

**Heathcote & District  
Financial Services Limited**

**Financial Statements**

**as at**

**31 December 2009**

**Heathcote & District Financial Services Limited**  
**ABN 44 112 376 986**  
**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:

Barry Maxwell Cail

Caroline FitzGerald James

Joseph Zurek

Keith Macpherson Chambers

Ian Douglas Cordiner

Eleanor Louise Johnson Dempster

Gregory Ian Speirs

Bryan Rutherford Wearne

Colin Bernard Stobaus (*Resigned 7 December 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 profit of the company for the financial period was: \$27,472 [2008: \$10,643].

**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 Heathcote, Victoria on 25 February 2010.



Barry Maxwell Cail, Chairman

### **Auditor's Independence Declaration**

As lead auditor for the review of Heathcote & District 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 25th day of February 2010

**Heathcote & District Financial Services Limited**  
**ABN 44 112 376 986**  
**Income Statement**  
**for the half-year ended 31 December 2009**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Revenue from ordinary activities	286,463	231,162
Salaries and employee benefit expense	(141,953)	(128,505)
Occupancy and associated costs	(16,288)	(16,346)
Charitable donations, sponsorship, advertising & promotion	(15,129)	(13,311)
Systems costs	(10,311)	(11,145)
Depreciation and amortisation expense	(10,416)	(11,145)
General administration expenses	(52,115)	(34,532)
	<hr/>	<hr/>
<b>Profit before income tax expense</b>	40,251	16,178
Income tax expense	(12,779)	(5,535)
	<hr/>	<hr/>
<b>Profit for the period</b>	27,472	10,643
	<hr/>	<hr/>
<b>Profit attributable to members of the entity</b>	<b>27,472</b>	<b>10,643</b>
	<hr/> <hr/>	<hr/> <hr/>
 <b>Earnings per Share</b>	 <b>c</b>	 <b>c</b>
Earnings per share for the period:	4.6	1.79
 Dividends paid	 6	 -

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

**Heathcote & District Financial Services Limited**  
**ABN 44 112 376 986**  
**Balance Sheet**  
**as at 31 December 2009**

	<b>31-Dec 2009 \$</b>	<b>30-Jun 2009 \$</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash assets	275,865	262,075
Trade and other receivables	20,788	27,139
<b>Total Current Assets</b>	<u>296,653</u>	<u>289,214</u>
<b>Non-Current Assets</b>		
Property, plant and equipment	75,433	79,849
Intangible assets	14,402	20,402
Deferred tax asset	38,558	51,337
<b>Total Non-Current Assets</b>	<u>128,393</u>	<u>151,588</u>
<b>Total Assets</b>	<u>425,046</u>	<u>440,802</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	7,613	15,146
<b>Total Current Liabilities</b>	<u>7,613</u>	<u>15,146</u>
<b>Total Liabilities</b>	<u>7,613</u>	<u>15,146</u>
<b>Net Assets</b>	<u>417,433</u>	<u>425,656</u>
<b>Equity</b>		
Issued capital	558,357	558,357
Accumulated losses	(140,924)	(132,701)
<b>Total Equity</b>	<u>417,433</u>	<u>425,656</u>

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

**Heathcote & District Financial Services Limited**  
**ABN 44 112 376 986**  
**Statement of Changes in Equity**  
**for the half-year ended 31 December 2009**

	<b>Issued Capital \$</b>	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>Balance at 1 July 2008</b>	558,357	(158,969)	399,388
Net profit for the period	-	10,643	10,643
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
<b>Balance at 31 December 2008</b>	<u>558,357</u>	<u>(148,326)</u>	<u>410,031</u>
 <b>Balance at 1 July 2009</b>	 558,357	 (132,701)	 425,656
Net profit for the period	-	27,472	27,472
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(35,695)	(35,695)
<b>Balance at 31 December 2009</b>	<u>558,357</u>	<u>(140,924)</u>	<u>417,433</u>

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

**Heathcote & District Financial Services Limited**  
**ABN 44 112 376 986**  
**Cash Flow Statement**  
**for the half-year ended 31 December 2009**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	301,509	245,467
Payments to suppliers and employees	(254,667)	(230,355)
Interest received	2,643	1,581
<b>Net cash provided by operating activities</b>	<u>49,485</u>	<u>16,693</u>
<b>Cash Flows From Financing Activities</b>		
Dividends paid	(35,695)	-
<b>Net cash used in financing activities</b>	<u>(35,695)</u>	<u>-</u>
<b>Net increase in cash held</b>	13,790	16,693
Cash at the beginning of the financial year	262,075	236,706
<b>Cash at the end of the half-year</b>	<u><u>275,865</u></u>	<u><u>253,399</u></u>

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

**Heathcote & District Financial Services Limited**  
**ABN 44 112 376 986**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2009**

**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.

**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 the geographic area of Heathcote and Nagambie districts of Victoria.

**5. Related Parties**

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2009 annual financial report.

**6. Dividends Paid**

Period ended 31 December 2009	2009 Cents	2009 \$	2008 Cents	2008 \$
Interim dividend declared	-	-	-	-
Dividends paid in the year.				
- interim for the year	-	-	-	-
- as recommended in the prior year report	6	35,695	-	-



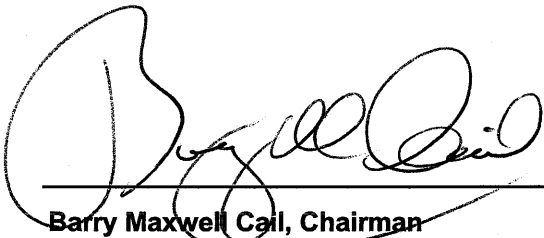
**Heathcote & District Financial Services Limited**  
**ABN 44 112 376 986**  
**Directors' Declaration**

In the opinion of the directors of Heathcote & District 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



Barry Maxwell Cail, Chairman

Dated this 25th day of February 2010.

## **INDEPENDENT AUDITOR'S REPORT**

To the members of Heathcote & District Financial Services Limited

We have reviewed the accompanying half year financial report of Heathcote & District 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 Heathcote & District 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.

## **Independence**

In conducting our review we have complied 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 Heathcote & District 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 25th day of February 2010