

annual report 2009



Warrandyte Community
Financial Services Limited
ABN 70 102 635 147

Warrandyte **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2009

The banking sector has certainly been suffering this financial year with the global economic crisis. However, Warrandyte **Community Bank**[®] Branch has remained financially strong during this period.

We were well ahead of our forecasted growth, however, much of this growth was through deposits for which we had an extremely competitive offer through the year, albeit at a much lower profit margin.

Warrandyte **Community Bank**[®] Branch reached \$112 million in deposits and lending from which we generated income of \$961,974 compared to \$836,538 in 2007/08, a growth of 15%.

Our profit this year was down 22% to \$196,325 from \$253,196 (before interest, dividends and tax) last year. However, because of our now profitable situation, we have increased the contributions we make back to the community in the form of sponsorships and grants (a main part of our charter is to return funds to the community). If these figures are excluded from the equation, the corresponding profit figures would have been \$356,419 compared to \$303,596 in the 2007/08 financial year, an increase of 18%.

Our community grants and sponsorship program this year has been a huge success with almost 50 organisations receiving funding. The figures shown in the table below also include the \$100,000 community grant which was placed in the Community Enterprise™ Foundation, but remained unallocated to any specific project at the end of the financial year. Warrandyte **Community Bank**[®] Branch has now returned (including the \$100,000) \$254,445 with a further \$85,170 already allocated to clubs and other not-for-profit organisations for the 2009/10 financial year.

Financial year	Community contributions
2004/05	\$7,455
2005/06	\$10,360
2006/07	\$25,326
2007/08	\$50,400
2008/09	\$160,904

Again, we are able to announce a dividend of eight cents per share fully franked. This is the same level of payment as last year, but has the added benefit of being fully franked. The table below shows the level of dividend we have returned to shareholders since our first dividend payment four years ago.

Financial year	Cents per share	Total distribution
2005/06	5 cents	\$33,973
2006/07	6 cents	\$40,917
2007/08	8 cents	\$54,357
2008/09	8 cents	\$54,357

Chairman's report continued

As well as the smaller grants and sponsorships allocated in July, we have now announced two further major projects as part of the allocation of our \$100,000 community project.

The Warrandyte Mechanics Institute will receive monies for upgrading of the Mechanics Institute Hall. The grant will be used to upgrade much-needed facilities at the WMI Hall, including upgrading the foyer, renovating toilets and providing disabled facilities, as well as the installation of water tanks.

We are also proud to support the development of the facilities at the Wonga Park Sporting Precinct covering the Cricket, Football (Soccer) and Netball Clubs. This project will be staged and includes a full redevelopment of the space to allow an area for social activities as well as improved toilet and change facilities and a more multi-purpose exposure.

Our emphasis over the next two to three years will be consolidating our position in the surrounding areas, particularly Wonga Park and Park Orchards. We will continue to invest in community projects, and identify projects that we gain maximum exposure to enhance our positioning as a leading community supporter.

I would like to thank all the staff, especially Mark Challen our Manager for the tremendous effort they have put in this year. I would also like to thank my fellow Board members for the time and effort they have put in on a volunteer basis.

To our shareholders and customers, and the community in general, thank you for your support of Warrandyte **Community Bank**[®] Branch. We hope you will continue to be advocates for the bank, promoting the advantages of banking with a bank that supports your community.



Sarah Wrigley
Chairman

Manager's report

For year ending 30 June 2009

The last year proved to be a challenging one with the global financial crisis which put uncertainty around employment and interest rates.

More recently in February was the devastation of the bushfires within Victoria which was all too close for comfort for residents of Warrandyte and surrounding communities. Our heartfelt sorrow goes out to those who have suffered and lost loved ones, property and in some cases their employment.

However on a more positive note, it was pleasing to report that since my report last year the Warrandyte **Community Bank**[®] Branch continued to grow and gain new customers and total banking business reached over \$110 million with over 4,300 accounts. We also continue to make profits and return dividends to shareholders and contribute to many organisations.

Our community engagement has continued to strengthen with support to many organisations within the local areas of Warrandyte, Wonga Park and Park Orchards.

An important initiative this year saw the engagement of the Community Enterprise[™] Foundation, which is the philanthropic arm of Bendigo and Adelaide Bank Ltd which assisted in evaluating grant applications.

Warrandyte **Community Bank**[®] Branch earmarked \$100,000 for a limited number of larger projects in the community and the Board are to be congratulated for this initiative and the community input which was invited through the forums conducted to assist in identifying suitable projects. This was in addition to normal sponsorship monies that were granted of approximately \$70,000.

During the past year I would like to thank my fellow staff members of Gavan Costin, Daniel Mathers, Linda Marshall, Joan Macwhirter, Nikie McKee and Diane Cooper who have continued to act in a professional and loyal manner.

I would also like to thank the Board members of Sarah Wrigley (Chairman), John Provan, Darren Ryding, Jenny Johanson, Peri Hunter, David White, David Wood, Paul Lynch and David Kerr for their leadership and support.

In addition, I would like to thank Karin Walford, our Board Support Officer and Lily Havakis, our Bookkeeper for their assistance as I believe we certainly have the necessary skills and expertise in the staff level at the branch and Board to enable Warrandyte **Community Bank**[®] Branch to continue to escalate in growth and return profits to all stakeholders.

To the shareholders, I thank you for your continued support and ask you to become advocates for Warrandyte **Community Bank**[®] Branch by referring family, friends and business associates to us.



Mark Challen
Manager

Directors' report

For year ending 30 June 2009

Your Directors submit the financial 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:

Sarah Wrigley

Chairman

Age: 45

Occupation: Consultant

Jennifer Johanson

Director / Secretary

Age: 41

Occupation: Chartered Accountant

Leeanne Joy Keam (Resigned 16 Sept 2008)

Director

Age: 55

Occupation: Business Consultant

Darren Maurice Ryding

Director / Treasurer

Age: 45

Occupation: Financial Controller

John Gary Provan

Director

Age: 57

Occupation: Registered Building Practitioner

David Leonard White

Director

Age: 44

Occupation: Electrician

David Henry Wood

Director

Age: 51

Occupation: Stair Builder

Peri Hunter

Director

Age: 42

Occupation: Marketing Director

Paul Nicholas Lynch

Director

Age: 35

Occupation: Student

David Kerr

Director (Appointed 24 June 2009)

Age: 59

Occupation: Retired Banker

Directors were in office for this entire year unless otherwise stated. Please note that David Wood was granted six months leave of absence during the year.

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

Company Secretary

The Company Secretary Jennifer Johanson was appointed to the position in April 2007. She is a Chartered Accountant who has worked for various firms since 1989.

Directors' report continued

Principal activities

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

There has been no significant change in the nature of these activities during the year.

Operating results

Operations have continued to perform in line with expectations. The profit of the Company for the financial year after provision for income tax was:

	Year ended 30 June 2009	Year ended 30 June 2008
	\$	\$
	137,578	175,146

In accordance with the 2009 budget, the Company paid a \$100,000 sponsorship payment to the Community Enterprise™ Foundation during the year.

Dividends	Year ended 30 June 2009	
	Cents	\$
Dividends paid in the year:		
- final for the year ended 30 June 2008	8	54,356

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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 facilitating banking services to the community.

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' report continued

Directors' benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. 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.

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 Manager 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' meetings

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

	Number of Board meetings eligible to attend	Number attended
Sarah Wrigley	11	11
Jennifer Johanson	11	11
Leeanne Joy Keam (Resigned 16 September 2008)	2	0
Darren Maurice Ryding	11	9
John Gary Provan	11	4
David Henry Wood	5	4
David Leonard White	11	6
Paul Nicholas Lynch	11	6
Peri Hunter	11	5
David Kerr (Appointed 24 June 2009)	1	1

Directors' report continued

Non Audit services

The Company did not employ the Auditor (ABL Accounting Services Pty Ltd) for non audit work during the year.

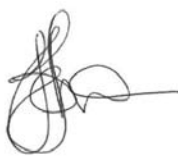
Auditors' independence declaration

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

Signed in accordance with a resolution of the Board of Directors at Warrandyte on 23 September 2009.



Sarah Wrigley
Chairman



Jennifer Johanson
Secretary

Auditor's independence declaration

Warrandyte Community Financial Services Limited
ABN 70 102 635 147

Auditor's Declaration

Auditor's Independence Declaration

As lead auditor for the audit of Warrandyte Community Financial Services Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Warrandyte Community Financial Services Limited.



Alan Lane
Auditor Partner

ABL Accounting Services Pty Ltd
Melbourne

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	3	961,974	836,572
Salaries and employee benefits expense		(368,714)	(320,742)
Advertising & promotion expenses		(178,956)	(62,078)
Occupancy and associated costs		(72,305)	(67,260)
Systems costs		(20,845)	(24,826)
Depreciation and amortisation expense	4	(9,622)	(22,919)
General administration expenses		(115,297)	(93,347)
Profit before income tax expense/credit		196,235	245,401
Income tax expense/credit	5	(58,657)	(70,255)
Profit for the period		137,578	175,146
Profit attributable to members of the entity		137,578	175,146
Earnings per share (cents per share)		¢	¢
- basic for profit for the year	21	20	26
- dividends paid per share	19 (a)	8	6

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Assets			
Current assets			
Cash assets	6	524,783	426,719
Trade and other receivables	7 (a)	81,091	68,800
Prepayment	7 (a)	11,485	11,485
Total current assets		617,359	507,004
Non-current assets			
Property, plant and equipment	8	130,860	127,995
Intangible assets	9	9,005	11,302
Deferred tax assets	10	4,515	4,937
Prepayment	7 (b)	33,542	45,028
Accrued interest	7 (a)	2,167	-
Total non-current assets		180,089	189,262
Total assets		797,448	696,267
Liabilities			
Current liabilities			
Trade and other payables	11	21,938	24,919
Borrowings	12(a)	5	15
Current tax liabilities	5	52,193	30,504
Provisions	13	17,218	16,456
Total current liabilities		91,354	71,894
Non-current liabilities	12(b)	-	1,500
Total non current liabilities		-	1,500
Total liabilities		91,354	73,394
Net assets		706,094	622,872
Equity			
Issued capital	14	657,286	657,286
Retained profits/(accumulated losses)	15	48,808	(34,414)
Total equity		706,094	622,872

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Receipts from customers		990,975	879,330
Payments to suppliers and employees		(838,714)	(698,192)
Interest received		32,794	15,111
Income taxes paid		(36,546)	(6,415)
Rent received		15,600	11,759
Net cash provided by operating activities	16	164,109	201,593
Cash flows from investing activities			
Payments for property, plant and equipment		(10,189)	(12,484)
Payments for intangible assets			
Net cash provided used in investing activities		(10,189)	(12,484)
Cash flows from financing activities			
Proceeds from issues of equity securities			
Payment for share issue costs			
Proceeds from borrowings			
Repayment of borrowings			
Dividends paid		(54,356)	(40,767)
Loan repayments		(1,500)	(1,500)
Net cash provided by/(used in) financing activities		(55,856)	(42,267)
Net increase in cash held		98,064	146,842
Cash at the beginning of the financial year		426,719	279,877
Cash at the end of the financial year	6(a)	524,783	426,719

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Note	2009 \$	2008 \$
Total equity at the beginning of the period		622,872	488,493
Net profit/(loss) for the period		137,578	175,146
Dividends provided for or paid	19	(54,356)	(40,767)
Shares issued during period			-
Total equity at the end of the period		706,094	622,872

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Summary of significant accounting policies

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

Historical cost convention

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

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 for 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 statement of cash flows 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 operation cash flows.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Employee entitlements

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

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

Intangibles

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Comparative figures

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

Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements 40 years
- plant and equipment 2.5 - 40 years
- furniture and fittings 4 - 40 years

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. 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.

Borrowings

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

Provisions

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

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

Contributed equity

Ordinary shares are 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

Note 1. Summary of significant accounting policies (continued)

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Note 2. Financial risk management

The Company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

(i) Market risk

The Company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The Company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The Company is not exposed to commodity price risk.

(iii) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The Company's franchise agreement limits the Company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Ltd.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The Company believes that its sound relationship with Bendigo and Adelaide Bank Ltd mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Ltd and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest-rate risk. The Company believes that its sound relationship with Bendigo and Adelaide Bank Ltd mitigates this risk significantly.

Notes to the financial statements continued

Note 2. Financial risk management (continued)

(vi) 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.

	2009 \$	2008 \$
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Note 3. Revenue from ordinary activities

Operating activities:

- services commissions	911,413	809,702
- other revenue		-
Total revenue from operating activities	911,413	809,702

Non-operating activities:

- interest received	34,961	15,111
- rental revenue	15,600	11,759
Total revenue from non-operating activities	50,561	26,870
Total revenues from ordinary activities	961,974	836,572

Notes to the financial statements continued

	2009 \$	2008 \$
Note 4. Expenses		
Depreciation of non-current assets:		
- plant and equipment	1,974	4,864
- leasehold improvements	5,351	6,873
Amortisation of non-current assets:		
- franchise agreement	2,297	11,182
	9,622	22,919
Finance costs:		
- interest paid	3	
Bad debts	153	124

Note 5. Income tax expense

The components of tax expense comprise:

- Current tax	58,235	75,192
- Deferred tax	422	(4,937)
- Recoup of prior year tax loss		
	58,657	70,255

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

Operating profit	196,235	245,401
Prima facie tax on profit from ordinary activities at 30%	58,871	73,620
Add tax effect of:		
- non-deductible expenses	804	392
- Amortisation of franchise fee	689	3,355
- timing difference expenses	(799)	(845)
- blackhole expenses	(1,330)	(1,330)
Current tax	58,235	75,192
Movement in deferred tax	422	(4,937)
	58,657	70,255

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 5. Income tax expense (continued)

Tax liabilities

Current tax payable/(receivable)	52,193	30,504
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Note 6. Cash assets

Cash at bank and on hand	246,220	197,409
Term deposits	278,563	229,310
	524,783	426,719

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

6(a) Reconciliation of cash

Cash at bank and on hand	246,220	197,409
Term deposit	278,563	229,310
	524,783	426,719

Note 7. Trade and other receivables

(a) Current

Trade receivables	81,091	68,800
Accrued Interest	2,167	
Prepayments	11,485	11,485
	94,743	80,285

(b) Non-current

Prepayment	33,542	45,028
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Notes to the financial statements continued

	2009 \$	2008 \$
Note 8. Property, plant and equipment		
Plant and equipment		
At cost	36,643	34,948
Less accumulated depreciation	(22,852)	(21,365)
	13,791	13,583
Leasehold improvements		
At cost	157,948	149,941
Less accumulated depreciation	(40,880)	(35,529)
	117,068	114,412
Total written down amount	130,859	127,995
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	13,583	17,447
Additions	2,226	1,100
Disposals	(45)	(100)
Less: depreciation expense	(1,972)	(4,864)
Carrying amount at end	13,792	13,583
Leasehold improvements		
Carrying amount at beginning	114,412	121,285
Additions	8,007	
Disposals		
Less: depreciation expense	(5,351)	(6,873)
Carrying amount at end	117,068	114,412
Total written down amount	130,860	127,995

Notes to the financial statements continued

	2009 \$	2008 \$
Note 9. Intangible assets		
Franchise fee		
At cost	71,484	71,484
Less: accumulated amortisation	(62,479)	(60,182)
	9,005	11,302

Note 10. Deferred tax

Deferred tax		
• Opening balance	4,937	38,273
Recoupment of prior year tax losses	-	(38,273)
Deferred tax on provisions	(422)	4,937
• Closing balance	4,515	4,937

Note 11. Trade and other payables

Trade creditors	8,481	10,215
Other creditors & accruals	13,457	14,704
	21,938	24,919

Note 12. Borrowings

(a) Current

Credit card	5	15
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(b) Non-current

Nillumbik Shire Council	0	1,500
Total borrowings	5	1,515

Note 13. Provisions

Employee provisions	17,218	16,456
	17,218	16,456
Number of employees at year end	7	6

Notes to the financial statements continued

	2009 \$	2008 \$
Note 14. Contributed equity		
679,460 Ordinary shares fully paid of \$1 each	679,460	679,460
Less: equity raising expenses	(22,174)	(22,174)
	657,286	657,286

Note 15. Retained earnings/accumulated losses

Balance at the beginning of the financial year	(34,414)	(168,793)
Net profit from ordinary activities after income tax	137,578	175,146
Dividends paid or provided for	(54,356)	(40,767)
Balance at the end of the financial year	48,808	(34,414)

Note 16. Statement of cash flows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	137,578	175,146
Non cash items:		
- depreciation	7,325	11,737
- amortisation	2,297	11,182
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(12,291)	(12,012)
- (increase)/decrease in prepayments	11,485	(50,444)
- increase/(decrease) in payables	(1,733)	8,956
- increase/(decrease) in tax payables	21,689	30,504
- (increase)/decrease in future income tax benefit	422	33,336
- (increase)/decrease in other assets	(2,168)	
- increase/(decrease) in payables	(1,247)	(4,036)
- increase/(decrease) in provisions	762	(2,791)
-increase/(decrease) in borrowings	(10)	16
Net cash flows provided by/(used in) operating activities	164,109	201,593

Notes to the financial statements continued

	2009	2008
	\$	\$
Note 17. Auditors' remuneration		
Amounts received or due and receivable by the Auditor of the Company for:		
- audit & review services	2,161	2,550
- non audit services	-	-
	2,161	2,550

Note 18. Director and related party disclosures

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

Sarah Wrigley

Jennifer Johanson

Leeanne Joy Keam (Resigned 16 September 2008)

Darren Maurice Ryding

John Gary Provan

David Henry Wood

David Leonard White

Paul Nicholas Lynch

Peri Hunter

David Kerr (Appointed 24 June 2009)

No Director or related entity has entered into a material contract with the Company. No Directors' fees have been paid as the positions are held on a voluntary basis.

Notes to the financial statements continued

	2009 \$	2008 \$
Note 18. Director and related party disclosures (continued)		
Directors' shareholdings		
Sarah Wrigley	3,000	3,000
Jennifer Johanson		
Leeanne Joy Keam (Resigned 16 September 2008)		
Darren Maurice Ryding		
John Gary Provan	10,000	10,000
David Henry Wood		
David Leonard White		
Paul Nicholas Lynch		
Peri Hunter	500	0
David Kerr (Appointed 24 June 2009)		

During the year Directors' shareholdings increased due to the acquisition of shares. Each share held is valued at \$1.

Note 19. Dividends paid or provided

a. Dividends paid during the year

Final dividend for the year ended 30 June 2008 of 8 cents per fully paid share unfranked was paid on 19th December 2008.	54,356	40,767
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b. Dividends not recognised at year end

In addition to the above dividends, since year end Directors have recommended the payment of a final dividend of 8 cents per fully paid ordinary share, (2008 - 8 cents) fully franked. The proposed dividend expected to be paid on 31st October, 2009 out of profits at 30 June 2009, but not recognised as a liability at year end, is \$54,356.

Note 20. Key management personnel disclosures

No Director of the Company receives remuneration for services as a Company Director or Committee member.

There are no Executives within the Company whose remuneration is required to be disclosed.

Notes to the financial statements continued

	2009 \$	2008 \$
Note 21. Earnings per share		
(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	20	26
(b) Profit attributable to the ordinary share holders of the Company used in calculating basic earnings per share	137,578	175,146
<hr/>		
	2009 \$	2008 \$
(c) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	679,460	679,460

Note 22. Events occurring after the balance sheet date

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

Note 23. Contingent liabilities

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

Note 24. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services pursuant to a franchise agreement with Bendigo and Adelaide Bank Ltd. The economic entity operates in Warrandyte, Victoria.

Note 25. Registered office/principal place of business

The registered office address is:

Warrandyte Community Financial Services Ltd
168 Yarra Street,
Warrandyte VIC 3113

The principal place of business address is:

Warrandyte Community Financial Services Ltd
144 Yarra Street,
Warrandyte VIC 3113

Notes to the financial statements continued

Note 26. Financial instruments

Net fair values

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

Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest rate risk

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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	524,783	426,719	-	-	-	-	-	-	-	-	6.66%	3.54%
Receivables	-	-	-	-	-	-	-	-	81,091	68,800	-	-
Financial liabilities												
Interest bearing liabilities	-	-	-	-	-	-	-	-	0	1,500	-	-
Payables	-	-	-	-	-	-	-	-	8,482	10,215	-	-

Directors' declaration

In accordance with a resolution of the Directors of Warrandyte Community 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 its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (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.
- (c) the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

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



Sarah Wrigley
Chairman



Jennifer Johanson
Secretary

Signed 23 September 2009.

Independent audit report

Independent Audit Report

Independent Audit Report to the Members of Warrandyte Community Financial Services Limited

Scope

I have audited the financial report of Warrandyte Community Financial Services Limited for the year ended 30th June 2009, including the Directors' Declaration. The company's directors are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. My procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view, which is consistent with my understanding of the company's financial position, the results of its operations and its cash flows.

Independence

In conducting my audit, I followed applicable independence requirements of Australian professional ethical announcements.

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

Audit Opinion

In my opinion, the financial report of Warrandyte Community 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 30th June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



Alan Lane
ABL Accounting Services
Melbourne

Date the 8th September 2009.

Warrandyte **Community Bank**[®] Branch
144 Yarra Street, Warrandyte VIC 3113
Phone: (03) 9844 2233 Fax: (03) 9844 2396

Franchisee: Warrandyte Community Financial Services Limited
144 Yarra Street, Warrandyte VIC 3113
ABN: 70 102 635 147

www.bendigobank.com.au
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR9011) (07/09)



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