

# annual report 2010

Wandin Seville Financial  
Services Limited  
ABN 33 098 648 296

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

# Contents

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<b>Chairman's report</b>	<b>2-3</b>
<b>Manager's report</b>	<b>4</b>
<b>Directors' report</b>	<b>5-8</b>
<b>Financial Statements</b>	<b>9-12</b>
<b>Notes to the financial statements</b>	<b>13-28</b>
<b>Directors' declaration</b>	<b>29</b>
<b>Independent audit report</b>	<b>30-31</b>

# Chairman's report

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For year ending 30 June 2010

## **History**

We have been trading for over eight years and are accepted as an integral and important part of the community. Building on this solid foundation, we have continued our expansive trend and despite the GFC, been rewarded with growth.

## **Current position**

Our main emphasis this year has been the opening of a Sub branch in Seville within the IGA building but fronting Warburton Highway. A great deal of planning and hard work has gone into this project as it involved a substantial expense in setting up and employing additional staff. The costs are reflected in our financial statements and reduced profit margin but we anticipate this additional facility will enable us to grow our business and assist the communities on a wider scale.

Again we have paid a pleasing fully franked dividend to our shareholders.

Our Marketing Committee has continued as in previous years and financial assistance is being given currently with the extensions to Wandin Fire Brigade. Other future and major projects will enable us to be of further assistance to community groups.

We continue to work with other **Community Bank**<sup>®</sup> branches, the Shire of Yarra Ranges and various local community groups including the three schools, not only to assist but also to build stronger, mutually-rewarding relationships.

## **Future growth**

Our main emphasis for the coming year will be based on building Seville to a level where it is self sufficient. Our goal is that in time, Seville will rival Wandin in terms of business.

## **Staff**

With the opening of Seville came the need for more staff to provide the service we are known for and our customers expect. Please make yourself known to newer staff members as you carry out your business.

## **Bendigo and Adelaide Bank Ltd**

Our partnership with Bendigo and Adelaide Bank Ltd continues to strengthen. We have combined with other **Community Bank**<sup>®</sup> branches and Bendigo and Adelaide Bank Ltd in some very successful joint ventures with prospects of more in the future.

# Chairman's report continued

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## **Board Directors**


Monthly meetings are held and all members continue to provide valuable input to running our Company successfully, giving their time and expertise willingly and enthusiastically. I am proud to be part of this team.

## **Communication**

Our community website continues to be a major form of communication with you and the wider community, providing links to other groups with whom we have established a relationship. The address is [www.wandinsevillecommunityservices.com.au](http://www.wandinsevillecommunityservices.com.au) .

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. With even greater community support we can continue to provide generous dividends and assist even more significantly with many community projects which are brought to our attention.

This is the strength and message of the **Community Bank**<sup>®</sup> model.



**Kevin Parker**

**Chairman**

# Manager's report

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For year ending 30 June 2010

Our branch has now been in operation for eight years as at 30 June 2010. Among our many achievements and highlights, was the opening of our sub Branch in Seville during January 2010.

- We again increased contributions to the community in sponsorships and grants of over \$100,000 predominantly to our CFAs and local animal shelter.
- Maintained stability in our accounts, lending, ATM usage and our profitability

Our goals for 2009/2010 have been surpassed, ie.

- our customer base has increased to 4,000 with the advent of Seville
- superior customer service has been provided and maintained

Funds under management reached \$108 million. Our growth at Seville has been slower than expected, but to date is holding \$3 million in funds under management.

Continued superior service has been maintained during 2010 for our customers, with the branch receiving commendations again from Bendigo and Adelaide Bank Ltd for excellent service and growth in ancillary products. Numerous Branch inspections showed excellent results.

Despite global financial difficulties and expenses associated with Seville, our Board has remained extremely focused on our direction and goals in order to continue to maintain very successful branches for our community.

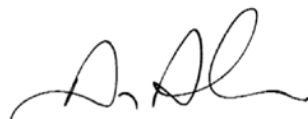
## **What are we to achieve in the next 12 months?**

The branches will continue to maintain emphasis on our schools and community infrastructures such as CFA, youth programs and Animal Aid. However, to achieve this result, we will still need to maintain our profit levels and so it is vital that full community support is directed to banking with our Wandin and Seville Branches.

Thank you again for your support of our branches in 2009/10. We are again well placed to increase our business in 2011. We shall continue to maintain our service and commitment to our loyal customers and also continue to encourage people who live in our catchment area to bring their business to either of our two **Community Bank**<sup>®</sup> branches. The sub Branch at Seville while only open since January 2010 will continue to improve over the coming years and become a very profitable site for the Community.

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

Thank you again for all your support and for continuing to make your **Community Bank**<sup>®</sup> branches successful.



**Tony Forbes**

**Branch Manager**

# Directors' report

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For the financial year ended 30 June 2010

The Directors submit their report of the Company for the financial year ended 30 June 2010

## 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: Horticulturalist

### Margaret Schutt (Appointed 23/11/2009)

Director

Occupation: Accountant

### Wendy Scott (JP)

Director

Occupation: Retired School Teacher

### Kim Parry (JP)

Director

Occupation: Real Estate Agent

### Garry Byrne

Director

Occupation: Primary Producer

### Janet Ockwell (Appointed 30/8/2010)

Director

Occupation: Retired

### 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

### John Mould (Resigned 11/03/2010)

Director

Occupation: Retired Builder

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 franchised branches 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 \$156,005 (2009: \$239,239).

# Directors' report continued

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<b>Dividends</b>	<b>Year ended 30 June 2010</b>	
	<b>Cents per share</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 the Field Group. John Strachan is an employee of the Field Group.

## **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:

<b>Number of meetings held:</b>	<b>12</b>
<hr/>	
<b>Number of meetings attended:</b>	
<hr/>	
Kevin Parker	12
<hr/>	
John Strachan	9
<hr/>	
Margaret Schutt (Appointed 23/11/2009)	7
<hr/>	
Megan Gibbons	8
<hr/>	
Wendy Scott (JP)	12
<hr/>	
Kim Parry (JP)	10
<hr/>	
Keith Corbett	10
<hr/>	
Carolyn Burgi	11
<hr/>	
Garry Byrne	9
<hr/>	
Randall Pye	11
<hr/>	
John Mould	3
<hr/>	

### 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 32 years' experience in accounting and tax matters.

### 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

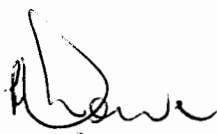
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### Auditor Independence Declaration

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 2010, 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**  
**12th October 2010**

Signed in accordance with a resolution of the Board of Directors at Wandin on 12 October 2010.



**Kevin Parker**  
**Chairman**



**John Strachan**  
**Director**

# Financial statements

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## Statement of comprehensive income For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenues from ordinary activities	2	1,115,678	982,704
Employee benefits expense	3	(488,857)	(345,429)
Charitable donations and sponsorship		(33,699)	(48,163)
Depreciation and amortisation expense	3	(37,505)	(19,137)
Finance costs	3	(12,950)	(10,640)
Other expenses from ordinary activities		(319,286)	(219,828)
<b>Profit/(loss) before income tax expense</b>		<b>223,381</b>	<b>339,507</b>
Income tax expense	4	(67,376)	(100,268)
<b>Profit/(loss) after income tax expense</b>		<b>156,005</b>	<b>239,239</b>
Other comprehensive income		-	-
<b>Total comprehensive income attributable to the entity</b>		<b>156,005</b>	<b>239,239</b>
<b>Earnings per share (cents per share)</b>			
- basic/ diluted for profit / (loss) for the year	22	0.30	0.34
- dividends paid per share		0.10	0.07

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of financial position As at 30 June 2010

	Note	2010 \$	2009 \$
<b>Current assets</b>			
Cash assets	6	550,338	328,256
Trade and other receivables	7	104,013	98,705
<b>Total current assets</b>		<b>654,351</b>	<b>426,961</b>
<b>Non-Current assets</b>			
Property, plant and equipment	8	744,253	587,627
Deferred income tax asset	4	41,468	34,330
Intangible assets	9	46,046	29,166
<b>Total non-current assets</b>		<b>831,767</b>	<b>651,123</b>
<b>Total assets</b>		<b>1,486,118</b>	<b>1,078,084</b>
<b>Current liabilities</b>			
Trade and other payables	10	112,605	65,170
Interest bearing liabilities	11	19,641	-
Current tax payable	4	4,490	53,879
Provisions	12	22,679	19,425
<b>Total current liabilities</b>		<b>159,415</b>	<b>138,474</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	11	284,683	8,237
Provisions	12	34,505	27,032
<b>Total Non-current Liabilities</b>		<b>319,188</b>	<b>35,269</b>
<b>Total liabilities</b>		<b>478,603</b>	<b>173,743</b>
<b>Net assets/(liabilities)</b>		<b>1,007,515</b>	<b>904,341</b>
<b>Equity</b>			
Share capital	13	528,311	528,311
Retained earnings / (accumulated losses)	14	479,204	376,030
<b>Total equity</b>		<b>1,007,515</b>	<b>904,341</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

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### Statement of changes in equity For the year ended 30 June 2010

	Note	2010 \$	2009 \$
<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		376,030	189,622
Total comprehensive income		156,005	239,239
Dividends paid		(52,831)	(52,831)
<b>Balance at end of year</b>		<b>479,204</b>	<b>376,030</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of cash flows For the year ended 30 June 2010

	Note	2010 \$	2009 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		1,093,745	950,642
Cash payments in the course of operations		(796,630)	(601,069)
Interest received		16,625	17,058
Income tax paid		(123,903)	(54,611)
<b>Net cash flows from/(used in) operating activities</b>	<b>15b</b>	<b>189,837</b>	<b>312,020</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(181,011)	(16,295)
Payment for other assets		(30,000)	
<b>Net cash flows from/(used in) investing activities</b>		<b>(211,011)</b>	<b>(16,295)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		300,000	-
Repayment of borrowings		(3,913)	(251,285)
Dividend paid		(52,831)	(52,831)
<b>Net cash flows from/(used in) financing activities</b>		<b>243,256</b>	<b>(304,116)</b>
<b>Net increase/(decrease) in cash held</b>		<b>222,082</b>	<b>(8,391)</b>
Add opening cash brought forward		328,256	336,647
<b>Closing cash carried forward</b>	<b>15a</b>	<b>550,338</b>	<b>328,256</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ended 30 June 2010

## 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 12 October 2010.

### **(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 2010 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.

# Notes to the financial statements continued

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

### **Income tax (continued)**

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.

### **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. Leasehold improvements at Seville Branch have been amortised over the lease term.

### **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.

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>

## Note 2. Revenue from ordinary activities

### Operating activities

- services commissions	1,079,067	951,302
- other revenue		
<b>Total revenue from operating activities</b>	<b>1,079,067</b>	<b>951,302</b>

## Notes to the financial statements continued

	2010 \$	2009 \$
Note 2. Revenue from ordinary activities (continued)		
<b>Non-operating activities:</b>		
- interest received	18,714	17,058
- other revenue	17,897	14,344
<b>Total revenue from non-operating activities</b>	<b>36,611</b>	<b>31,402</b>
<b>Total revenue from ordinary activities</b>	<b>1,115,678</b>	<b>982,704</b>

### Note 3. Expenses

#### Employee benefits expense

- wages and salaries	445,478	320,077
- superannuation costs	40,778	24,419
- workers' compensation costs	2,601	933
	<b>488,857</b>	<b>345,429</b>

#### Depreciation of non-current assets:

- plant and equipment	2,891	2,473
- buildings	7,294	6,664
- leasehold improvements	14,200	-

#### Amortisation of non-current assets:

- intangibles	13,120	10,000
	<b>37,505</b>	<b>19,137</b>

#### Finance costs:

- Interest paid	11,417	10,640
- Borrowing cost	1,415	-
- Bad debts	118	34
	<b>12,950</b>	<b>10,674</b>

## Notes to the financial statements continued

	2010 \$	2009 \$
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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%	67,014	101,852
Add tax effect of:		
- Non-deductible expenses	1,505	1,059
- Future income tax benefit not previously brought to account	(1,143)	(525)
<b>Current income tax expense</b>	<b>67,376</b>	<b>102,386</b>

The components of tax expense comprise:

Current tax	74,514	102,357
Deferred tax	(7,138)	(2,089)
	<b>67,376</b>	<b>100,268</b>

#### Tax liabilities

<b>Current tax payable</b>	<b>4,490</b>	<b>53,879</b>
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#### Deferred income tax asset

<b>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>	<b>41,468</b>	<b>34,330</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	1,500	1,925
- Other services in relation to the Company	-	
	<b>1,500</b>	<b>1,925</b>

### Note 6. Cash assets

<b>Cash at bank and on hand</b>	<b>550,338</b>	<b>328,256</b>
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## Notes to the financial statements continued

	2010 \$	2009 \$
<b>Note 7. Receivables</b>		
Trade debtors	104,013	95,378
Other receivables	-	3,327
	<b>104,013</b>	<b>98,705</b>

## Note 8. Property, plant and equipment

### Buildings

At cost	751,333	578,041
Less accumulated depreciation	(36,082)	(14,588)
	<b>715,251</b>	<b>563,453</b>

### Plant and equipment

At cost	191,453	183,734
Less accumulated depreciation	(162,451)	(159,560)
	<b>29,002</b>	<b>24,174</b>

<b>Total written down amount</b>	<b>744,253</b>	<b>587,627</b>
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### Movements in carrying amounts

#### Building

Carrying amount at beginning of year	563,453	570,117
Additions	173,294	-
Disposals		
Depreciation expense	(21,494)	(6,664)
<b>Carrying amount at end of year</b>	<b>715,253</b>	<b>563,453</b>

#### Plant and equipment

Carrying amount at beginning of year	24,174	10,352
Additions	7,719	16,295
Disposals	-	-
Depreciation expense	(2,891)	(2,473)
<b>Carrying amount at end of year</b>	<b>29,002</b>	<b>24,174</b>

## Notes to the financial statements continued

	2010 \$	2009 \$
<b>Note 9. Intangible assets</b>		
<b>Franchise establishment fee at cost - Seville</b>	-	-
Additions	20,000	
Less accumulated amortisation	(2,080)	-
	<b>17,920</b>	-
<b>Traning fees at cost - Seville</b>	-	-
Additions	10,000	
Less accumulated amortisation	(1,040)	-
	<b>8,960</b>	-
<b>Franchise fee-at cost - Wandin</b>	<b>60,000</b>	<b>60,000</b>
Additions		
Less accumulated amortisation	(56,167)	(54,167)
	<b>3,833</b>	<b>5,833</b>
<b>Preliminary expenses</b>		
At cost	46,370	46,370
Less accumulated amortisation	(46,370)	(46,370)
	-	-
<b>Renewal cost recovery fee - at cost</b>	<b>40,000</b>	<b>40,000</b>
Additions	-	-
Less accumulated amortisation	(24,667)	(16,667)
	<b>15,333</b>	<b>23,333</b>
	<b>46,046</b>	<b>29,166</b>

## Note 10. Payables

Trade creditors	17,005	24,615
Other creditors and accruals	95,600	40,555
	<b>112,605</b>	<b>65,170</b>

## Notes to the financial statements continued

	2010 \$	2009 \$
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### Note 11. Interest bearing liabilities

#### Current:

Bank loan - secured	19,641	-
Other loans	-	-
	<b>19,641</b>	<b>-</b>

#### Non current:

Bank loan - secured	284,683	8,237
	<b>284,683</b>	<b>8,237</b>

Bank loans are repayable monthly over a period of 15 years. Interest charged on the \$200,000 loan is fixed for three years. The interest charged on other loans is based on the commercial variable base rate. The loans are secured by mortgage over the property.

### Note 12. Provisions

#### Current:

<b>Employee benefits</b>	<b>22,679</b>	<b>19,425</b>
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#### Non-current

<b>Employee benefits</b>	<b>34,505</b>	<b>27,032</b>
Number of employees at year end	13	8

### 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	372,816	186,408
Profit/(loss) after income tax	156,005	239,239
Dividends	(52,831)	(52,831)
<b>Balance at the end of the financial year</b>	<b>475,990</b>	<b>372,816</b>

## Notes to the financial statements continued

	2010 \$	2009 \$
<b>Note 15. Cash flow statement</b>		
<b>(a) Reconciliation of cash</b>		
Cash assets	550,338	328,256
	<b>550,338</b>	<b>328,256</b>
<b>(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities</b>		
Profit / (loss) after income tax	156,005	239,239
Non cash items		
- Depreciation	24,385	9,137
- Amortisation	13,120	10,000
Changes in assets and liabilities		
- (Increase) decrease in receivables	(5,308)	(15,005)
- (Increase) decrease in other assets	(7,138)	(2,089)
- Increase (decrease) in payables	47,435	10,300
- Increase (decrease) in provisions	10,727	12,692
- Increase (decrease) in other liabilities	(49,389)	47,746
<b>Net cash flows from/(used in) operating activities</b>	<b>189,837</b>	<b>312,020</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 (JP)
John Strachan	Kim Parry (JP)
Margaret Schutt (Appointed 23/11/2009)	Keith Corbett
Randall Pye	Carolyn Burgi
Megan Gibbons	Garry Byrne
John Mould	

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

## Notes to the financial statements continued

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

	2010 \$	2009 \$
<b>Remuneration received by Directors:-</b>		
Megan Gibbons	3,500	1,100
Kevin Parker	12,000	4,000
	<b>15,500</b>	<b>5,100</b>
<b>Directors' shareholdings</b>		
Kevin Parker	2,001	2,001
John Strachan	7,001	7,001
Margaret Schutt (Appointed 23/11/2009)	-	-
Megan Gibbons	500	500
Wendy Scott (JP)	1,500	1,500
Kim Parry (JP)	1,001	1,001
Keith Corbett	32,500	32,500
Carolyn Burgi	500	500
Garry Byrne	5,000	5,000
Randall Pye	500	500
John Mould	16,501	16,501

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.



# Notes to the financial statements continued

## 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:	Principal places of Business:	
Suite 10, Level 1,	Shop 13,	IGA,
248 Maroondah Highway,	2 Union Road,	638A Warburton Highway,
Chirnside Park VIC 3116	Wandin North VIC 3139	Seville VIC 3139

	2010	2009
	\$	\$

## Note 21. Dividends paid or provided for on ordinary shares

### Dividends proposed and not recognised as a liability

Franked dividends - 10 cents per share (2009: 10 cents per share)	52,831	52,831
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The tax rate at which dividends have been franked is 30% (2009: 30%).

Dividends proposed will be franked at a rate of 30% (2009: 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>156,005</b>	<b>239,239</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						
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 %	2009 %	
<b>Financial Assets</b>													
Cash assets	48,249	28,256	502,089	300,000	-	-	-	-	-	-	6.40%	6.10%	
Receivables	-	-	-	-	-	-	-	-	-	104,013	98,705	-	-
<b>Financial Liabilities</b>													
Payables	-	-	-	-	-	-	-	-	-	112,605	65,170	-	-
Interest bearing liabilities	284,209	8,237	6,705	-	13,410	-	-	-	-	-	-	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)

#### (a) Credit risk (continued)

	Carrying amount	
	2010 \$	2009 \$
Cash assets	550,338	328,256
Receivables	104,013	98,705
	<b>654,351</b>	<b>426,961</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 (2009: 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 2010</b>					
Payables	112,605	-	112,605	-	-
Interest bearing liabilities	304,324	-	19,641	284,683	-
	<b>416,929</b>	<b>-</b>	<b>132,246</b>	<b>284,683</b>	<b>-</b>
<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>

# 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	
	2010	2009
	\$	\$
<hr/>		
<b>Fixed rate instruments</b>		
Financial assets (fixed rate)	502,089	300,000
Financial liabilities (fixed rate)	(20,115)	-
Financial liabilities (floating rate)	(284,209)	(8,237)
	<b>197,765</b>	<b>291,763</b>

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#### 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.

## Notes to the financial statements continued

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Note 23. Financial risk management (continued)

### **(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.


# 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 2010 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 2010



**Kevin Parker**  
**Chairman**



**John Strachan**  
**Director**

Signed at Wandin on 12 October 2010.

# Independent audit report

**CERTIFIED PRACTISING  
ACCOUNTANTS**

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RINGWOOD VIC 3134  
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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 Director's Report, Directors Declaration, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and accompanying notes to the financial statements of Wandin Seville Financial Services Limited, for the year ended 30<sup>th</sup> June 2010.

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 2010 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: 13<sup>th</sup> October 2010





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

Seville branch  
644 Warburton Highway, Seville VIC 3139  
Phone: (03) 5961 9303

Franchisee: Wandin Seville Financial Services Limited  
Suite 10, Level 1, 248 Maroondah Highway,  
Chirnside Park VIC 3116  
ABN: 33 098 648 296

[www.bendigobank.com.au/wandin\\_seville](http://www.bendigobank.com.au/wandin_seville)  
Bendigo and Adelaide Bank Limited,  
The Bendigo Centre, Bendigo VIC 3550  
ABN 11 068 049 178. AFSL 237879.  
(BMPAR10109) (10/10)