# Ettalong Beach

## Financial Services Limited

## Financial Statements

## as at

## 31 December 2009

**Ettalong Beach Financial Services Limited**
**ABN 37 110 069 120**
**Directors' Report**

Your directors submit the financial report of the company for the half-year ended 31 December 2009.

**Directors**

The names of directors who held office during the half year and until the date of this report are as below:

Don Leggett, Chairman

Brian Wright, Company Secretary

Don Wilson, Treasurer

Mathew Wales, Director

Maddi Khalida Steele, Director

Mick Gage, Director

Debra Wales, Director

Alan Gleeson, Director

Eric Leggett, Director

Teresa Parker, Director *(Resigned 31 July 2009)*

**Principal Activities**

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

**Review and Results of Operations**

Operations have continued to perform in line with expectations. The net loss of the company for the financial period was: ($11,986) [2008: ($98,054)].

**Matters Subsequent to the End of the Reporting Period**

There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

**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 2.

Signed in accordance with a resolution of the directors at Ettalong, NSW on 15 March 2010.

**Brian Wright, Director**

partners in success
Chartered Accountants & Business Advisors

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## Auditor's Independence Declaration

As lead auditor for the review of Ettalong Beach Financial Services Limited I declare that, to the best of my knowledge and belief, in relation to the review of the half year ended 31 December 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.

**Graeme Stewart**
**Auditor**

**Andrew Frewin & Stewart**
Bendigo, Victoria

Dated this 15th day of March 2010



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**Ettalong Beach Financial Services Limited**
**ABN 37 110 069 120**
**Income Statement**
**for the half-year ended 31 December 2009**

| | 2009<br>$ | 2008<br>$ |
|---|---|---|
| Revenue from ordinary activities | 289,513 | 194,721 |
| Salaries and employee benefit expense | (140,745) | (150,355) |
| Occupancy and associated costs | (26,597) | (23,262) |
| Charitable donations, sponsorship, advertising & promotion | (15,864) | (13,693) |
| Systems costs | (13,491) | (14,115) |
| Finance costs | (13,600) | (12,949) |
| Depreciation and amortisation expense | (17,498) | (18,948) |
| General administration expenses | (73,704) | (59,453) |
| **Loss before income tax credit** | (11,986) | (98,054) |
| Income tax credit | - | - |
| **Loss for the period** | (11,986) | (98,054) |
| **Loss attributable to members of the entity** | **(11,986)** | **(98,054)** |
| **Earnings per Share** | ¢ | ¢ |
| Earnings per share for the period: | (1.58) | (12.96) |

*The accompanying notes form part of these financial statements.*

**Ettalong Beach Financial Services Limited**
**ABN 37 110 069 120**
**Balance Sheet**
**as at 31 December 2009**

| | 31-Dec 2009 $ | 30-Jun 2009 $ |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash assets | 500 | 500 |
| Trade and other receivables | 46,619 | 40,845 |
| **Total Current Assets** | 47,119 | 41,345 |
| **Non-Current Assets** | | |
| Property, plant and equipment | 174,355 | 183,517 |
| Intangible assets | 3,000 | 9,000 |
| **Total Non-Current Assets** | 177,355 | 192,517 |
| **Total Assets** | 224,474 | 233,862 |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Trade and other payables | 31,160 | 26,698 |
| Financial liabilities | 341,113 | 340,250 |
| Provisions | 17,631 | 20,488 |
| **Total Current Liabilities** | 389,904 | 387,436 |
| **Non-Current Liabilities** | | |
| Provisions | 8,210 | 8,080 |
| **Total Non-Current Liabilities** | 8,210 | 8,080 |
| **Total Liabilities** | 398,114 | 395,516 |
| **Net Assets** | (173,640) | (161,654) |
| **Equity** | | |
| Issued capital | 722,104 | 722,104 |
| Accumulated losses | (895,744) | (883,758) |
| **Total Equity** | (173,640) | (161,654) |

*The accompanying notes form part of these financial statments.*

**Ettalong Beach Financial Services Limited**
**ABN 37 110 069 120**
**Statement of Changes in Equity**
**for the half-year ended 31 December 2009**

| | Issued Capital $ | Retained Earnings $ | Total Equity $ |
|---|---|---|---|
| **Balance at 1 July 2008** | 722,104 | (695,817) | 26,287 |
| Net loss for the period | - | (98,054) | (98,054) |
| Shares issued during period | - | - | - |
| Costs of issuing shares | - | - | - |
| Dividends provided for or paid | - | - | - |
| **Balance at 31 December 2008** | 722,104 | (793,871) | (71,767) |
| | | | |
| **Balance at 1 July 2009** | 722,104 | (883,758) | (161,654) |
| Net loss for the period | - | (11,986) | (11,986) |
| Shares issued during period | - | - | - |
| Costs of issuing shares | - | - | - |
| Dividends provided for or paid | - | - | - |
| **Balance at 31 December 2009** | 722,104 | (895,744) | (173,640) |

*The accompanying notes form part of these financial statments.*

**Ettalong Beach Financial Services Limited**
**ABN 37 110 069 120**
**Cash Flow Statement**
**for the half-year ended 31 December 2009**

| | 2009<br>$ | 2008<br>$ |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Receipts from customers | 283,739 | 223,130 |
| Payments to suppliers and employees | (268,666) | (283,311) |
| Interest paid | (13,600) | (13,338) |
| **Net cash provided by/(used in) operating activities** | 1,473 | (73,519) |
| **Cash Flows From Investing Activities** | | |
| Payments for property, plant and equipment | (2,336) | - |
| **Net cash used in investing activities** | (2,336) | - |
| **Net decrease in cash held** | (863) | (73,519) |
| Cash at the beginning of the financial year | (339,750) | (157,269) |
| **Cash at the end of the half-year** | (340,613) | (230,788) |

*The accompanying notes form part of these financial statments.*

## 1. Basis of Preparation of the Half-Year Financial Statements

### Statement of Compliance

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, *Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations* and other authoritative pronouncements of the *Australian Accounting Standards Board ('AASB')*.

### Basis of Accounting

The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the financial report for the year ended 30 June 2009 and any public pronouncements made by the company during the period.

The accounting policies set out below have been applied in preparing the financial statements for the half-year ended 31 December 2009. All accounting policies are consistent with those applied in the 30 June 2009 financial statements except as set out below.

Reporting Basis and Convention

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

### Going Concern

The company has, as part of its normal operations, obtained an overdraft facility with Bendigo and Adelaide Bank Limited to help finance operations. The company has also obtained an undertaking of support from Bendigo and Adelaide Bank Limited that it will continue to support the company and its operations for the 2009/10 financial year. This support is provided on the basis that the company continues to fulfill its obligations under the franchise agreement and continues to work closely with Bendigo and Adelaide Bank to further develop its business.

### Economic Dependency - Bendigo and Adelaide Bank Limited (Bendigo Bank)

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank® branch at Ettalong Beach.

The branch operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the Community Bank® branch on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank® branches are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

## 1. Basis of Preparation of the Half-Year Financial Statements (continued)

### Economic Dependency - Bendigo and Adelaide Bank Limited (Bendigo Bank)

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank® branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- advice and assistance in relation to the design, layout and fit out of the Community Bank® branch;
- training for the branch manager and other employees in banking, management systems and interface protocol; and
- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

## 2. Events Subsequent to Reporting Date

There have been no events subsequent to reporting date that would materially effect the financial statements at the reporting date.

## 3. Contingent Assets and Liabilities

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

## 4. Segment Reporting

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited. The economic entity operates in one geographic area being Ettalong Beach, NSW.

**Ettalong Beach Financial Services Limited**
**ABN 37 110 069 120**
**Directors' Declaration**

In the opinion of the directors of Ettalong Beach Financial Services Limited ("the Company"):

1 The financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

   (a) giving a true and fair view of the financial position of the entity as at 31 December 2009 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date;

   (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

2 there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

**Brian Wright, Director**

Dated this 15th day of March 2010.

partners in success
Chartered Accountants & Business Advisors

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# INDEPENDENT AUDITOR'S REPORT

To the members of Ettalong Beach Financial Services Limited

We have reviewed the accompanying half year financial report of Ettalong Beach Financial Services Limited, which comprises the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the half year then ended, a statement of accounting policies and other selected 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 half year 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 control relevant to the preparation and fair presentation of the half year 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 a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Ettalong Beach Financial Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

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

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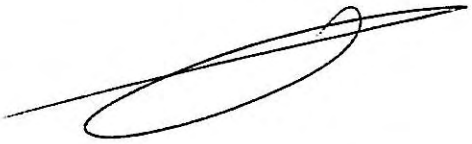
## Independence

In conducting our review we have compiled with the independence requirements of the Corporations Act 2001.

## Auditor's Opinion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ettalong Beach Financial Services Limited is not in accordance with the Corporations Act 2001 including:

a) Giving a true and fair view of the company's financial position at 31 December 2009 and of its performance for the half-year ended on that date; and
b) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



**GRAEME STEWART**
**ANDREW FREWIN & STEWART**
61-65 Bull Street, Bendigo, 3550

Dated this 15th day of March 2010