

Hervey Bay & District

Financial Services Limited

Financial Statements

as at

31 December 2009

Hervey Bay & District Financial Services Limited
ABN 46 116 567 072
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:

Rodney Mark Cullen

Katrina Elizabeth Ehrlich (*Appointed 24 February 2010*)

Christine Jean Riordan

Trevor Ian McDonald

David John Lewis

Ian Gregory Richards

Neil Arthur Owen Canning

Kenneth Alan Jensen

Christine Dixon (*Appointed 24 February 2010*)

Tanya Stevenson (*Appointed 24 February 2010*)

Leanne Nessa Richardson (*Resigned 20 January 2010*)

Leigh Andrew Bennett (*Resigned 29 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: \$36,403 [2008: (\$57,830)].


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 Hervey Bay, Queensland on 24 February 2010.



Rodney Mark Cullen, Chairman

Auditor's Independence Declaration

As lead auditor for the review of Hervey Bay & 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.



David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 24th day of February 2010

Hervey Bay & District Financial Services Limited
ABN 46 116 567 072
Balance Sheet
as at 31 December 2009

	31-Dec 2009 \$	30-Jun 2009 \$
ASSETS		
Current Assets		
Cash assets	-	497
Trade and other receivables	27,124	25,721
Total Current Assets	<u>27,124</u>	<u>26,218</u>
Non-Current Assets		
Property, plant and equipment	146,792	152,819
Intangible assets	2,667	3,667
Total Non-Current Assets	<u>149,459</u>	<u>156,486</u>
Total Assets	<u>176,583</u>	<u>182,704</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	17,164	24,995
Financial liabilities	58,034	16,346
Provisions	8,675	8,637
Total Current Liabilities	<u>83,873</u>	<u>49,978</u>
Non-Current Liabilities		
Financial liabilities	20,878	23,188
Provisions	2,003	3,306
Total Non-Current Liabilities	<u>22,881</u>	<u>26,494</u>
Total Liabilities	<u>106,754</u>	<u>76,472</u>
Net Assets	<u>69,829</u>	<u>106,232</u>
Equity		
Issued capital	789,732	789,732
Accumulated losses	(719,903)	(683,500)
Total Equity	<u>69,829</u>	<u>106,232</u>

The accompanying notes form part of these financial statements.

Hervey Bay & District Financial Services Limited
ABN 46 116 567 072
Statement of Changes in Equity
for the half-year ended 31 December 2009

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2008	789,732	(541,461)	248,271
Net loss for the period	-	(57,830)	(57,830)
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 31 December 2008	<u><u>789,732</u></u>	<u><u>(599,291)</u></u>	<u><u>190,441</u></u>
 Balance at 1 July 2009	 789,732	 (683,500)	 106,232
Net loss for the period	-	(36,403)	(36,403)
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 31 December 2009	<u><u>789,732</u></u>	<u><u>(719,903)</u></u>	<u><u>69,829</u></u>

The accompanying notes form part of these financial statements.

Hervey Bay & District Financial Services Limited
ABN 46 116 567 072
Cash Flow Statement
for the half-year ended 31 December 2009

	2009	2008
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	181,932	168,507
Payments to suppliers and employees	(219,109)	(231,301)
Interest paid	(756)	(176)
Interest received	13	1,487
Net cash used in operating activities	<u>(37,920)</u>	<u>(61,483)</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(1,954)	(28,829)
Net cash used in investing activities	<u>(1,954)</u>	<u>(28,829)</u>
Cash Flows From Financing Activities		
Proceeds from borrowings	-	32,290
Repayment of borrowings	(2,310)	(366)
Net cash provided by/(used in) financing activities	<u>(2,310)</u>	<u>31,924</u>
Net decrease in cash held	(42,184)	(58,388)
Cash at the beginning of the financial year	(9,349)	119,370
Cash at the end of the half-year	<u><u>(51,533)</u></u>	<u><u>60,982</u></u>

The accompanying notes form part of these financial statements.

Hervey Bay & District Financial Services Limited
ABN 46 116 567 072
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 one geographic area being Hervey Bay and surrounding districts of Queensland.

Hervey Bay & District Financial Services Limited
ABN 46 116 567 072
Directors' Declaration

In the opinion of the directors of Hervey Bay & 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



Rodney Mark Cullen, Chairman

Dated this 24th day of February 2010.

INDEPENDENT AUDITOR'S REPORT

To the members of Hervey Bay & District Financial Services Limited

We have reviewed the accompanying half year financial report of Hervey Bay & 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 Hervey Bay & 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 Hervey Bay & 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.



DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 24th day of February 2010