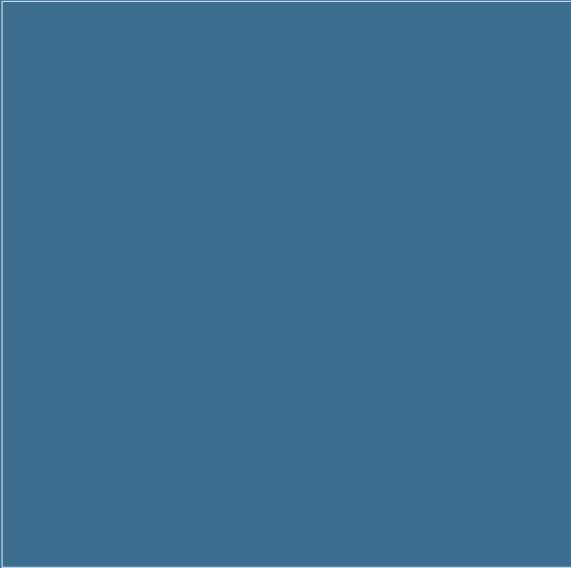


# annual report | 2009



Wandin Seville Financial  
Services Limited  
ABN 33 098 648 296

Wandin Seville **Community Bank**<sup>®</sup> Branch

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# Chairman's report

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For year ending 30 June 2009

## **History**

We have been trading for over seven years and are accepted as an integral and important part of the community. Building on this solid foundation, we have expanded our business base and have rewarded with substantial growth. Our staff and Board members are pleased to listen to any suggestions you may have regarding banking or community involvement.

## **Current position**

We achieved significant growth during the year. Our book has grown to over \$108 million in funds and more than 3,800 accounts. This growth has enabled us to consolidate our position and reduce our debt during the global financial crisis. Our ATMs at Wandin, Seville and Coldstream continue to provide service in our main customer areas.

We have once again paid a fully franked dividend to our shareholders.

Our Marketing Committee has enabled us to follow on from last year with support promised to Wandin Fire Brigade for extensions to their building. This has been delayed slightly but will proceed very soon.

The Bushfires of February 2009 have had an impact on all of us and will continue to for some time. We purchased six generators so that people with their buildings but no power could remain on site. These were distributed widely but have since been returned to us. The decision was made to donate most of these to local fire brigades or similar so they can be put to good use. The rebuilding phase will continue to occupy us for some time to come.

We continue to work with other **Community Bank**<sup>®</sup> branches, the Shire of Yarra Ranges and local community groups to assist and build stronger communities.

## **Future growth**

Our main emphasis for the coming year will be the opening of a sub-branch in Seville. The Branch will be situated in the recently expanded IGA building and will have Warburton Highway frontage and will provide all the banking facilities currently available in Wandin. We feel this will be a significant step toward improving our relationship with the Seville community.

## **Staff**

Tony, along with David, Joanne, Carolyn, Melanie and Carolyn are our face to the public and enjoy a health and respected position in our community. With the expansion into Seville there will be some new staff and they will be integrated to provide the best service at both branches.

# Chairman's report continued

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## **Bendigo and Adelaide Bank Ltd**

Our partnership with Bendigo and Adelaide Bank Ltd continues to flourish and develop into a happy and healthy relationship. We have combined with other community branches and Bendigo and Adelaide Bank Ltd in some very successful joint ventures with prospects of more in the future.

## **Board members**

Our meetings are held on a monthly basis and all members continue to provide valuable input to running our Company successfully. They continue to give of their time and expertise willingly and with enthusiasm. I am proud to be part of this team.

## **Communication**

We have been working on a better way to communicate with you and the wider community and are pleased to announce the opening of our own website. This can be found at

[www.wandinsevillecommunityservices.com.au](http://www.wandinsevillecommunityservices.com.au)

and we invite you all to visit this regularly. It also provides links to other groups with whom we have established a relationship and we feel this will build on these.

I thank you for your commitment as a shareholder and if you haven't done so already, ask that you consider bringing your banking to one of our branches.

The return for this support can be seen in the dividend and the community projects supported by us.

The strength of the **Community Bank**<sup>®</sup> model comes from members of the community, like you, supporting our branches and the local community.



**Kevin Parker**  
**Chairman**

# Manager's report

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For year ending 30 June 2009

Our branch has now been operating for seven years as at 30 June 2009. The past year has gone rapidly and it is pleasing to reflect on our achievements in that time.

- Increased contribution to the community in sponsorships and grants - \$100,000
- Continued growth in our accounts and profitability
- Greater involvement with ATM's in our catchment area
- Continued profitability resulting in future dividends to our shareholders – this year is 10% fully franked.

Our goals for 2008/09 were to achieve:

- Increase in funds from \$80 million funds under management to \$92 million funds under management
- Increase our customer base to 3,800
- Continual provision of superior customer service.

It is pleasing to announce our goals set for 2009 have been vastly surpassed.

Funds under management have now reached \$105 million.

Our customer base has now risen above 4,000.

Increased sponsorships/grants have been a focus with major contributions to Animal Aid being a pleasing feature this year.

Continued superior service has been maintained during 2009 for our customers with the branch receiving commendations again from Bendigo and Adelaide Bank Ltd for excellent service to our clients during the year.

The three schools in our catchment continue to receive our education awards to pupils who excel in community awareness. These schools are also aware of grants available to complete larger projects specific to their school.

Our Board of Directors is to again be congratulated on their efforts over the past 12 months. Work pressures for all concerned have increased in proportion with our growth, however, our Board has remained extremely focused on our direction and goals to maintain and continue to maintain a very successful bank branch for our community.

What are we to achieve in the next 12 months?

Considering the achievements for 2008/09 and the past seven years, the branch is continuing on maintaining a greater emphasis on our schools and community infrastructures such as CFA, youth programs, animal aid, etc. However to achieve this result we still need to maintain our excellent profit levels to ensure satisfactory contributions to the community.

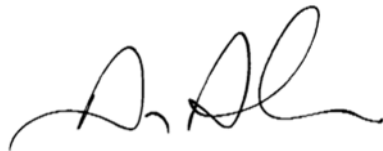
## Manager's report continued

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Thank you again for your support of the branch in 2008/09. We are extremely well placed to further increase our Business into 2010. We will continue to maintain our service and commitment to our loyal customers as in past years and we will also encourage people who live in our catchment area to bring their business to the Wandin Seville **Community Bank**<sup>®</sup> Branch. The commencement of our Seville Branch in late 2009 will enhance our position within the valley to a greater degree and will hopefully be very strongly supported by new clients which should ensure a second profitable site.

As Branch Manager of the Wandin Seville **Community Bank**<sup>®</sup> Branch, I am proud to present our seventh Annual Report and look forward to continuing commitment and service to our customers into our seventh year.

Thank you again for all your support and making your **Community Bank**<sup>®</sup> Branch very successful.

A handwritten signature in black ink, appearing to read 'T. Forbes', with a stylized flourish at the end.

**Tony Forbes**  
**Branch Manager**

# Directors' report

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For year ending 30 June 2009

The 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:

### Kevin Parker

Chairman  
Occupation: Owner Retail Electrical Store

### John Mould

Director  
Occupation: Retired Builder

### Wendy Scott

Director  
Occupation: Retired School Teacher and JP

### Kim Parry

Director  
Occupation: Real Estate Agent and JP

### Garry Byrne

Director  
Occupation: Primary Producer

### John Strachan

Treasurer, Secretary and Director  
Occupation: Chartered Accountant

### Megan Gibbons

Director  
Occupation: Bookkeeper

### Randall Pye

Director  
Occupation: Draftsman

### Keith Corbett

Director  
Occupation: Primary Producer

### Carolyn Burgi

Director  
Occupation: Primary Producer

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

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

## Principal activities

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

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

## Operating results

Operations have continued to perform in line with expectations. The profit/(loss) of the Company for the financial year after provision for income tax was \$239,239 (2008: \$177,902).

# Directors' report continued

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<b>Dividends</b>	<b>Year ended 30 June 2009</b>	
	<b>Cents</b>	<b>\$'000</b>
Final dividends recommended:	10	52,831

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## **Significant changes in the state of affairs**

In the opinion of the Directors there have been 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 of which a Director is a member or an entity in which a Director has a substantial financial interest, other than disclosed below. 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.

## **Accounting and Secretarial services**

Accounting and Secretarial services are provided by John Strachan Chartered Accountants, the Principal of which is a Director of the Company.

## **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' report continued

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## Directors' meetings

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

**Number of meetings held: 11**

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**Number of meetings attended:**

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Kevin Parker	10
John Strachan	11
John Mould	9
Megan Gibbons	11
Wendy Scott	7
Kim Parry	8
Keith Corbett	9
Carolyn Burgi	8
Garry Byrne	10
Randall Pye	8

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## Company Secretary

John Strachan has been the Company Secretary of Wandin Seville Financial Services Ltd since 5 November 2001. Mr Strachan is a Chartered Accountant with over 29 years' experience in accounting and tax matters. He has been the principal in his own public practice since May 1990.

## Corporate governance

The Company has implemented various corporate governance practices which include:

- (a) Director approval of operating budgets and monitoring of progress against these budgets;
- (b) Ongoing Director training; and
- (c) Monthly Director meetings to discuss performance and strategic plans.

# Directors' report continued

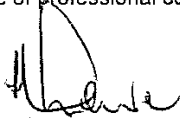
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## **Auditor independence declaration**

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

### **Auditor's Independence Declaration**

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



**Vin Crowe**  
**Partner**  
**Vin Crowe & Associates**  
**Ringwood**  
**1st October 2009**

Signed in accordance with a resolution of the Board of Directors at Wandin on 28 September 2009.



**Kevin Parker**  
**Chairman**



**John Strachan**  
**Director**

# Financial statements

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## Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	2	982,704	796,016
Employee benefits expense	3	(345,429)	(297,068)
Charitable donations and sponsorship		48,163	64,876
Depreciation and amortisation expense	3	(19,137)	(19,879)
Finance costs	3	(10,640)	(26,629)
Other expenses from ordinary activities		(316,154)	(289,781)
<b>Profit/(loss) before income tax expense</b>		<b>339,507</b>	<b>227,535</b>
Income tax expense	4	(100,268)	(49,633)
<b>Profit/(loss) after income tax expense</b>		<b>239,239</b>	<b>177,902</b>
<b>Earnings per share (cents per share)</b>			
- basic/ diluted for profit / (loss) for the year	22	0.45	0.34
- dividends paid per share		0.10	0.07

The accompanying notes form part of these financial statements.

## Financial statements continued

### Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
<b>Current assets</b>			
Cash assets	6	328,256	336,647
Trade and other receivables	7	98,705	83,701
<b>Total current assets</b>		<b>426,961</b>	<b>420,348</b>
<b>Non-Current assets</b>			
Property, plant and equipment	8	587,627	580,469
Deferred income tax asset	4	34,330	32,241
Intangible assets	9	29,166	39,166
<b>Total non-current assets</b>		<b>651,123</b>	<b>651,876</b>
<b>Total assets</b>		<b>1,078,084</b>	<b>1,072,224</b>
<b>Current liabilities</b>			
Trade and other payables	10	65,170	54,870
Interest bearing liabilities	11	-	39,216
Current tax payable	4	53,879	6,134
Provisions	12	19,425	13,846
<b>Total current liabilities</b>		<b>138,474</b>	<b>114,066</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	11	8,237	220,306
Provisions	12	27,032	19,919
<b>Total Non-current Liabilities</b>		<b>35,269</b>	<b>240,225</b>
<b>Total liabilities</b>		<b>173,743</b>	<b>354,291</b>
<b>Net assets/(liabilities)</b>		<b>904,341</b>	<b>717,933</b>
<b>Equity</b>			
share capital	13	528,311	528,311
Retained earnings / (accumulated losses)	14	376,030	189,622
<b>Total equity</b>		<b>904,341</b>	<b>717,933</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		950,642	799,973
Cash payments in the course of operations		(601,069)	(547,124)
Interest received		17,058	18,174
Income tax paid		(54,611)	(89,124)
<b>Net cash flows from/(used in) operating activities</b>	<b>15b</b>	<b>312,020</b>	<b>181,899</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(16,295)	(27,604)
<b>Net cash flows from/(used in) investing activities</b>		<b>(16,295)</b>	<b>(27,604)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			-
Repayment of borrowings		(251,285)	(85,626)
Dividend paid		(52,831)	(36,982)
<b>Net cash flows from/(used in) financing activities</b>		<b>(304,116)</b>	<b>-122,608</b>
<b>Net increase/(decrease) in cash held</b>		<b>(8,391)</b>	<b>31,687</b>
Add opening cash brought forward		336,647	304,960
<b>Closing cash carried forward</b>	<b>15a</b>	<b>328,256</b>	<b>336,647</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

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### Statement of changes in equity As at 30 June 2009

	Note	2009 \$	2008 \$
<b>Share capital</b>			
<b>Ordinary shares</b>			
Balance at start of year		528,311	528,311
Issue of share capital		-	-
share issue costs		-	-
<b>Balance at end of year</b>		<b>528,311</b>	<b>528,311</b>
<b>Retained earnings</b>			
Balance at start of year		717,933	577,013
Profit/(loss) after income tax expense		239,239	177,902
Dividends paid		(52,831)	(36,982)
<b>Balance at end of year</b>		<b>904,341</b>	<b>717,933</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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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 28th 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 2009 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

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## 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:

<b>Class of asset</b>	<b>Depreciation rate</b>
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.



# Notes to the financial statements continued

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

### **Recoverable amount of assets**

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

### **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.

# Notes to the financial statements continued

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

### **Revenue**

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

### **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 that 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 \$
<b>Note 2. Revenue from ordinary activities</b>		
<b>Operating activities</b>		
- services commissions	951,302	762,163
- other revenue		
<b>Total revenue from operating activities</b>	<b>951,302</b>	<b>762,163</b>
<b>Non-operating activities:</b>		
- interest received	17,058	18,174
- other revenue	14,344	15,679
<b>Total revenue from non-operating activities</b>	<b>31,402</b>	<b>33,853</b>
<b>Total revenue from ordinary activities</b>	<b>982,704</b>	<b>796,016</b>

## Note 3. Expenses

<b>Employee benefits expense</b>		
- wages and salaries	320,077	218,606
- superannuation costs	24,419	77,654
- workers' compensation costs	933	808
	<b>345,429</b>	<b>297,068</b>
<b>Depreciation of non-current assets:</b>		
- plant and equipment	2,473	1,955
- buildings	6,664	7,924
<b>Amortisation of non-current assets:</b>		
- intangibles	10,000	10,000
	19,137	19,879
<b>Finance costs:</b>		
- Interest paid	10,640	26,629
- Borrowing cost	-	-
- Bad debts	-	-

## Notes to the financial statements continued

	2009 \$	2008 \$
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### 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%	101,852	68,261
Add tax effect of:		
- Non-deductible expenses	(1,059)	600
- Future income tax benefit not previously brought to account	(525)	(19,228)
<b>Current income tax expense</b>	<b>100,268</b>	<b>49,633</b>

The components of tax expense comprise:

Current tax	102,357	59,903
Deferred tax	(2,089)	(10,270)
	<b>100,268</b>	<b>49,633</b>

#### Tax liabilities

<b>Current tax payable</b>	<b>53,879</b>	<b>6,134</b>
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#### Deferred income tax asset

Future income tax benefits arising from deductible temporary differences are recognised to the extent that profits will be available against which such differences can be utilised.

<b>34,330</b>	<b>32,241</b>
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### Note 5. Auditors' remuneration

Amounts received or due and receivable by Vin Crowe & Associates for:

- Audit or review of the financial report of the Company	1,925	1,925
- Other services in relation to the Company	-	
	<b>1,925</b>	<b>1,925</b>

### Note 6. Cash assets

<b>Cash at bank and on hand</b>	<b>328,256</b>	<b>336,647</b>
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## Notes to the financial statements continued

	2009 \$	2008 \$
<b>Note 7. Receivables</b>		
Trade debtors	95,378	80,272
Other receivables	3,327	3,429
	<b>98,705</b>	<b>83,701</b>

## Note 8. Property, plant and equipment

### Buildings

At cost	578,041	578,041
Less accumulated depreciation	(14,588)	(7,924)
	<b>563,453</b>	<b>570,117</b>

### Plant and equipment

At cost	183,734	167,439
Less accumulated depreciation	(159,560)	(157,087)
	<b>24,174</b>	<b>10,352</b>
<b>Total written down amount</b>	<b>587,627</b>	<b>580,469</b>

### Movements in carrying amounts

#### Building

Carrying amount at beginning of year	570,117	557,037
Additions	-	21,004
Disposals		
Depreciation expense	(6,664)	(7,924)
<b>Carrying amount at end of year</b>	<b>563,453</b>	<b>570,117</b>

#### Plant and equipment

Carrying amount at beginning of year	10,352	5,707
Additions	16,295	6,600
Disposals	-	-
Depreciation expense	(2,473)	(1,955)
<b>Carrying amount at end of year</b>	<b>24,174</b>	<b>10,352</b>

## Notes to the financial statements continued

	2009 \$	2008 \$
<b>Note 9. Intangible assets</b>		
Franchise fee - at cost	60,000	60,000
<b>Additions</b>		
Less accumulated amortisation	(54,167)	(52,167)
	<b>5,833</b>	<b>7,833</b>
<b>Preliminary expenses</b>		
At cost	46,370	46,370
Less accumulated amortisation	(46,370)	(46,370)
	-	-
	<b>5,833</b>	<b>7,833</b>
Renewal cost recovery fee - at cost	40,000	40,000
Additions	-	-
Less accumulated amortisation	(16,667)	(8,667)
	<b>23,333</b>	<b>31,333</b>
	<b>29,166</b>	<b>39,166</b>

## Note 10. Payables

Trade creditors	24,615	18,049
Other creditors and accruals	40,555	36,821
	<b>65,170</b>	<b>54,870</b>

## Notes to the financial statements continued

	2009 \$	2008 \$
<b>Note 11. Interest bearing liabilities</b>		
<b>Current:</b>		
Bank loan - secured	-	39,216
Other loans	-	-
	<b>-</b>	<b>39,216</b>
<b>Non current:</b>		
Bank loan - secured	8,237	220,306
	<b>8,237</b>	<b>220,306</b>

Bank loans are repayable monthly over a period of 15 years. Monthly loan instalment is \$3,267.20. Interest rate is determined based on the commercial variable base rate. The loans are secured by mortgage over the property.

## Note 12. Provisions

<b>Current:</b>		
<b>Employee benefits</b>	<b>19,425</b>	<b>13,846</b>
<b>Non-current</b>		
<b>Employee benefits</b>	<b>27,032</b>	<b>19,919</b>
<b>Number of employees at year end</b>	<b>8</b>	<b>6</b>

## Note 13. Share capital

<b>528,311 Ordinary shares fully paid of \$1 each</b>	<b>528,311</b>	<b>528,311</b>
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## Note 14. Retained earnings

Balance at the beginning of the financial year	189,622	48,702
Profit/(loss) after income tax	239,239	177,902
Dividends	(52,831)	(36,982)
<b>Balance at the end of the financial year</b>	<b>376,030</b>	<b>189,622</b>

## Notes to the financial statements continued

	2009 \$	2008 \$
<b>Note 15. Cash flow statement</b>		
<b>(a) Reconciliation of cash</b>		
Cash assets	328,256	336,647
	<b>328,256</b>	<b>336,647</b>
<b>(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities</b>		
Profit / (loss) after income tax	239,239	177,902
Non cash items		
- Depreciation	9,137	9,879
- Amortisation	10,000	10,001
Changes in assets and liabilities		
- (Increase) decrease in receivables	(15,005)	22,131
- (Increase) decrease in other assets	(2,089)	(10,270)
- Increase (decrease) in payables	10,300	(20,001)
- Increase (decrease) in provisions	12,692	21,477
- Increase (decrease) in other liabilities	47,746	(29,220)
<b>Net cash flows from/(used in) operating activities</b>	<b>312,020</b>	<b>181,899</b>

## Note 16. Director and related party disclosures

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

Kevin Parker	Wendy Scott
John Strachan	Kim Parry
John Mould	Keith Corbett
Randall Pye	Carolyn Burgi
Megan Gibbons	Garry Byrne

No Director or related entity has entered into a material contract with the Company.



# Notes to the financial statements continued

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## Note 16. Director and related party disclosures (continued)

<b>Directors' shareholdings</b>	<b>2009</b>	<b>2008</b>
Kevin Parker	2,001	8,001
John Strachan	7,001	7,001
John Mould	16,501	29,501
Megan Gibbons	500	500
Wendy Scott	1,500	1,500
Kim Parry	1,001	1,001
Keith Corbett	32,500	38,000
Carolyn Burgi	500	500
Garry Byrne	5,000	5,000
Randall Pye	500	500

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

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

## 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 regional areas of Eastern Victoria

## Note 20. Corporate information

Wandin Seville Financial Services Ltd is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is:

**Registered Office:**

Suite 2 1st Floor,  
329 Main Street,  
Lilydale VIC 3140

**Principal place of Business:**

Shop 13,  
2 Union Road,  
Wandin North VIC 3139

## Notes to the financial statements continued

	2009 \$	2008 \$
<b>Note 21. Dividends paid or provided for on ordinary shares</b>		
Dividends proposed and not recognised as a liability		
Franked dividends - 10 cents per share (2008: 7 cents per share)	52,831	36,982

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%).

## 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.

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).

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

<b>Profit/(loss) after income tax expense</b>	<b>239,239</b>	<b>177,902</b>
<b>Weighted average number of ordinary shares for basic and diluted earnings per share</b>	<b>528,311</b>	<b>528,311</b>

# Notes to the financial statements continued

## Note 23. Financial risk management

### 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.

### Maturity analysis

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate		
			1 year or less		Over 1 to 5 years		Over 5 years						
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 %	2008 %	
<b>Financial assets</b>													
Cash assets	28,256	33,900	300,000	300,000	-	-	-	-	-	-	6.10%	6.10%	
Receivables	-	-	-	-	-	-	-	-	-	98,705	83,701	-	-
<b>Financial liabilities</b>													
Payables	-	-	-	-	-	-	-	-	-	65,170	54,870	-	-
Interest bearing liabilities	8,237	259,522	-	-	-	-	-	-	-	-	-	8.52%	7.85%

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.

#### (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:

## Notes to the financial statements continued

### Note 23. Financial risk management (continued)

	Carrying amount	
	2009 \$	2008 \$
Cash assets	328,256	336,647
Receivables	98,705	83,701
	<b>426,961</b>	<b>420,348</b>

The Company's exposure to credit risk is limited to Australia by geographic area. Significant part of this balance 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.

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

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
<b>30 June 2009</b>					
Payables	65,170	–	65,170	–	–
Interest bearing liabilities	8,237	–	–	8,237	–
	<b>73,407</b>	<b>–</b>	<b>65,170</b>	<b>8,237</b>	<b>–</b>
<b>30 June 2008</b>					
Payables	54,870	–	54,870	–	–
Interest bearing liabilities	259,522	–	39,216	220,306	–
	<b>314,392</b>	<b>–</b>	<b>94,086</b>	<b>220,306</b>	<b>–</b>

# Notes to the financial statements continued

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## 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
	\$	\$
<b>Fixed rate instruments</b>		
Financial assets (fixed rate)	300,000	300,000
Financial liabilities (floating rate)	(8,237)	(259,522)
	<b>291,763</b>	<b>40,478</b>

#### 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.

### (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.

## Notes to the financial statements continued

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Note 23. Financial risk management (continued)

**(e) Capital management (continued)**

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.

# Directors' declaration

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In accordance with a resolution of the Directors of Wandin Seville Financial Services Limited, we 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 2008.



**Kevin Parker**  
**Chairman**



**John Strachan**  
**Director**

Signed at Wandin on 28 September 2009.

# Independent audit report

CERTIFIED PRACTISING  
ACCOUNTANTS

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ABN 52 786 054 164

PRINCIPAL  
VINCENT R CROWE  
FCPA FTIA  
REGISTERED  
COMPANY AUDITOR

V I N C R O W E & A S S O C I A T E S

## INDEPENDENT AUDIT REPORT TO THE MEMBERS OF WANDIN SEVILLE FINANCIAL SERVICES LIMITED

### SCOPE

The financial report comprises the balance sheet as at 30 June 2009, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements and the director's declaration for Wandin Seville Financial Services Limited, for the year ended on that date.

The directors of company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

### AUDIT APPROACH

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatements. The nature of the audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of the internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and its performance as represented by the results of its operations and cash flows.





# Independent audit report continued

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We formed our audit opinion on the basis of the procedures, which include:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

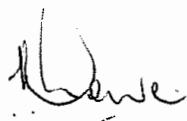
## **INDEPENDENCE**

In conducting our audit, we have followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

## **AUDIT OPINION**

In our opinion, the financial report of Wandin Seville Financial Services Limited is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporation Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



**VINCENT R CROWE**  
**PRINCIPAL**

**VIN CROWE & ASSOCIATES**

Date: 5<sup>th</sup> October 2009

Wandin Seville **Community Bank**<sup>®</sup> Branch

Shop 3, Lot 10 Union Road, Wandin North VIC 3139

Phone: (03) 5964 4595 Fax: (03) 5964 3970

Franchisee: Wandin Seville Financial Services Limited

Suite 2, 1st Floor, 329 Main Street, Lilydale VIC 3140

ABN: 33 098 648 296

[www.bendigobank.com.au](http://www.bendigobank.com.au)

Bendigo and Adelaide Bank Limited,

The Bendigo Centre, Bendigo VIC 3550

ABN 11 068 049 178. AFSL 237879. (BMPAR9102) (10/09)