

Cobden & Districts

Community Finance Limited

Financial Statements

as at

30 June 2009

Cobden & Districts Community Finance Limited
ABN 84 117 781 049
Directors Report

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:

Trevor John Gardner
Chairman
Age: 56
Business Manager
Chairperson Cobden Golf Club for 4 years; Manager of CopRice for 9 years; Chairperson of ATMA for 7 years; Bank Manager for 15 years.
Special Responsibilities: Chairman
Interest in Shares: 1,001

Gregory Leigh Suter
Treasurer
Age: 38
Cabinet Maker
Self Employed cabinet maker managing own business since 1993.
Special Responsibilities: Treasurer and Special Projects Committee
Interest in Shares: 5,001

Margaret Emily McDonald
Secretary
Age: 58
Retired
Legal Conveyancer for 30 years.
Special Responsibilities: Secretary
Interest in Shares: 1,001

Trevor John Clarke
Director
Age: 38
Owner / Operator
Self Employed Motor Mechanic managing own business since 1999.
Special Responsibilities: Marketing Committee
Interest in Shares: 3,001

Stuart James Dawson
Director
Age: 48
Carpenter
Local Golf Club Captain for 9 years
Special Responsibilities: Marketing Committee
Interest in Shares: 6,001

Donald Francis Howard
Director
Age: 52
Farmer / Director
Director of Murray Goulburn Co-op Limited
Special Responsibilities: Marketing Committee
Interest in Shares: 3,001

Rodney Peter Giblett
Director
Age: 61
Retired
Currently involved in the Red Cross; previously involved in the Cobden Apex Club and Cobden Football Club Committee. Bank Manager for 12 years.
Special Responsibilities: Shareholdings
Interest in Shares: NIL

Milton John Parlour
Director
Age: 58
Real Estate Agent
Past Corangamite Shire Councillor; past President of Progressing Cobden. Managed family Hardware and Service Station businesses for many years.
Special Responsibilities: Special Projects Committee
Interest in Shares: 2,001

James Alfred Green
Director
Age: 48
Civil Engineer
Bachelor of Engineering - Civil
President of the Cobden Football Netball Club for 8 years; Previous National Secretary of Apex Australia for 2 years; previous State President of Apex Australia for 1 year.
Special Responsibilities: Human Resources
Interest in Shares: 4,001

Edwin Duncan Morris
Director (*Appointed 28 October 2008*)
Age: 55
Certified Practising Accountant
President of Cobden & District Health Services for 10 years. Self Employed Certified Practising Accountant managing own practice for 25 years. Numerous other community roles.
Special Responsibilities: Community Investment Committee
Interest in Shares: 5,000

Robert Saunders Gunner
Director (*Appointed 28 October 2008*)
Age: 75
Retired
Newsagency business owner for many years.
Special Responsibilities: Community Investment Committee
Interest in Shares: NIL

Kellie Lee Kempton
Director (*Appointed 28 October 2008*)
Age: 33
Receptionist
Secretary of Camperdown & District Netball Association for more than 12 years.
Special Responsibilities: Community Investment Committee
Interest in Shares: NIL

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Michael David Hinkley
Director (*Resigned 28 October 2008*)
Age: 52
Farmer / Contractor
Member of the Cobden Football Netball Club
committee.
Special Responsibilities: Shareholding
Interest in Shares: 2,001

Gayle Patricia Kelson
Secretary (*Resigned 28 October 2008*)
Age: 55
Administration / Support Officer
Past President and Secretary of Cobden Playgroup Inc.
and Cobden Kindergarten.
Special Responsibilities: Secretary, Shareholding
Interest in Shares: 1,001

Andrew Keith Suter
Director (*Resigned 28 October 2008*)
Age: 65
Retired
Involved in the local CFA; past President of South
Purrumbete Primary School and Cobden 1st Scouts
Group.
Special Responsibilities: Human Resources
Interest in Shares: 6,501

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

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

Company Secretary

The company secretary Margaret Emily McDonald was appointed to the position of secretary on 28th October 2008. Margaret has no previous Company Secretary experience.

Principal activities

The principal activities of the company during the course of the financial year were in facilitating community banking services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Operating Results

The recent global financial crisis has adversely impacted the stability of the international financial system. The current global financial crisis presents a challenge for all financial institutions, including Bendigo and Adelaide Bank Limited and in turn Cobden & Districts Financial Services Limited. The duration and extent of the global financial crisis is still largely unknown and continuation of these conditions could adversely affect the ongoing financial performance or financial condition of the Company's business as a franchisee of a Community Bank® branch.

The loss of the company for the financial year after provision for income tax was:

Year ended	Year ended
30 June 2009	30 June 2008
\$	\$
(194,865)	(122,878)

Remuneration Report

No Director received remuneration for services as a Company Director or Committee Member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

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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

After the end of the financial year approval was granted for additional loan funding. The overdraft limit was decreased to \$170,000 and subsequently two loans, for \$220,000 and \$50,000 have been approved to fund ongoing operations.

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' Benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest except as disclosed in note 18 to the financial statements. 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
Trevor John Gardner	12	11
Gregory Leigh Suter	12	9
Margaret Emily McDonald	12	11
Trevor John Clarke	12	9
Stuart James Dawson	12	9
Donald Francis Howard	12	7
Rodney Peter Giblett	12	7
Milton John Parlour	12	9
James Alfred Green	12	11
Edwin Duncan Morris (Appointed 28 October 2008)	8	8
Robert Saunders Gunner (Appointed 28 October 2008)	8	8
Kellie Lee Kempton (Appointed 28 October 2008)	8	5
Michael David Hinkley (Resigned 28 October 2008)	4	2
Gayle Patricia Kelson (Resigned 28 October 2008)	4	4
Andrew Keith Suter (Resigned 28 October 2008)	4	2

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Directors Report

Non Audit Services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the Auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

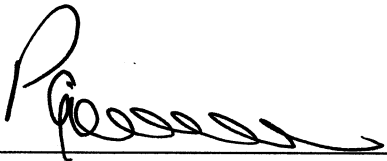
all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;

none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

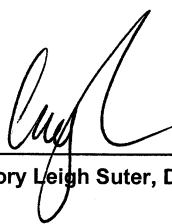
Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors at Cobden, Victoria on 7th September 2009.



Rodney Peter Giblett, Deputy Chairman



Gregory Leigh Suter, Director

**Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001
to the directors of Cobden & Districts Community Finance Limited**

I declare that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

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



David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 7 day of September 2009

Cobden & Districts Community Finance Limited
ABN 84 117 781 049
Income Statement
for the year ended 30 June 2009

	<u>Notes</u>	2009 \$	2008 \$
Revenues from ordinary activities	3	337,816	227,638
Salaries and employee benefits expense		(293,739)	(244,417)
Charitable donations, sponsorship, advertising & promotion		(11,512)	(11,632)
Occupancy and associated costs		(34,172)	(29,640)
Systems costs		(32,932)	(26,771)
Depreciation and amortisation expense	4	(11,219)	(10,743)
Finance costs	4	(7,650)	-
General administration expenses		(141,457)	(79,975)
Loss before income tax credit		(194,865)	(175,540)
Income tax credit	5	-	52,662
Loss for the period		(194,865)	(122,878)
Loss attributable to members of the entity		(194,865)	(122,878)
Earnings per share (cents per share)		<u>c</u>	<u>c</u>
- basic for profit for the year	19	(26.88)	(16.95)

Cobden & Districts Community Finance Limited
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Balance Sheet
as at 30 June 2009

	<u>Notes</u>	2009 \$	2008 \$
ASSETS			
Current Assets			
Cash assets	6	188	100
Trade and other receivables	7	37,324	27,265
Total Current Assets		<u>37,512</u>	<u>27,365</u>
Non-Current Assets			
Property, plant and equipment	8	176,010	176,843
Intangible assets	9	4,000	6,000
Deferred tax assets	10	167,728	167,728
Total Non-Current Assets		<u>347,738</u>	<u>350,571</u>
Total Assets		<u>385,250</u>	<u>377,936</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	11	21,332	48,951
Borrowings	12	229,040	7,057
Provisions	13	22,659	17,417
Total Current Liabilities		<u>273,031</u>	<u>73,425</u>
Non-Current Liabilities			
Provisions	13	2,573	-
Total Non-Current Liabilities		<u>2,573</u>	<u>-</u>
Total Liabilities		<u>275,604</u>	<u>73,425</u>
Net Assets		<u>109,646</u>	<u>304,511</u>
Equity			
Issued capital	14	698,455	698,455
Accumulated losses	15	(588,809)	(393,944)
Total Equity		<u>109,646</u>	<u>304,511</u>

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Cobden & Districts Community Finance Limited
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Statement of changes in equity
for the year ended 30 June 2009

	2009	2008
	\$	\$
Total equity at the beginning of the period	304,511	427,389
Net loss for the period	(194,865)	(122,878)
Net income/expense recognised directly in equity	-	-
Total income and expense recognised by the entity for the year	<u>(194,865)</u>	<u>(122,878)</u>
Dividends provided for or paid	-	-
Shares issued during period	-	-
Costs of issuing shares	-	-
Total equity at the end of the period	<u><u>109,646</u></u>	<u><u>304,511</u></u>
	-	-

Cobden & Districts Community Finance Limited
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Statement of Cashflows
for the year ended 30 June 2009

	<u>Notes</u>	2009 \$	2008 \$
Cash Flows From Operating Activities			
Receipts from customers		330,751	213,752
Payments to suppliers and employees		(515,196)	(390,616)
Interest received		89	6,979
Interest paid		(7,650)	(24)
Net cash provided used in operating activities	16	<u>(192,006)</u>	<u>(169,909)</u>
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(29,889)	-
Net cash provided used in investing activities		<u>(29,889)</u>	<u>-</u>
Net decrease in cash held		(221,895)	(169,909)
Cash at the beginning of the financial year		(6,957)	162,952
Cash at the end of the half-year	6(a)	<u><u>(228,852)</u></u>	<u><u>(6,957)</u></u>

Cobden & Districts Community Finance Limited
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Notes to the Financial Statements
for the year ended 30 June 2009

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.

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.

Cobden & Districts Community Finance Limited
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Notes to the Financial Statements
for the year ended 30 June 2009

1. Summary of significant accounting policies (continued)

Income tax (continued)

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.

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

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.

Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the assets.

Classification and Subsequent Measurement

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

1. Summary of significant accounting policies (continued)

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

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.

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.

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 Limited.

(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 Limited mitigates this risk significantly.

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Notes to the Financial Statements
for the year ended 30 June 2009

2. Financial Risk Management (continued)

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited 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 Limited mitigates this risk significantly.

(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 \$
3. Revenue from ordinary activities		
Operating activities:		
- services commissions	337,784	223,152
- other revenue	21	56
Total revenue from operating activities	<u>337,805</u>	<u>223,208</u>
Non-operating activities:		
- interest received	11	4,430
Total revenue from non-operating activities	<u>11</u>	<u>4,430</u>
Total revenues from ordinary activities	<u><u>337,816</u></u>	<u><u>227,638</u></u>
 4. Expenses		
Depreciation of non-current assets:		
- plant and equipment	1,835	2,312
- leasehold improvements	7,384	6,431
Amortisation of non-current assets:		
- franchise agreement	2,000	2,000
	<u>11,219</u>	<u>10,743</u>
Finance costs:		
- interest paid	<u>7,650</u>	<u>23</u>
Bad debts	<u>148</u>	<u>303</u>

Cobden & Districts Community Finance Limited
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Notes to the Financial Statements
for the year ended 30 June 2009

	2009 \$	2008 \$
5. Income tax expense		
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Operating Loss	(194,865)	(175,540)
Future Income Tax Benefit on Loss from ordinary activities at 30%	(58,460)	(52,662)
Add tax effect of:		
- non-deductible expenses	600	-
- timing difference expenses	(122)	-
- blackhole expenses	(2,149)	-
Future income tax benefit not brought to account	(60,131)	
Income Tax Expense on Operating Loss	10. <u>-</u>	<u>(52,662)</u>
Income Tax Losses		
Future income tax benefits arising from tax losses are not recognised at reporting date as realisation of the benefit is not regarded as virtually certain. Future income tax benefit carried forward is:	<u>60,131</u>	
6. Cash assets		
Cash at bank and on hand	<u>188</u>	<u>100</u>
	<u>188</u>	<u>100</u>
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	188	100
Overdraft	(229,040)	(7,058)
	<u>(228,852)</u>	<u>(6,958)</u>
7. Trade and other receivables		
Trade receivables	25,965	18,989
Prepayments	11,359	8,276
	<u>37,324</u>	<u>27,265</u>
8. Property, plant and equipment		
<i>Plant and equipment</i>		
At cost	32,483	28,783
Less accumulated depreciation	(5,789)	(3,954)
	<u>26,694</u>	<u>24,829</u>
<i>Leasehold improvements</i>		
At cost	168,800	164,114
Less accumulated depreciation	(19,484)	(12,100)
	<u>149,316</u>	<u>152,014</u>
Total written down amount	<u>176,010</u>	<u>176,843</u>

Cobden & Districts Community Finance Limited
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8. Property, plant and equipment (continued)

	2009 \$	2008 \$
Movements in carrying amounts:		
<i>Plant and equipment</i>		
Carrying amount at beginning	24,829	23,815
Additions	3,700	3,326
Less: depreciation expense	(1,835)	(2,312)
Carrying amount at end	<u>26,694</u>	<u>24,829</u>
<i>Leasehold improvements</i>		
Carrying amount at beginning	152,014	136,807
Additions	4,686	21,638
Less: depreciation expense	(7,384)	(6,431)
Carrying amount at end	<u>149,316</u>	<u>152,014</u>
Total written down amount	<u>176,010</u>	<u>176,843</u>

9. Intangible assets

<i>Franchise Fee</i>		
At cost	10,000	10,000
Less: accumulated amortisation	(6,000)	(4,000)
	<u>4,000</u>	<u>6,000</u>

10. Deferred Tax

Deferred Tax		
- Opening Balance	167,729	115,067
Future income tax benefits attributable to losses	-	52,662
Rounding	-	(1)
- Closing Balance	<u>167,729</u>	<u>167,729</u>

11. Trade and other payables

Trade Creditors	11,265	39,392
Other creditors & accruals	10,067	9,559
	<u>21,332</u>	<u>48,951</u>

12. Borrowings

Bank overdraft	<u>229,040</u>	<u>7,057</u>
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Note: The Company had an approved overdraft facility of \$275,000.

Further loan funding totalling \$270,000 has been approved since year end and the overdraft limit has been reduced to \$170,000.

The overdraft facility interest is charged at commercial interest rates as per agreement with the Franchisor. The overdraft is secured by a fixed and floating charge over the Company's assets.

13. Provisions

	2009 \$	2008 \$
<i>Current:</i>		
Provision for annual leave	22,659	16,556
	<u>22,659</u>	<u>16,556</u>
<i>Non-current:</i>		
Provision for long service leave	<u>2,573</u>	<u>861</u>
Number of employees at year end	<u>8</u>	<u>5</u>

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14. Contributed equity

725,012 Ordinary shares fully paid of \$1 each (2008: 725,012)	725,012	725,012
Less: equity raising expenses	(26,557)	(26,557)
	<u>698,455</u>	<u>698,455</u>

Rights attached to shares

(a) *Voting Rights*

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of Shares held, is to reflect the nature of the Company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank® have the same ability to influence the operation of the Company.

(b) *Dividends*

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The Franchise Agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) *Transfer*

Generally, ordinary shares are freely transferable. However, the Directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the Company's constitution and the Corporations Act.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the Company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the Company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the Company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the Company to that person the number of shareholders in the Company is (or would be) lower than the base number (the "base number test"). The base number is 302. As at the date of this report, the Company had 335 shareholders.

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the Company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The Board has the power to request information from a person who has (or is suspected by the Board of having) a legal or beneficial interest in any shares in the Company or any voting power in the Company, for the purpose of determining whether a person has a prohibited shareholding interest. If the Board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of Shares the Board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the Board is authorised to sell the specified Shares on behalf of that person. The holder will be entitled to the consideration from the sale of the Shares, less any expenses incurred by the Board in selling or otherwise dealing with those shares.

In the Constitution, members acknowledge and recognise that the exercise of the powers given to the Board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

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for the year ended 30 June 2009

15. Accumulated losses

Balance at the beginning of the financial year	(393,944)	(271,066)
Net loss from ordinary activities after income tax	(194,865)	(122,878)
Balance at the end of the financial year	<u>(588,809)</u>	<u>(393,944)</u>

16. Statement of cashflows

Reconciliation of loss from ordinary activities after tax to net cash used in operating activities

Loss from ordinary activities after income tax	(194,865)	(122,878)
Non cash items:		
- depreciation	9,219	8,743
- amortisation	2,000	2,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(10,059)	(18,767)
- (increase)/decrease in other assets	-	(52,661)
- increase/(decrease) in payables	(6,116)	6,281
-increase/(decrease) in provisions	7,815	7,373
Net cashflows used in operating activities	<u>(192,006)</u>	<u>(169,909)</u>

17. Auditors' remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit & review services	4,200	4,000
- non audit services	40	350
	<u>4,240</u>	<u>4,350</u>

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Notes to the Financial Statements
for the year ended 30 June 2009

18. Director and Related party disclosures

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

Trevor John Gardner
Gregory Leigh Suter
Margaret Emily McDonald
Trevor John Clarke
Stuart James Dawson
Donald Francis Howard
Rodney Peter Giblett
Milton John Parlour
James Alfred Green
Edwin Duncan Morris (Appointed 28 October 2008)
Robert Saunders Gunner (Appointed 28 October 2008)
Kellie Lee Kempton (Appointed 28 October 2008)
Michael David Hinkley (Resigned 28 October 2008)
Gayle Patricia Kelson (Resigned 28 October 2008)
Andrew Keith Suter (Resigned 28 October 2008)

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

Director Gregory Suter is the owner of Cobden Kitchens & Joinery. During the 2009 financial year Cobden & Districts Community Finance Limited engaged Cobden Kitchens & Joinery to complete security upgrades to the Cobden Branch and to supply two new filing cabinets. The total amount payable to Cobden Kitchens & Joinery relating to these services was \$4204.36. (2008: \$13661.24) The purchase was made on normal commercial terms.

Director Duncan Morris is the owner of Duncan Morris & Associates accounting practice. During the 2009 financial year Cobden & Districts Community Finance Limited engaged Duncan Morris & Associates to provide assistance to the Treasurer to process all financial information, prepare reports for presentation to the Board of Directors each month and prepare the half year and annual financial reports for shareholders. The total amount payable to Duncan Morris & Associates relating to this service was \$5280.00. (2008: \$5280.00) The purchase was made on normal commercial terms.

Directors shareholdings	<u>2009</u>	<u>2008</u>
Trevor John Gardner	1,001	1,001
Gregory Leigh Suter	5,001	5,001
Margaret Emily McDonald	1,001	1,001
Trevor John Clarke	3,001	3,001
Stuart James Dawson	6,001	6,001
Donald Francis Howard	3,001	3,001
Rodney Peter Giblett	-	-
Milton John Parlour	2,001	2,001
James Alfred Green	4,001	4,001
Edwin Duncan Morris (Appointed 28 October 2008)	5,000	-
Robert Saunders Gunner (Appointed 28 October 2008)	-	-
Kellie Lee Kempton (Appointed 28 October 2008)	-	-
Michael David Hinkley (Resigned 28 October 2008)	2,001	2,001
Gayle Patricia Kelson (Resigned 28 October 2008)	1,001	1,001
Andrew Keith Suter (Resigned 28 October 2008)	6,501	6,501

There was no movement in directors shareholdings during the year.

Cobden & Districts Community Finance Limited
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Notes to the Financial Statements
for the year ended 30 June 2009

19. Earnings per Share	2009	2008
	\$	\$
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	(194,865)	(122,878)
	2009	2008
	<u>Number</u>	<u>Number</u>
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	725,012	725,012

20. 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.

21. Contingent liabilities

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

22. Registered office/Principal place of business

The registered office and principal place of business is:

<u>Registered office</u>	<u>Principal place of business</u>
37 Curdie Street, Cobden VIC 3266	37 Curdie Street, Cobden VIC 3266

23. 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	-	-	-	-	-	-	-	-	188	100	-	-
Receivables	-	-	-	-	-	-	-	-	25964	18910	N/A	N/A
Financial liabilities												
Interest bearing liabilities	229,040	7,057	-	-	-	-	-	-	-	-	9.64	0
Payables	-	-	-	-	-	-	-	-	15394	44751	N/A	N/A

Cobden & Districts Community Finance Limited
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Directors' Declaration


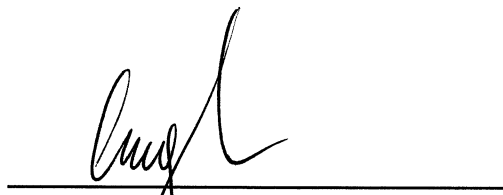
In accordance with a resolution of the directors of Cobden & Districts Community Finance Limited, we state that:

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.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the Corporations Act.

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


Rodney Peter Giblett, Deputy Chairman
Gregory Leigh Suter, Director

Signed on the 7th of September 2009.

INDEPENDENT AUDITOR'S REPORT

To the members of Cobden & Districts Community Finance Limited

We have audited the accompanying financial statements of Cobden & Districts Community Finance Limited, which comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, 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 designing, implementing 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. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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 our 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, we consider internal controls 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. 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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 met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion on the Financial Report

In our opinion:

- 1) The financial report of Cobden & Districts Community Finance Limited is in accordance with the Corporations Act 2001 including
 - (a) giving a true and fair view of the company's financial position as at 30 June 2009 and of its financial performance and its cash flows for the year then ended and;
 - (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 and;
- 2) The financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Cobden & Districts Community Finance Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.



DAVID HUTCHINGS

ANDREW FREWIN & STEWART

61-65 Bull Street, Bendigo, 3550

Dated this 7 day of September 2009