

Inverloch & District
Financial Enterprises Limited
Financial Statements
as at
31 December 2009

Inverloch & District Financial Enterprises Limited
ABN 13 117 672 590
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:

Alan Keith Gostelow

Terrence William Hall

Francis Barry McGarvey

Maxwell Alexander Warlow

Michelle Christie Harris (*Appointed 24 September 2009*)

Stephen Andrew McHugh (*Appointed 24 September 2009*)

David Leonard Schultz (*Appointed 24 September 2009*)

Dominic Anthony Brusamarello (*Appointed 29 October 2009*)

Kenneth Mervyn Aly (*Resigned 17 December 2009*)

Leanne Maree du Plessis (*Resigned 19 November 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: \$54,801 [2008: \$8,740].

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 Inverloch, Victoria on 5 February 2010.



Alan Keith Gostelow, Chairman

Auditor's Independence Declaration

As lead auditor for the review of Inverloch & District Financial Enterprises 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 5th day of February 2010

Inverloch & District Financial Enterprises Limited
ABN 13 117 672 590
Income Statement
for the half-year ended 31 December 2009

	2009	2008
	\$	\$
Revenue from ordinary activities	304,062	235,582
Salaries and employee benefit expense	(140,422)	(129,000)
Occupancy and associated costs	(22,391)	(20,389)
Charitable donations, sponsorship, advertising & promotion	(7,328)	(12,915)
Systems costs	(11,467)	(12,408)
Depreciation and amortisation expense	(5,704)	(5,335)
General administration expenses	(38,795)	(40,949)
	<hr/>	<hr/>
Profit before income tax expense	77,955	14,586
Income tax expense	(23,154)	(5,846)
	<hr/>	<hr/>
Profit for the period	54,801	8,740
	<hr/>	<hr/>
Profit attributable to members of the entity	54,801	8,740
	<hr/> <hr/>	<hr/> <hr/>
 Earnings per Share	 c	 c
Earnings per share for the period:	7.3	1.17
Dividends paid per share for the period:	6 2	-

The accompanying notes form part of these financial statements.

Inverloch & District Financial Enterprises Limited
ABN 13 117 672 590
Balance Sheet
as at 31 December 2009

	<u>Notes</u>	31-Dec 2009 \$	30-Jun 2009 \$
ASSETS			
Current Assets			
Cash assets		520,931	306,293
Trade and other receivables		14,932	22,147
Financial assets		-	139,000
Total Current Assets		<u>535,863</u>	<u>467,440</u>
Non-Current Assets			
Property, plant and equipment		101,465	106,169
Intangible assets		38,500	39,500
Deferred tax asset		20,887	44,041
Total Non-Current Assets		<u>160,852</u>	<u>189,710</u>
Total Assets		<u>696,715</u>	<u>657,150</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		6,426	11,662
Provisions	7	13,333	8,333
Total Current Liabilities		<u>19,759</u>	<u>19,995</u>
Total Liabilities		<u>19,759</u>	<u>19,995</u>
Net Assets		<u>676,956</u>	<u>637,155</u>
Equity			
Issued capital		729,547	729,547
Accumulated losses		(52,591)	(92,392)
Total Equity		<u>676,956</u>	<u>637,155</u>

The accompanying notes form part of these financial statements.

Inverloch & District Financial Enterprises Limited
ABN 13 117 672 590
Statement of Changes in Equity
for the half-year ended 31 December 2009

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2008	729,547	(124,244)	605,303
Net profit for the period	-	8,740	8,740
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 31 December 2008	<u>729,547</u>	<u>(115,504)</u>	<u>614,043</u>
 Balance at 1 July 2009	 729,547	 (92,392)	 637,155
Net profit for the period	-	54,801	54,801
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(15,000)	(15,000)
Balance at 31 December 2009	<u>729,547</u>	<u>(52,591)</u>	<u>676,956</u>

The accompanying notes form part of these financial statements.

Inverloch & District Financial Enterprises Limited
ABN 13 117 672 590
Cash Flow Statement
for the half-year ended 31 December 2009

	2009	2008
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	316,681	259,229
Payments to suppliers and employees	(253,054)	(256,563)
Interest received	10,011	12,674
Net cash provided by operating activities	<u>73,638</u>	<u>15,340</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	-	(2,633)
Proceeds from sale of investment	156,000	-
Net cash provided by/(used in) investing activities	<u>156,000</u>	<u>(2,633)</u>
Cash Flows From Financing Activities		
Dividends paid	(15,000)	-
Net cash used in financing activities	<u>(15,000)</u>	<u>-</u>
Net increase in cash held	214,638	12,707
Cash at the beginning of the financial year	306,293	382,391
Cash at the end of the half-year	<u><u>520,931</u></u>	<u><u>395,098</u></u>

The accompanying notes form part of these financial statements.

Inverloch & District Financial Enterprises Limited
ABN 13 117 672 590
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 Inverloch and the surrounding district 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.				
- from prior year profits	2	15,000	-	-
- as recommended in the prior year report	-	-	-	-

Inverloch & District Financial Enterprises Limited
ABN 13 117 672 590
Notes to the financial statements
for the half-year ended 31 December 2009

7. Provisions

	2009	2008
	\$	\$
Sponsorship Provision - Inverloch Surf Life Saving Club (1)	8,333	-
Sponsorship Provision - Inverloch Kongwak Football & Netball Club (2)	5,000	-
	<u>13,333</u>	<u>-</u>

1 The entity has entered into a ten year sponsorship agreement with the Inverloch Surf Life Saving Club Incorporated ('the Club'). The Company has undertaken as part of the agreement to provide a contribution of \$100,000 (plus GST) towards the construction of a new clubhouse and the following are the agreed terms and conditions of payment:

"In consideration of the Bank making the Sponsor's Contribution being \$110,000 (including GST) for the construction of the clubhouse; the Surf Life Saving Club grants to the Bank the Sponsorship Rights on the terms and conditions of this agreement.

1. The Sponsor's Contribution will be available to the Surf Life Saving Club after the government and other grants received and the Surf Life Saving Clubs funds set aside for the construction of the clubhouse have been expended on the project.

2. The Sponsor's Contribution will consist of the sum of the agreed contract retention sum and any residual balance up to \$100,000 (plus GST).

3. The Bank will hold the agreed contract retention sum for the period defined in the construction contract for the clubhouse and will release such funds upon receipt of a copy of the defects clearance certification from the quantity surveyor engaged by the Surf Life Saving Club.

4. Residual funds, if any, will be released to the Surf Life Saving Club upon practical completion for other aspects of construction of the clubhouse."

The Company has been advised in writing that the Club has received a Grant of \$500,000 from the State Government and that the estimated construction completion date is November 2010. The Company therefore in accordance with sub-clauses 1&3 (above) of the agreement is liable for the \$100,000 and may be requested to provide the funds upon completion of the construction of the new clubhouse. Thus the Company has decided to provide for the liability on a monthly basis over the next twelve months.

In the event that the construction of the clubhouse is not able to proceed and the Surf Life Saving Club has met its obligations under the agreement, the Company will make a donation equivalent to 5% of the total contribution (\$5,000) for each expired year of the agreement. This is a definite obligation but has not been recognized as a liability separately but is covered by the monthly provision for the total possible liability.

2 The Company has agreed to pay a \$5,000 sponsorship towards the Inverloch Kongwak Football & Netball Club for the upgrading of existing facilities. This contribution is contingent on the entity being successful in obtaining a grant through Country Football & Netball. At the time of this report the grant had not been received.

Inverloch & District Financial Enterprises Limited
ABN 13 117 672 590
Directors' Declaration

In the opinion of the directors of Inverloch & District Financial Enterprises 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



Alan Keith Gostelow, Chairman

Dated this 5th day of February 2010.

INDEPENDENT AUDITOR'S REPORT

To the members of Inverloch & District Financial Enterprises Limited

We have reviewed the accompanying half year financial report of Inverloch & District Financial Enterprises 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 Inverloch & District Financial Enterprises 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 Inverloch & District Financial Enterprises 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 200.



DAVID HUTCHINGS

ANDREW FREWIN & STEWART

61-65 Bull Street, Bendigo, 3550

Dated this 5th day of February 2010