

annual report 2009



Tugun & District
Finances Limited
ABN 57 102 056 306

Tugun Community Bank® Branch

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Chairman's report

For year ending 30 June 2009

The 2009 financial year has been a challenging one for the financial services sector with the global economic meltdown having a major impact on business confidence and consumer spending. The Australian economy is holding up relatively well compared to some of the larger economies throughout the world. However, the banking sector has suffered from the slowing economy, particularly as a result of borrowers struggling to service debt. Fortunately Bendigo and Adelaide Bank's model has held the bank in good stead with responsible lending policies commanding better quality business and ultimately delivering a very low incidence of defaults.

Despite the slower economic climate the Tugun **Community Bank**[®] Branch has had a year of steady growth with branch footings up by \$5 million to approximately \$85 million. Strong support from our loyal shareholders and customers has helped insulate us against the affects of the economic downturn. Of course this healthy growth would not be possible without the dedication and commitment of our branch staff, Jenny Shannon, Melina North, Bronwyn Mullens, Tess Clifford, Renea Woods and our more recent additions to the branch, Wendy Anderson and Manny Paraskevos. I would like to take this opportunity to thank them for their contribution in making our **Community Bank**[®] Branch so successful.

The number of **Community Bank**[®] Branches throughout Australia continues to grow with another 25 opening in the last 12 months, the total now numbering 237 branches. \$29 million of **Community Bank**[®] Branch profits have been returned to communities Australia wide and around \$11 million dollars in dividends paid to **Community Bank**[®] shareholders since the introduction of the model 11 years ago. **Community Bank**[®] branches now outnumber Company branches, with an additional 70 communities currently campaigning to open a **Community Bank**[®] branch in their area.

Tugun **Community Bank**[®] Branch has continued to support our local community throughout the year by sponsoring groups including but not limited to: Tugun Surf Life Saving Club, Currumbin Wildlife Sanctuary (for the educational programme of our local schools), local schools and parishes, the Prevent Blindness Foundation, Currumbin Community Special School, Mothers' Milk Bank and the Junior Observer Programme. Our **Community Bank**[®] has also been involved in a regional fund raiser for Careflight with Tugun **Community Bank**[®] Branch raising \$3069.00, the most money raised out of all Gold Coast Branches. Congratulations to our motivated branch staff for their great team effort.

I would like to thank the Directors of the Board, Val Meynink (Deputy Chair), Wendy Handley, Bob Marshall (Secretary), Colin Woodward (Treasurer), Craig Dick, Dave Mitchell and Ross Johnston for their stewardship and valuable contribution in governing our **Community Bank**[®] Company in addition to their ongoing support to our branch staff. I would also like to thank them for generously giving their time to support community initiatives outside the boardroom. Dr. Paul Hansen has resigned as a director of our board to pursue other interests and on behalf of the board I would like to thank him for his valuable contribution to the Board over the past three years and wish him well for the future. The Board's personal assistant, Maris Dirx has excelled in her position and I would like to also thank her on behalf of the Board.

Chairman's report continued

The Tugun **Community Bank**[®] Branch is approaching its 7th birthday and at a recent strategy meeting the Board discussed opportunities for the future expansion of the business including the installation of an ATM or the opening of a sub-branch at other potential sites. The Board is also investigating the possibility of a significant community project for the future. Early next year the Board will host a community forum to flesh out ideas from various community groups as to what would be considered an appropriate project to satisfy the needs of our broader community.

Finally I would like to thank the shareholders and customers of the Tugun **Community Bank**[®] Branch, without your ongoing support the bank would not be in the strong position it is today. Your **Community Bank**[®] Branch will continue to support community groups and local schools etc. with the vital funding they need to improve our community.

“Please assist us in building a better **Community Bank**[®] Branch and therefore a better community.”



Allan Blenkins

Chairman

Tugun & District Finances Limited

Manager's report

For year ending 30 June 2009

As some of you may be aware, Jenny Shannon has been on extended leave. We wish Jenny well and look forward to her return. In Jenny's absence I am happy to provide you with our Annual Report. Almost a year ago I was promoted to the role of Customer Relationship Officer and continue to enjoy the challenge of the added responsibility and responding to our customers' needs.

I would like to extend a very big note of thanks to all of our shareholders and customers for your continued support this past 12 months. We have had a very interesting year with the major worldwide economic downturn impacting on all financial institutions and our local community. If we haven't had the opportunity to meet please come in or give us a call. We will only be too happy to discuss with you how we can best suit your banking needs.

Despite these trying times we have still seen some growth with our total business portfolio now at \$85 million - a good result considering the challenges that we have faced.

I would also like to thank all of the wonderful staff at the Tugun **Community Bank**[®] Branch –Tess Clifford, Manny Paraskevos, Bronwyn Mullens, Renea Woods and Wendy Anderson- for their continued dedication and professionalism during this difficult period. They have constantly maintained a “can do” attitude which is wonderful to see and will ensure the ongoing success of the Tugun **Community Bank**[®] Branch.

During the year we have continued our community involvement with the Currumbin Wildlife Sanctuary and look forward to the opening of their new Community Wildlife Hospital. We have also supported Careflight, the Tugun Surf Life Saving Club, the Mothers' Milk Bank, In the Bin Film Festival and The John Flynn Hospital Art Festival which raised funds for the cancer council, plus a number of other community groups and local schools.

As we look forward to a very busy year in 09-10 we have many goals in business, community and staff development that we not only want to achieve but also hope to exceed. We hope that you as shareholders and also our customers continue to support our **Community Bank**[®] Branch because without all of you it would simply not be possible.

The team at Tugun **Community Bank**[®] Branch look forward to assisting you to make our **Community Bank**[®] branch an even greater success in 2009-10.



Melina North

Customer Relationship Officer

Tugun **Community Bank**[®] Branch

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

Directors

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

Allan Blenkins

Chairman

Master Builder

Bob Marshall

Company Secretary

Retired solicitor

Valentine Meynink

Director

Business Manager

Ross Johnston

Director

Accountant

David Mitchell

Director

Licensed Real Estate Agent

Wendy Handley

Director

Physiotherapist

Anthony Dick

Director

Retailer

Dr. Paul Hansen

Director

Colin Woodward

Treasurer

Accountant

Senior Lecturer of Education

Resigned 8.10.08

Directors were in office for this entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the Company except

Allan Blenkins who has a financial interest in the Lessor Company which leases the Branch Premises to Tugun and District Finance Ltd.

Principal activities

The principal activities of the Company during the course of the financial year were in providing **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited. There has been no significant changes in the nature of these activities during the year.

Directors' report continued

Operating results

Operations have continued to perform in line with expectations. The profit/(loss) of the Company for the financial year after provision for income tax was \$31,671 (2008: 44,488).

	Year ended 30 June 2009	
	Cents Per Share	\$'000
Dividends		
Final dividends recommended:	Nil	Nil
Dividends paid in the year:		
- Interim for the year	Nil	Nil
- As recommended in the prior year report	5c	30,000

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report.

Significant events after the balance date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future years.

Likely Developments

The Company will continue its policy of providing banking services to the community.

Directors' benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest except Allan Blenkins as previously disclosed and Colin Woodward who provides accounting and associated services to Tugun and District Finances Ltd. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

Directors' report continued

Indemnification and Insurance of Directors and Officers

The Company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as Directors or Managers of the Company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an Auditor of the Company or a related body corporate.

Directors

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

Number of meetings held:	11
<hr/>	
Number of meetings attended:	
<hr/>	
Allan Blenkins	9
<hr/>	
Colin Woodward	10
<hr/>	
Valentine Meynink	6
<hr/>	
Bob Marshall	10
<hr/>	
David Mitchell	7
<hr/>	
Ross Johnston	10
<hr/>	
Anthony Dick	10
<hr/>	
Wendy Handley	10
<hr/>	
Dr. Paul Hansen	2
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Company Secretary

Robert Marshall has been the Company Secretary of Tugun and District Finances Ltd for 18 months.

Robert Marshall's qualifications and experience include being a Solicitor Supreme Court QLD & NSW (Retired) & has experience in commercial real estate and development.

Corporate governance

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

- (a) The establishment of an audit committee. Members of the audit committee are
Colin Woodward, Robert Marshall, Anthony Dick
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

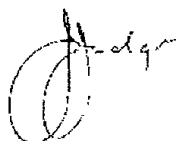
Directors' report continued

Auditor's Independence Declaration

Judge & Woodward Pty Ltd

Public Accountants & Registered Tax Agents

In relation to our audit of the financial report of Tugun & District finances Ltd for the financial year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the Auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



James M Judge

Judge & Woodward Pty Ltd

Tweed Heads

22-Sep-09

Signed in accordance with a resolution of the Board of Directors at Tugun on 29 September 2009.



Allan Blenkins,

Chairman / Chairperson

INDEPENDENT AUDIT REPORT **TUGUN & DISTRICT FINANCES LIMITED**

Scope

We have audited the financial report of Tugun & District Finances Limited, being the statements of Financial Position, Financial Performance and Cash flows and the Notes to the Financial Statements. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on them to the members of the company.

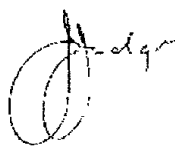
Our Audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the statements are free of material misstatements. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statement, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional requirements so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion the financial report of Tugun & District Finances Limited are in accordance with:

- (a) the corporation law, including:
 - (i) Giving a true and fair view of the company's financial position as at 30th June, 2009 and of the company's performance for the year ended on that date and,
 - (ii) Complying with Accounting Standards and the Corporations Regulations: and,
- (b) Other mandatory professional reporting requirements.



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JAMES M. JUDGE
Registered Auditor

DATED THIS 29TH DAY OF SEPTEMBER, 2009

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenue from ordinary activities	2	690,612	708,561
Employee benefits expense	3	297,373	334,360
Charitable donations and sponsorship		24,055	16,475
Depreciation and amortisation expense	3	42,695	46,081
Finance costs	3	-	1,030
Other expenses from ordinary activities		271,807	226,777
Profit/(loss) before income tax expense		54,683	83,837
Income tax expense	4	23,012	39,349
Profit/(loss) after income tax expense		31,671	44,488
Earnings per share (cents per share)			
- basic for profit/(loss) for the year	22	9c	14c
- diluted for profit/(loss) for the year	22	9c	14c
- dividends paid per share	21	-	5c

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Current assets			
Cash assets	6	108,055	59,457
Receivables	7	74,537	65,205
Total current assets		182,592	124,662
Non-current assets			
Property, plant and equipment	8	151,687	150,370
Deferred income tax asset	4	26,256	49,268
Intangible assets	9	50,534	76,230
Total non-current assets		228,477	275,868
Total assets		411,069	400,530
Current liabilities			
Payables	10	29,133	35,643
Interest bearing liabilities	11	-	-
Current tax payable	4	NIL	NIL
Provisions	12	42,724	57,346
Total current liabilities		71,857	92,989
Non-current liabilities			
Interest bearing liabilities	11	-	-
Total non-current liabilities			
Total liabilities		71,857	92,989
Net assets		339,212	307,541
Equity			
Share capital	13	600,000	600,000
Retained earnings/(accumulated losses)	14	(260,788)	(292,459)
Total equity		339,212	307,541

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			
Cash receipts in the course of operations		689,479	712,228
Cash payments in the course of operations		626,416	541,293
Interest paid		-	1,030
Interest received		3,851	603
Income tax paid		-	-
Net cash flows from/(used in) operating activities	15b	66,914	170,508
Cash flows from investing activities			
Payment for intangible assets		-	68,909
Payments for property, plant and equipment		18,315	8,727
Net cash flows from/(used in) investing activities		18,315	77,636
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Finance lease payments		-	-
Dividends provided for		-	30,000
Net cash flows from/(used in) financing activities		-	30,000
Net increase/(decrease) in cash held		48,599	62,872
Add opening cash brought forward		59,456	(3,416)
Closing cash carried forward	15a	108,055	59,456

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Note	2009 \$	2008 \$
Share capital			
Ordinary shares			
Balance at start of year		600,000	600,000
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		600,000	600,000
Balance at start of year		(292,459)	(306,947)
Profit/(loss) after income tax expense		31,671	44,488
Dividends paid		-	30,000
Balance at end of year		(260,788)	(292,459)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

(b) Statement of compliance

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

(c) Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2008 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available

to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to the financial statements continued

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

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value. Land and buildings are measured at fair value less accumulated depreciation. Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Buildings	2.5%
Plant & equipment	10-20%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Revaluations

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

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

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

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

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

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount.

Notes to the financial statements continued

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

Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the cash flow statement on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The Company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Comparative figures

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

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Notes to the financial statements continued

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

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Interest bearing liabilities

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Contributed capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Notes to the financial statements continued

	2009 \$	2008 \$
Note 2. Revenue from ordinary activities		
Operating activities		
- services commissions	202,871	185,704
- other revenue	483,890	522,253
Total revenue from operating activities	686,762	707,957
Non-operating activities:		
- interest received	3,851	604
- other revenue	-	-
Total revenue from non-operating activities	3,851	604
Total revenue from ordinary activities	690,612	708,561

Note 3. Expenses

Employee benefits expense		
- wages and salaries	220,585	286,677
- superannuation costs	25,149	23,376
- post-employment benefits (other than superannuation)	-	-
- workers' compensation costs	1,238	582
- other costs	50,400	23,725
	297,373	334,360
Depreciation of non-current assets:		
- plant and equipment	9,816	7,170
- buildings	7,182	7,201
Amortisation of non-current assets:		
- intangibles	25,697	34,593
	42,695	48,964
Finance Costs:		
- Interest paid	-	1,030
Bad debts	1,981	1,336

Notes to the financial statements continued

	2009 \$	2008 \$
Note 4. Income tax expense		
The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before income tax at 30%	16,404	25,151
Add tax effect of:		
- Non-deductible expenses	6,608	14,198
- Prior year tax losses not previously brought to account	-	-
- Future income tax benefit not brought to account	-	-
Current income tax expense	23,012	39,349
Origination and reversal of temporary differences	-	-
Deferred income tax expense	-	-
Income tax expense	23,012	39,349
Tax liabilities		
Current tax payable	NIL	NIL
Deferred income tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	26,256	49,268

Note 5. Auditors' remuneration

Amounts received or due and receivable by

Judge & Woodward Pty Ltd:

- Audit or review of the financial report of the Company	4,800	3,500
- Other services in relation to the Company	-	-
	4,800	3,500

Notes to the financial statements continued

	2009 \$	2008 \$
Note 6. Cash assets		
Cash at bank and on hand	108,055	59,457

Note 7. Receivables

GST receivable	-	-
Trade debtors	74,537	65,205
	74,537	65,205

Note 8. Property, plant and equipment

Land

Freehold land at cost	-	-
Buildings	-	-
At cost	140,522	140,522
Less accumulated depreciation	33,288	26,106
	107,234	114,416

Plant and equipment

At cost	100,325	82,010
Less accumulated depreciation	55,872	46,056
	44,453	35,954
Total written down amount	151,687	150,370

Movements in carrying amounts

Building

Carrying amount at beginning of year	114,416	121,617
Additions	-	-
Disposals	-	-
Depreciation expense	7,182	8,201
Carrying amount at end of year	107,234	114,416

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 8. Property, plant and equipment (continued)

Plant and equipment

Carrying amount at beginning of year	35,954	34,397
Additions	18,315	8,727
Disposals	-	-
Depreciation expense	9,816	7,170
Carrying amount at end of year	44,453	35,954

Note 9. Intangible assets

Franchise fee

At cost	128,909	128,909
Less accumulated amortisation	78,375	61,516
	50,534	67,393

Preliminary expenses

At cost	-	90,490
Less accumulated amortisation	-	81,653
	-	8,837
	50,534	76,230

Note 10. Payables

Trade creditors	29,133	35,643
Other creditors and accruals	-	-
	29,133	35,643

Notes to the financial statements continued

	2009 \$	2008 \$
Note 11. Interest bearing liabilities		
Bank overdraft	-	-
Bank loan - secured	-	-
	-	-

Note 12. Provisions

Provision for dividend	2,187	30,000
Provision for procedural error	24,837	9,000
Audit fees	4,800	3,500
Employee benefits	10,900	14,846
	42,724	57,346
Number of employees at year end	6	6

Note 13. Share capital

600,000 Ordinary Shares fully paid of \$1 each	600,000	600,000
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Note 14. Retained earnings / (accumulated losses)

Balance at the beginning of the financial year	(292,459)	(306,947)
Profit/(loss) after income tax	31,671	44,488
Dividends provided for	-	30,000
Balance at the end of the financial year	(260,788)	(292,459)

Notes to the financial statements continued

	2009 \$	2008 \$
Note 15. Cash flow statement		
(a) Reconciliation of cash		
Cash assets	108,055	59,457
Bank overdraft	-	-
	108,055	59,457
(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities		
Profit / (loss) after income tax	54,683	83,837
Non cash items		
- Depreciation	16,998	14,371
- Amortisation	25,697	34,593
Changes in assets and liabilities		
- (Increase) decrease in receivables	(9,331)	(4,224)
- Increase (decrease) in payables	(6,511)	18,605
- Increase (decrease) in provisions	(14,622)	23,326
Net cashflows from/(used in) operating activities	66,914	170,508

Note 16. Director and related party disclosures

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

Allan Blenkins

Colin Woodward

Valentine Meynink

Bob Marshall

David Mitchell

Ross Johnston

Anthony Dick

Wendy Handly

Dr. Paul Hansen

No Director or related entity has entered into a material contract with the Company with the exception of Allan Blenkins who has an interest in the landlord Company. No Director fees have been paid as the positions are held on a voluntary basis.

Notes to the financial statements continued

Note 16. Director and related party disclosures (continued)

Directors' shareholdings	2009	2008
Allan Blenkins	15,000	15,000
Colin Woodward	1,000	1,000
Valentine Meynink	1,000	1,000
Bob Marshall	4,000	4,000
David Mitchell	10,000	10,000
Ross Johnston	6,000	6,000
Anthony Dick	11,500	11,500
Wendy Handley	5,000	5,000
Dr. Paul Hansen	16,000	16,000

The following Directors held shares nominated in entities other than in their own names;

Allen Blenkins

Val Meynink

Bob Marshall

David Mitchell

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

Note 17. Subsequent events

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

Note 18. Contingent liabilities

Provision has been made in these accounts for any contingent liabilities.

Note 19. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Tugun, Gold Coast.

Notes to the financial statements continued

Note 20. Corporate information

Tugun & District Finances Ltd is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Bendigo Stock Exchange.

The registered office and principal place of business is: 482 Golden Four Drive, Tugun.

	2009 \$	2008 \$
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Note 21. Dividends paid or provided for on ordinary shares

(a) Dividends proposed and recognised as a liability

Unfranked dividends - 0 cents per share (2008: 5 cents)	-	30,000
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(b) Dividends paid during the year

(i) Current year interim		
Unfranked dividends - 0 cents per share (2008: 0 cents per share)	-	-
(ii) Previous year final		
Unfranked dividends - 0 cents per share (2008: 5 cents per share)	-	-

(c) Dividends proposed and not recognised as a liability

Unfranked dividends - 0 cents per share (2008: 0 cents per share)	-	-
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(d) Franking credit balance

The amount of franking credits available for the subsequent financial year are:

• Franking account balance as at the end of the financial year	-	-
• Franking credits that will arise from the payment of income tax payable as at the end of the financial year	-	-
• Franking debits that will arise from the payment of dividends as at the end of the financial year	-	-
• Franking credits that will arise from the payment of dividends recognised as receivables at the reporting date	-	-
• Franking credits that the entity may be prevented from distributing in the subsequent year	-	-
	-	-

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

Dividends proposed will be franked at a rate of 30% (2008: 30%).

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 22. Earnings per share

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

9c 14c

Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

9c 14c

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit/(loss) after income tax expense	31,671	44,488
Weighted average number of ordinary shares for basic and diluted earnings per share	600,000	600,000

Note 23. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit risk

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

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

	Carrying amount	
	2009 \$	2008 \$
Cash assets	108,055	59,457
Receivables	74,537	65,205
	182,592	124,662

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(a) Credit risk (continued)

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2008: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Company has an established overdraft facility of \$50,000 with Bendigo and Adelaide Bank Ltd.

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
30 June 2009					
Payables	29,133	29,133	29,133	–	–
Interest bearing liabilities	–	–	–	–	–
	29,133	29,133	29,133	–	–
30 June 2008					
Payables	35,643	35,643	35,643	–	–
Interest bearing liabilities	–	–	–	–	–
	35,643	35,643	35,643	–	–

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular board meetings.

Sensitivity analysis

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

	Carrying amount	
	2009	2008
	\$	\$
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	-	-

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2008 there was also no impact. As at both dates this assumes all other variables remain constant.

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(d) Net fair values

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

(e) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2009 can be seen in the Income Statement.

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

Director's declaration

In accordance with a resolution of the Directors of Tugun & Districts Finances Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2009.



Allan Blenkins

Chairman / Chairperson

Signed at Tugun on the 29 September 2009.

Independent audit report

INDEPENDENT AUDIT REPORT **TUGUN & DISTRICT FINANCES LIMITED**

Scope

We have audited the financial report of Tugun & District Finances Limited, being the statements of Financial Position, Financial Performance and Cash flows and the Notes to the Financial Statements. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on them to the members of the company.

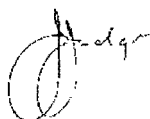
Our Audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the statements are free of material misstatements. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statement, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional requirements so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion the financial report of Tugun & District Finances Limited are in accordance with:

- (a) the corporation law, including:
 - (i) Giving a true and fair view of the company's financial position as at 30th June, 2009 and of the company's performance for the year ended on that date and,
 - (ii) Complying with Accounting Standards and the Corporations Regulations: and,
- (b) Other mandatory professional reporting requirements.



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JAMES M. JUDGE
Registered Auditor

DATED THIS 29TH DAY OF SEPTEMBER, 2009

Tugun Community Bank® Branch

Shop 1-3, 482 Golden Four Drive, Tugun QLD 4224

Phone: (07) 5559 5700

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The Bendigo Centre, Bendigo VIC 3550

ABN 11 068 049 178. AFSL 237879. (KKQAR9011) (07/09)

