(585)
Net debt		396,895	340,886
Total equity		**(333,386)**	**(270,792)**
Total capital		**63,509**	**70,094**
Gearing ratio		625%	486%

Note 16. Segment reporting

The Company operates predominately in one business and geographical segment being to provide a banking and financial service to Robe and surrounding districts.

Note 17. Cash flow information

(a) Reconciliation of cash flow from operations with profit after income tax

	2009 $	2008 $
Profit after income tax	(62,591)	(89,278)
Non-cash flows in profit		
Depreciation	6,419	11,726
Impairment of property, plant and equipment		
Net gain on disposal of property, plant and equipment	-	8,225
Net gain on disposal of investments	-	-
Share of associated Company's net profit after dividends	-	-

	Note	2009 $	2008 $
Note 17. Cash flow information (continued)			
Share of joint venture Company net profit after income tax and dividends			
Changes in assets and liabilities			
(Increase)/decrease in trade and term debtors		2,267	14,661
(Increase)/decrease in other assets			
(Increase)/decrease in prepayments			(14,553)
Increase/(decrease) in payables		(7,089)	(7,278)
Increase/(decrease) in income taxes payable			
Increase/(decrease) in deferred taxes payable		230	3,453
Increase/(decrease) in provisions		2,150	2,611
		(58,614)	**(70,433)**

(b) Credit standby arrangement and loan facilities

The Company has a bank overdraft amounting to $386,726. Support has been provided for the year 2008/2009 and in the future years in accordance with the francise agreement

Note 18. Events after the balance sheet date

There have been no events that have occurred after the balance date that would materially affect the financial report.

Note 19. Related party transactions

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

There were no related party transactions that occurred other than on commercail terms

Note 20. Economic dependence

The continuing service is dependant upon the support of Bandigo Bank Ltd in accordance with it’s franchise agreement.

Note 21. 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 to and from subsidiaries, bills and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2009 $	2008 $
Financial assets			
Cash and cash equivalents	8	700	585
Loans and receivables	9(a)	-	-
Available-for-sale financial assets			
• Equity investments		-	-
		700	**585**
Financial liabilities			
Financial liabilities at amortised cost			
• Trade and other payables	11(a)	11,069	13,674
• Borrowings	12	386,526	327,797
		397,595	**341,471**

Financial risk management policies

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

The finance committee, consisting of senior executives of the Company meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The finance committee's overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

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

Note 21. Financial risk management (continued)

Specific 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.

(a) Interest rate risk

Interest rate risk is managed with variable rate debt. At 30 June 2008 approximately 100% of the Company's debt is variable.

The net effective variable interest rate borrowings (ie. unhedged debt) exposes the Company to interest rate risk which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

	Note	2009 $	2008 $
Floating rate instruments			
Bank overdrafts	12	386,526	327,797
		386,526	**327,797**

(b) Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forward looking cash flow analyses in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The Company liquity risk is managed through the relationship with Bendigo and Adelaide Bank Ltd in accordance with the francise agreement.

(c) Foreign exchange risk

The Company is not exposed to fluctuations in foreign currencies.

Notes to the financial statements continued

Note 22. Company details

The registered office of the Company is:

Robe Community Financial Services Limited

9 Victoria Street,

Robe SA 5276

The principal place of business is:

Robe Community Financial Services Limited

9 Victoria Street,

Robe SA 5276

Directors' declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 35, are in accordance with the Corporations Act 2001 and:

    (a) comply with Accounting Standards; 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. 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.

Ian Robert Regnier
Director

Dated 8 September 2009.

Independent audit report

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

The responsibility of the Directors for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. The Directors' responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. 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 judgment, 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.

The financial report has been prepared for distribution to members for the purpose of fulfilling the Directors' financial reporting under the Corporations Act 2001. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Independent audit report continued

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors Robe Community Financial Services Limited on 8th September, would be in the same terms if provided to the Directors as at the date of this Auditor's report.

Auditor's opinion

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

a. 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 in accordance with the accounting policies described in Note 1; and

b. complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Regulations 2001.

Name of Firm	Murray Nankivell and Associates Pty Ltd
Name of Director	**MARK STEPHEN EDWARDS**
	Registered Company Auditor Number 289565
Date	8 September 2009
Address	17 Smith Street, Naracoorte SA 5271

Robe **Community Bank**® Branch
9 Victoria Street, Robe SA 5276
Phone: (08) 8768 1855 Fax: (08) 8768 2749

Franchisee: Robe Community Financial Services Limited
9 Victoria Street, Robe SA 5276
Phone: (08) 8768 1855 Fax: (08) 8768 2749
ABN: 24 101 974 887

www.bendigobank.com.au/robe
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR9003) (06/09)

Bendigo Bank