

### **Chairman's Report**

It gives me great pleasure to present this, my first report to you as Chairman of Wyong **Community Bank**<sup>®</sup> Branch. I was appointed as the Chairman in December, 2009, and I am pleased to say that we celebrated our 7<sup>th</sup> birthday in 2010.

The 2009/2010 year was a challenging year for the banking industry as a whole. The Global Financial Crisis had an effect on all sectors of the community, and I am pleased to confirm that notwithstanding this challenging environment, Wyong **Community Bank**<sup>®</sup> Branch made a profit of approximately \$42,000. We are very proud that we achieved our first year of profit in these circumstances, and we were looking forward to being able to finally return a dividend to our loyal shareholders.

The auditors of Wyong Town Financial Services, Fortunity, have advised the Board that the Company is not legally able to pay a dividend this year.

Unfortunately, the Corporations Act 2001 was amended to include section 245T, which provides that a company must not pay a dividend unless *"the Company's assets exceed its liabilities immediately before the dividend is declared, and the excess is sufficient for the payment of the dividend"*. This amendment applies to all dividends declared after June 2010.

We all need to be mindful of the fact that:

1. The inability to pay a dividend is a result of a very recent change to the law, beyond the control of the Board or the Shareholders; and
2. The Board is following advice from its Auditors, and the Board can not fulfil it's obligations under the Corporations Act if it pays the dividend.

Accordingly, the Board is very disappointed that we are not able to pay a dividend this year, notwithstanding that we made a profit.

I am very excited about the direction the membership of the Board has taken this year. We have made a strategic decision to recruit Board members with particular skills, which we feel will enhance the Board's ability to achieve the goals we have set for the coming financial year. We have recruited Board members with varied backgrounds including accounting, legal and a local councillor to particularly assist us with understanding how we can better support our local community.

As the Branch evolves into a more established business, the Board is moving in a new direction, and is focusing on growth strategies to take the business to a new level.

To support this new direction, the Board developed a new staffing structure, which was implemented on 1 July, 2010. We have introduced several new roles utilising the existing staff to better streamline our operations, and encourage the staff to focus on achieving the outcomes we have set for the next twelve months.

I would like to thank Adele and the staff for all of their efforts and support during the year. I would also like to acknowledge Rob Chittick, Steve Deane, Julie Yap and Tony Gravas from Bendigo Bank for their assistance throughout the year.

I am also really grateful for all of the efforts and input from my fellow directors. I am fortunate to have many dedicated and talented people giving freely of their time to serve their local community bank.

I would finally like to thank you, our shareholders, for your ongoing support of community banking.

I look forward to seeing you at the AGM, and invite you to feel free to contact me at any time if you have any questions or concerns.

I wish you a safe and happy Christmas and a prosperous new year.

**Ray Davidson**  
**Chairman**

### **Manager's Report**

During the last financial year the Bank felt the impact of the Global Financial Crisis (GFC) which gripped Financial Institutions in Australia and across the world. The effects of the GFC interrupted our normal trading patterns which affected us in both our deposits and lending. The net result was a minimal increase in our book size for the year.

However, the Board and staff reacted well to the GFC by implementing strategies to ensure we met our goals and kept costs to a minimum, the outcome of this being a net profit for the year. With the GFC behind us we can now focus on the year ahead.

The branch staff were kept busy during the year by undertaking several community activities, the highlights being:

- Carols by Candlelight in the Town Centre Park was a huge success with over 250 people in attendance. We will again be hosting this event on Sunday 19<sup>th</sup> December 2010, so please put it in your calendar as we would love to see you there.
- We won the Wyong Regional Chamber Of Commerce Business award for: Excellence in Implementing Values and Culture. We were thrilled with this award, as it acknowledges what we do in Community and why we are different from the other financial institutions.
- In conjunction with Wyong Shire Council we sponsored the purchase of 20 post protectors to cover 10 of the 30 netball courts for Wyong District Netball Association. We have an undertaking to have all 30 courts covered by 2012.
- The staff, Board members, along with family and friends of Wyong **Community Bank®** Branch entered a team in the Mingara Relay for Life raising \$3,800. This year we have set a target of \$5,000.
- Wyong Rotary annual lock up. I raised \$2090 which exceeded my required bail. These funds were distributed among three local charities Camp Breakaway, the IRIS foundation and Anya (a Salvation Army program).
- The Wyong and East Gosford **Community Bank®** branches, along with the Federal Member for Dobell, Mr Craig Thompson, sponsored a Public Speaking Competition. Students from all of the Central Coast High Schools (public and private) were invited to participate. The competition was outstanding, we have some very talented students here on the Central Coast. The winning students came from Wyong High School and Central Coast Grammar School. The two winners were escorted to Canberra by Craig Thompson, attending a parliamentary session in the House of Representatives and met with Kevin Rudd and Julia Gillard on "that day in history", something they both will never forget. Again we hope that this will become an annual event.
- Our Junior Director Program has become so successful that we were acknowledged at the State **Community Bank®** Conference held in Ulladulla earlier this year. One of our past Junior Directors, Kerridwen West, from Tuggerah Lakes Secondary College, The Entrance, gave a presentation on the benefits of the program. As a result Kerridwen was asked to present the merits of the program to the students at Ulladulla High School.

I would like to thank all of my staff, the Business Banking team of Steve Deane & Paul Arnold, our Regional Manager Rob Chittick and especially my volunteer Board of Directors for their efforts and continued support and dedication to our **Community Bank®** Branch throughout the year.

Wishing you all the very best for Christmas and have safe and prosperous New Year.

**Adele Alessio**  
**Manager**

**Annual Report**  
**For The Year Ended**  
**30 June 2010**

**Wyong Town Financial Services Limited**  
**ABN 59 100 313 120**

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**Annual Report**  
**For The Year Ended**  
**30 June 2010**

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# Wyong Town Financial Services Limited

## ABN 59 100 313 120

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### Directors' Report

Your directors submit the financial accounts of the company for the year ended 30 June 2010.

#### Directors

The names and details of directors in office at the date of this report are:

#### ***Hogger, George Frederick (Foundation Director)***

George moved to the Central Coast in 1971, and in 1977 was actively involved in re-establishing the 1st Ourimbah Scout Group where he was Venturer leader for many years. In 1984 he commenced his own business at Tuggerah, Coastwide Steel and Metalwork Pty Ltd, which is still active in the Construction Industries of Sydney and Newcastle to this day. In 2007 George retired from work but not from life. He is a founding Director of Wyong Community Bank. He enjoys his involvement in establishing and now building the future of the bank and supporting the Greater Wyong Community. He has a large family and lives in Chittaway Bay. Attended eight (8) of the eleven (11) directors meetings held during the year.

#### ***Conte, Gwenyth Gladys (Foundation Director)***

Gwen is the proprietor of Legends Bakery one of Wyong's most acclaimed businesses. Gwen has been in business for 12 years and was born and raised in Wyong, the town that is still her home. Through her bakery Gwen provides employment for some 12 local residents. Gwen is also a member of the Wyong/Tuggerah Chamber of Commerce. Attended eight (8) of the eleven (11) directors meetings held during the year.

#### ***Vaughan, Sharon (Appointed May 2006)***

Sharon became a director in May 2006 and her family run Lakes Printers & Stationers Pty Ltd, a family business established in Wyong for over 70 years. She has lived in Wyong all her life, attending both Wyong Public and High Schools. Sharon is active in community affairs and is highly regarded for her dedication and commitment. Along with her role as Director, Sharon volunteers 2 days a week at Wesley Seniors Day Centre at Tuggerah. Sharon is married with 3 adult children and lives at Wyong Creek. Attended ten (10) of the eleven (11) directors meetings held during the year.

#### ***North, Elizabeth Ada (Appointed May 2006)***

Liz became a Director in May 2006 and is one of the Proprietors of Add-Vantage Systems Pty Limited (AVS Windows & Doors) located at Tuggerah. She is a long term resident of the Wyong Shire and business leader. Liz was part owner and Director of another local company for 25 years which, at its peak, employed over 200 local people. Liz is well respected in the Wyong Shire and is actively involved in the business community and is currently Secretary of the Rotary Club of Wyong. Liz is married and has a 17 year old daughter, Kiera who is studying for the HSC this year. Attended eight (8) of the eleven (11) directors meetings held during the year.

## **Directors' Report**

### **Directors (cont'd)**

#### ***Davidson, Ray (Appointed February 2009)***

Ray is the Managing Director and founder of Ausiports Pty Ltd Home Improvements and has been a resident of the Wyong area for a period of 20 years. He is the President of The Entrance Junior Cricket Club and has been involved in many other community and sporting activities and organisations. Ray brings to the board experience in marketing and general business management gained through running his own business for the last 25 years. Attended ten (10) of the eleven (11) directors meetings held during the year.

#### ***Emma McBride (Appointed August 2009)***

Emma McBride is a Pharmacist at Wyong Hospital and a Councillor at Wyong Shire Council. She is a keen netballer and Patron of the Wyong Netball Club. Her family have a long association with Wyong and she brings both youth and experience to the Board. Attended nine (9) of the ten (10) directors meetings held whilst she was a director.

#### ***Terry Bishop (Appointed August 2009)***

Terry has been a resident of Wyong Shire for all of his life. He is a Chartered Accountant. He was formerly a partner of 2 Chartered firms, Purkiss Partners and Bishop Collins. Terry was a former Chairman of Central Coast CPA Discussion Group, Treasurer of Wyong Rotary Club, and has been involved in many community and sporting groups in the area. Attended nine (9) of the ten (10) directors meetings held whilst he was a director.

#### ***Anna Cruickshank (Appointed January 2010)***

Anna became a director in January 2010. Anna is one of the directors of Aubrey Brown Partners, the Central Coast's longest standing and largest law firms which has its head office in Wyong. Anna has been a lawyer for over 15 years and heads the Commercial Law T at Aubrey Brown Partners. She is also an accredited mediator and collaborative lawyer. Anna was born and raised in Toukley, and attended Gorokan High School. Anna is also very active in the local business community, having participated in and chaired various business groups. Attended five (5) of the five (5) directors meetings held whilst she was a director

#### ***Cowden, James Alexander (Resigned December 2009)***

Jim is a long-standing member of the Wyong Community and a business owner for some 20 years. He is the former proprietor of Tuggerah Boating and now a Senior Sales Executive with the Central Coast Motor Group. Jim has been an active member of the Wyong/Tuggerah Chamber of Commerce for some 15 years, five of which was served as Vice President. Attended four (4) of the five (5) directors meetings held whilst he was a director.

## **Directors' Report**

### **Directors (cont'd)**

#### ***Davis, Jodie (Resigned August 2009)***

Jodie is the Funding and Sponsorship Coordinator for local charity, Breakaway. Jodie has been a resident in the Wyong Shire for the past 27 years. She also contributes to the community by volunteering at Breakaway during their camps for children with high medical needs. Jodie brings to the Board her marketing and business management experience gained locally. Attended none (0) of the one (1) directors meetings held whilst she was a director.

### **Principal Activities**

The principal activities in the course of the financial period were to operate the Wyong Community Bank.

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

### **Operating Results**

The net profit of the Company for the financial year was \$42,514.

### **Dividends**

The directors recommend that no dividend be paid.

### **Review Of Operations**

During the financial year the company operated the Wyong Community Bank.

### **Significant Changes In State Of Affairs**

No significant changes in the Company's state of affairs, not otherwise dealt with occurred during the period, other than that referred to in the accounts or notes thereto.

### **After Balance Date Events**

There were no matters or circumstances, not otherwise dealt with in this report or the accounts that has arisen since the end of the financial year, which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

## **Directors' Report**

### **Environmental Issues**

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

### **Directors' Benefits**

No director has received or become entitled to receive, other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Director a benefit because of a contract that the Director, or a firm of which the Director is a member or an entity in which a Director has a substantial financial interest, other than the benefits in the notes to and forming part of the accounts.

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors and shown in the accounts, or the fixed salary of a full-time employee of the company or related body corporate.

### **Indemnifying Officers or Auditor**

The Company has indemnified each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach to the Company. No insurance premiums were paid during or since the end of the financial year for the directors of the company.

No indemnities or insurance premiums were paid during or since the financial year for the auditor of the Company.

Signed in accordance with a resolution of the Board of Directors. On behalf of all the Directors.

Director



Director



Dated:

29/9/2010



**Wyong Town Financial Services Limited**  
**ABN 59 100 313 120**

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**Auditors Independence Declaration under section 307C of the  
Corporations Act 2001 to the Directors of  
Wyong Town Financial Services Limited**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

1. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

**FORTUNITY ASSURANCE**



**T R Davidson**  
Partner

155 The Entrance Road  
ERINA NSW

Dated: *28 September, 2010*

**Wyong Town Financial Services Limited**  
**ABN 59 100 313 120**

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**Income Statement**  
**For The Year Ended 30 June 2010**

	<b>Note</b>	<b>2010</b> <b>\$</b>	<b>2009</b> <b>\$</b>
Revenues from ordinary activities	3	643,398	566,924
Employee benefits expense		(255,707)	(246,491)
Depreciation and amortisation expense		(24,703)	(27,458)
Other expenses from ordinary activities		(320,474)	(304,310)
Profit/(Loss) from ordinary activities before income		<u>42,514</u>	<u>(11,335)</u>
Income tax expense		-	-
Profit for the period	4	<u>42,514</u>	<u>(11,335)</u>

The accompanying notes form part of these financial statements.

**Wyong Town Financial Services Limited**  
**ABN 59 100 313 120**

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**Balance Sheet**  
**as at 30 June 2010**

	Note	2010 \$	2009 \$
<b>Current Assets</b>			
Cash assets	6	100	100
Receivables	7	46,494	42,540
Other	8	4,709	1,124
<b>Total Current Assets</b>		51,303	43,764
<b>Non Current Assets</b>			
Property, plant & equipment	9	34,726	28,433
Intangible assets	10	31,538	43,043
<b>Total Non Current Assets</b>		66,264	71,476
<b>Total Assets</b>		117,567	115,240
<b>Current Liabilities</b>			
Payables	11	13,943	18,613
Interest bearing liabilities	12	149,179	158,700
Provisions	13	25,024	17,027
<b>Total Current Liabilities</b>		188,146	194,340
<b>Non-Current Liabilities</b>			
Interest bearing liabilities	12	26,419	64,948
Provisions	13	13,528	8,992
<b>Total Non-Current Liabilities</b>		39,947	73,940
<b>Total Liabilities</b>		228,093	268,280
<b>Net Assets</b>		(110,526)	(153,040)
<b>Equity</b>			
Contributed Equity	14	650,010	650,010
Accumulated Losses	15	(760,536)	(803,050)
<b>Total Equity</b>		(110,526)	(153,040)

The accompanying notes form part of these financial statements.

**Wyong Town Financial Services Limited**  
**ABN 59 100 313 120**

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**Statement of Changes in Shareholders' Funds**  
**For The Year Ended 30 June 2010**

	<b>Share Capital</b>	<b>Retained Earnings \$</b>	<b>Total</b>
Balance 1 July 2008	650,010	(791,715)	(141,705)
Deficit for year	-	(11,335)	(11,335)
	<hr/>	<hr/>	<hr/>
Balance 30 June 2009	650,010	(803,050)	(153,040)
Surplus for year	-	42,514	42,514
	<hr/>	<hr/>	<hr/>
Balance 30 June 2010	650,010	(760,536)	(110,526)
	<hr/>	<hr/>	<hr/>

The accompanying notes form part of these financial statements

**Wyong Town Financial Services Limited**  
**ABN 59 100 313 120**

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**Statement of Cash Flows**  
**For The Year Ended 30 June 2010**

	Note	2010 \$	2009 \$
<b><i>Cash Flows from Operating Activities</i></b>			
Margin & Fee Income		643,383	569,133
Interest received		15	48
Payments to employees & suppliers		(575,375)	(550,945)
Net cash provided by/(used in) operating activities	(b)	68,023	18,236
<b><i>Cash Flows from Investing Activities</i></b>			
Purchase of other non-current assets		(6,600)	(8,800)
Purchase of property, plant & equipment		(29,155)	(3,600)
Proceeds from disposal of non-current assets		15,682	-
Net cash used in financing activities		(20,073)	(12,400)
<b><i>Cash Flows from Financing Activities</i></b>			
Proceeds from borrowings		32,000	-
Repayment of borrowings		(71,160)	(5,277)
Net cash provided by financing activities		(39,160)	(5,277)
<b><i>Net increase/(decrease) in cash held</i></b>		8,790	559
<b><i>Cash at 1 July 2009</i></b>		(152,888)	(153,447)
<b><i>Cash at 30 June 2010</i></b>	(a)	(144,098)	(152,888)

The accompanying notes form part of these financial statements

**Wyong Town Financial Services Limited**  
**ABN 59 100 313 120**

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**Statement of Cash Flows**  
**For The Year Ended 30 June 2010**

	2010 \$	2009 \$
<b>(a) Reconciliation of Cash</b>		
For the purpose of the statement of cash flows, cash includes:		
(i) cash on hand and in at call deposits with banks or financial institutions; and		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash on hand	100	100
Cash at bank	(144,198)	(152,988)
	<u>(144,098)</u>	<u>(152,888)</u>
<b>(b) Reconciliation of Cash Flow from Operations with Operating Profit after Income Tax</b>		
Operating loss after income tax	42,514	(11,335)
<i>Non-cash flows in operating profit</i>		
Depreciation and amortisation	24,703	27,458
Loss on sale of non-current asset	582	-
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	(3,954)	(3,933)
(Increase)/decrease in other assets	(3,585)	64
Increase/(decrease) in accounts payable	(5,790)	359)
Increase in provisions	13,553	
Cash flows from operations	<u>68,023</u>	<u>18,236</u>

**Notes To The Financial Statements**  
**For The Year Ended 30 June 2010**

**1. Statement Of Significant Accounting Policies**

The Annual Report is a general purpose Annual Report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The Annual Report has been prepared on an accruals basis and is based on historical costs 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 following is a summary of the material accounting policies adopted by the Company in the preparation of the Annual Report. The accounting policies have been consistently applied, unless otherwise stated.

*(a) Income Tax*

The company adopts the liability method of tax-effect accounting whereby the income expense shown in the profit and loss statement is based on the operating profit before income tax adjusted for any permanent differences. Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is vital certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

*(b) Segment reporting*

The company operates predominantly in one industry, that being the operation of a Community Bank. The Company operates predominantly in one geographical location, being Wyong, NSW.

*(c) Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

*(d) Leases*

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 12). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated on a straight-line basis over the period of the lease.

**Notes To The Financial Statements**  
**For The Year Ended 30 June 2010**

(e) *Impairment of assets*

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(f) *Cash*

For the purpose of the statement of cash flows, cash includes:

- i) cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- ii) investments in money market instruments with less than 14 days to maturity.

(g) *Trade receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

(h) *Property, plant and equipment*

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

- Building improvements	20%
- Office furniture and equipment	25%
- Motor vehicle	15%

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(i) *Trade payables*

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) *Employee benefits*

(i) *Annual leave*

Liabilities for annual leave are expected to be settled within 12 months of the reporting date and are recognised in other current provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.



**Notes To The Financial Statements**  
**For The Year Ended 30 June 2010**

*(j) Employee benefits (continued)*

*(ii) Long service leave*

The liability for long service leave is measured as the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*(k) Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST included is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

*(l) Comparative Figures*

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented for the current financial year.

**2. Financial risk management**

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity 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 Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and aging analysis for credit risk.

The Company holds the following financial instruments:

	2010	2009
<b>Financial assets</b>		
Cash and cash equivalents	100	100
Trade receivables	46,494	42,540
	<hr/> 46,594	<hr/> 42,640
<b>Financial liabilities</b>		
Trade payables	13,943	18,613
Interest bearing liabilities	175,598	223,647
	<hr/> 189,541	<hr/> 242,260

# Wyong Town Financial Services Limited

## ABN 59 100 313 120

### Notes To The Financial Statements For The Year Ended 30 June 2010

#### 2. Financial risk management (cont.)

##### (a) Fair value interest rate risk

The Company's main interest rate risk arises from long-term interest bearing liabilities. Interest bearing liabilities issued at fixed rates expose the Company to fair value interest rate risk.

As at the reporting date, the Company had the following variable rate liabilities outstanding:

	2010		2009	
	Weighted average interest rate %	Balance	Weighted average interest rate %	Balance
Bank overdrafts	9.12	144,198	9.64	152,988

##### Sensitivity

At 30 June 2010, if interest rates had changed by +/- 80 basis points from the year-end rates with all other variables held constant, profit for the year would have been \$1,225 lower/higher mainly as a result of higher/lower interest paid on the bank overdraft.

##### (b) Credit risk

Credit risk arises from credit exposure on outstanding receivables. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised on page 15.

##### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and available funding through an adequate amount of committed credit facilities.

##### Financing arrangements

The Company had access to the following undrawn borrowing facilities at the reporting date:

	2010 \$	2009 \$
<b>Floating rate</b>		
Expiring within one year		
- bank overdraft	105,802	105,833

The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

**Wyong Town Financial Services Limited**  
**ABN 59 100 313 120**

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**Notes To The Financial Statements**  
**For The Year Ended 30 June 2010**

**2. Financial risk management (cont.)**

*Maturities of financial liabilities*

At 30 June 2010	< 6 months	6-12 months	1-2 years	> 2 years	Total contractual cash flows	Carrying amount
Non-interest bearing	13,943	-	-	-	13,943	13,943
Variable rate	144,198	-	-	-	144,198	144,198
Fixed rate	3,598	3,598	7,196	23,392	37,784	31,400
<b>Total</b>	<b>161,739</b>	<b>3,598</b>	<b>7,196</b>	<b>23,392</b>	<b>195,925</b>	<b>189,541</b>

At 30 June 2009	< 6 months	6-12 months	1-2 years	> 2 years	Total contractual cash flows	Carrying amount
Non-interest bearing	19,613	-	-	-	18,613	18,613
Variable rate	152,988	-	-	-	152,988	152,988
Fixed rate	3,553	3,553	15,280	-	22,386	20,126
<b>Total</b>	<b>176,154</b>	<b>3,553</b>	<b>15,280</b>	<b>-</b>	<b>193,987</b>	<b>191,727</b>

	2010 \$	2009 \$
<b>3. Revenue</b>		
Operating Activities		
Margin and Fee Income	643,383	556,876
Interest received	15	48
<b>Total Revenue</b>	<b>643,398</b>	<b>556,924</b>

**4. Profit from Ordinary Activities**

Profit from ordinary activities has been determined after:

(a) Expenses		
Depreciation	6,598	7,153
Amortisation	18,105	20,305
Bad debts	456	117

**5. Auditors Remuneration**

Remuneration of the auditor for		
- auditing the financial report	3,010	3,160

**Wyong Town Financial Services Limited**  
**ABN 59 100 313 120**

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**Notes To The Financial Statements**  
**For The Year Ended 30 June 2010**

	2010 \$	2009 \$
<b>6. Cash Assets</b>		
Cash on hand	100	100
	<hr/>	<hr/>
<b>7. Receivables</b>		
Trade Debtors	-	-
Sundry debtors	46,494	42,540
	<hr/>	<hr/>
	46,494	42,540
	<hr/>	<hr/>
<i>Impaired trade receivables</i>		
As at 30 June 2010, no circumstances were in existence which would indicate any impairment of the above receivable. The aging of this balance is less than 30 days.		
<b>8. Other Assets</b>		
Security deposit	250	250
Stock on hand	38	374
Investment	500	500
Prepaid expenses	3,921	-
	<hr/>	<hr/>
	4,709	1,124
	<hr/>	<hr/>
<b>9. Property, Plant &amp; Equipment</b>		
Building improvements – at cost	225,479	225,479
Accumulated depreciation	(224,373)	(223,300)
	<hr/>	<hr/>
	1,106	2,179
	<hr/>	<hr/>
Furniture & equipment – at cost	21,570	21,204
Accumulated depreciation	(16,479)	(13,811)
	<hr/>	<hr/>
	5,091	7,393
	<hr/>	<hr/>
Motor vehicle – at cost	28,789	27,793
Accumulated depreciation	(260)	(8,932)
	<hr/>	<hr/>
	28,529	18,861
	<hr/>	<hr/>
Total Property, Plant & Equipment	34,726	28,433
	<hr/>	<hr/>

**Wyong Town Financial Services Limited**  
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**Notes To The Financial Statements**  
**For The Year Ended 30 June 2010**

**9. Property, Plant & Equipment (cont.)**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	<b>Building Improvements at cost</b>	<b>Furniture &amp; Equipment</b>	<b>Motor Vehicle</b>	<b>Total</b>
Balance at the beginning of the year	2,179	7,393	18,861	28,433
Additions	-	366	28,789	29,155
Disposals	-	-	(16,264)	(16,264)
Depreciation expense	(1,073)	(2,668)	(2,857)	(6,598)
Carrying amount at the end of the year	1,106	5,091	28,529	34,726

	<b>2010 \$</b>	<b>2009 \$</b>
<b>10. Intangible Assets</b>		
Franchise fee	57,424	57,424
Accumulated amortisation	(25,886)	(14,381)
	<u>31,538</u>	<u>43,043</u>
Training fee	6,600	8,800
Accumulated amortisation	(6,600)	(8,800)
	<u>-</u>	<u>-</u>
Total Intangible Assets	<u>31,538</u>	<u>43,043</u>
<b>11. Payables</b>		
Sundry creditors	-	-
Accrued expenses	13,943	18,613
	<u>13,943</u>	<u>18,613</u>
<b>12. Interest bearing liabilities</b>		
Current		
Bank overdraft	144,198	152,988
Lease liability	4,981	5,712
	<u>149,179</u>	<u>158,700</u>
Non-Current		
Loan	-	50,534
Lease liability	26,419	14,414
	<u>26,419</u>	<u>64,948</u>

**Wyong Town Financial Services Limited**  
**ABN 59 100 313 120**

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**Notes To The Financial Statements**  
**For The Year Ended 30 June 2010**

	2010 \$	2009 \$
<b>13. Provisions</b>		
<i><b>Current Liability</b></i>		
Provision for Annual Leave	17,824	15,427
Community Project	7,200	1,600
	<u>25,024</u>	<u>17,027</u>
<i><b>Non-Current Liability</b></i>		
Provision for Long Service Leave	<u>13,528</u>	<u>8,992</u>
<b>14. Contributed Equity</b>		
Issued capital	<u>650,010</u>	<u>650,010</u>
<b>15. Accumulated Losses</b>		
Balance 1 July	(803,050)	(791,715)
Profit/(Loss) for year	42,514	(11,335)
Balance 30 June	<u>(760,536)</u>	<u>(803,050)</u>
<b>16. Remuneration of Directors &amp; Executive Officers</b>		
Directors		
The names of the Directors in office during the financial year were as follows:		
J Cowden	J Davis	
S Vaughan	G Hogger	
R Davidson	T Bishop	
E North	E McBride	
G Conte	A Cruckshank	
Other Benefits		
No amounts have been paid or agreed to be paid (and no benefits have been given or agreed to be given) to a Director (or a proposed Director) to induce them to become, or to qualify as, a director of the Company.		

**17. Company Details**

The registered office and principal place of business of the Company is:

Wyong Town Financial Services Ltd  
88 Pacific Highway  
WYONG NSW 2259

**Directors' Declaration**

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 8 to 20 are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2010 and performance for the period ended on that date of the Company;
2. in the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director



Director



Dated:

29/9/2010

**Independent Audit Report To The Members  
Of Wyong Town Financial Services Limited**

**Report on the Financial Report**

We have audited the financial report of Wyong Town Financial Services Limited which comprises the balance sheet as at 30 June 2010, and the income statement, statement of changes in shareholders' funds and the cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

**Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.<sup>16</sup> An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

**Independence**

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.



**Wyong Town Financial Services Limited**  
**ABN 59 100 313 120**

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**Independent Audit Report To The Members**  
**Of Wyong Town Financial Services Limited**

**Audit Opinion**

In our opinion, the financial report of Wyong Town Financial Services Limited is 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 its performance for the year ended on that date; and
- (ii) complying with Accounting Standards and the Corporations Regulations.

**FORTUNITY ASSURANCE**



**T R Davidson**  
Partner

155 The Entrance Road  
ERINA

Dated: *28 September, 2010*

**Wyong Town Financial Services Limited**  
**ABN 59 100 313 120**

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**Profit & Loss Statement**  
**For The Period Ended 30 June 2010**

	2010 \$	2009 \$
<b>Income</b>		
Interest	15	48
Margin & Fee Income	643,383	556,875
Sundry income	-	-
Total Income	<u>643,398</u>	<u>556,923</u>
<b>Expenses</b>		
Accounting fees	7,538	3,224
Advertising expenses	11,531	3,941
Amortisation	18,105	20,304
Annual general meeting	1,500	1,283
ATM Fees/Maintenance	81,218	77,070
Audit fees	3,010	3,160
Bad debts	456	117
Bank charges	247	562
Cash delivery expenses	7,807	7,346
Cleaning & Waste removal	5,385	5,193
Conference	3,796	3,663
Credit reference fees	1,855	720
Depreciation	6,598	7,153
Electricity	6,742	4,879
Entertainment	-	427
Filing fees	1,000	1,000
Fringe benefit tax	3,219	6,419
Indoor plant hire	908	972
Insurance	18,201	15,919
Interest	16,258	18,945
IT expenses	44,965	47,265
Legal & Professional fees	-	1,997
Membership	545	223
Motor vehicle expenses	6,402	4,812
Music on hold	1,225	1,244
Other expenses	369	1,238
Postage & Couriers	17,528	16,309
Promotional costs	-	1,952
Rent	36,384	36,183
Repairs & maintenance	1,867	1,571
Security monitoring	5,093	4,644
Sponsorship	13,564	4,479
Staff amenities	1,867	983
Stationery	10,208	6,881
Telephone	7,723	7,021
Training costs	672	878
Travel	-	16
Uniform	1,391	1,774
Wages & associated costs	255,707	246,491
Total expenses	<u>600,884</u>	<u>568,258</u>
Net profit/(loss) for year	<u>42,514</u>	<u>(11,335)</u>