

Community
Financial Services Victoria Limited

Financial Statements

as at

30 June 2009

Community Financial Services Victoria Limited
ABN 51 092 756 351
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:

Maxwell William Papley

Chairman

Age: 68

Occupation: Retail Rural Merchandise Proprietor

Experience and expertise:

- Chairman CFSV Ltd since inception

Special responsibilities:

- Chairman of the Board

Interests in shares: 30,250 Ordinary Shares

Douglas Hugh Hamilton

Deputy Chairman

Age: 71

Occupation: Grazier

Experience and expertise:

- Former Councillor Cardinia Shire

Special responsibilities:

- Audit & Shareholder Liaison Sub Committee

Interests in shares: 9,100 Ordinary Shares

Maxwell Arthur John Kneebone

Director

Age: 72

Occupation: Grazier

Experience and expertise:

- Member of Rotary Club

Special responsibilities:

- Asset Management Sub Committee

- Grants & Sponsorship Sub Committee

Interests in shares: 52,500 Ordinary Shares

Glenister Malcolm McGregor

Director

Age: 68

Occupation: Owner Operator, Grazier

Experience and expertise:

- Former Chairman of Lang Lang Town Committee

- Chairman Lang Lang Community Medical Centre

Special responsibilities:

- Audit & Shareholder Liaison Sub Committee

Interests in shares: 56,000 Ordinary Shares

Ronald James Witney

Director

Age: 49

Occupation: Pharmacist

Experience and expertise:

- 15 years Pharmacist in Pearcedale

Special responsibilities:

- Finance & Budget Sub Committee

Interests in shares: 17,200 Ordinary Shares

Michael John Duff

Director

Age: 45

Occupation: Owner Operator/Company Director

Experience and expertise:

- KooWeeRup CFA Captain

Special responsibilities:

- Business Growth Sub Committee

- Grants & Sponsorship Sub Committee

Interests in shares: 30,000 Ordinary Shares

Tania Lyn Hansen

Secretary

Age: 39

Occupation: Executive Officer/Company Secretary

Experience and expertise:

- Former Secretary of Lang Lang Town Committee

Special responsibilities:

- All Sub Committees

Interests in shares: 500 Ordinary Shares

John Munro Lyle

Director

Age: 58

Occupation: Self Employed Retail Proprietor

Experience and expertise:

- Finance and Banking Background

Special responsibilities:

- Finance & Budget Sub Committee

Interests in shares: 15,850 Ordinary Shares

Gordon Lovell Sampson

Director (*Resigned 30 October 2008*)

Age: 73

Occupation: Retired Self Employed Electrician

Experience and expertise:

- Chairman of Lang Lang Town Committee

- Chairman of Lang Lang Historical Society

Special responsibilities:

- Asset Management Sub Committee

Interests in shares: 5,700 Ordinary Shares

Gordon Douglas Smale

Director

Age: 44

Occupation: Manufacturing Manager

Experience and expertise:

- Manager of electrical engineering company

- President Pearcedale Tennis Club

- President Pearcedale Recreation Reserve

Special responsibilities:

- Business Growth Sub Committee

- Finance & Budget Sub Committee

Interests in shares: Nil Ordinary Shares

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Directors' Report

Directors (continued)

Meint Peter (Rudy) de Jong

Director (*Appointed 30 October 2008*)

Age: 62

Occupation: Company Director

Experience and expertise:

- Extensive business background
- President Rotary Club of Koo Wee Rup/Lang Lang

Special responsibilities

- Asset Management Sub Committee
- Business Growth Sub Committee

Interests in shares: 3,675 ordinary Shares

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

Company Secretary

The company secretary is Tania Hansen. Tania was appointed to the position of Secretary on 16 September 2003. She holds a Bachelor Degree in Linguists and a Bachelor Degree in Behavioural Science. Previously Tania held the position of Treasurer and has a history in the banking sector. She has gained experience whilst involved at committee level on several local community committees.

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 & Adelaide Bank Limited.

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

Operating Results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2009	Year ended 30 June 2008
\$	\$
293,311	334,679

Remuneration Report

The Board is responsible for the determination of remuneration packages and policies applicable to the Manager and all the staff. The Senior Manager is invited to the Board meeting as required to discuss performance and remuneration packages.

The Senior Manager is paid a base salary, which is \$96,782 including the use of a company car with grossed FBT value of \$7,298. In addition, the Senior Manager receives a bonus if the company exceeds the budget estimates established by the Board. During the year a bonus was paid of \$21,260, plus employer sponsored superannuation of \$10,708.

During the 2007 year the Board resolved to pay Max Papley \$40,000 for services performed in his role as 'Executive Chairman'. During the 2009 financial year Max invoiced the entity for \$10,000 for services performed as Executive Chairman. Max was paid a total of \$12,000 (2008: \$12,000) which included \$2,000 for Director remuneration.

During the 2008 year the Board resolved to pay Tania Hansen \$45,000 (plus 9% SGC) for services performed in a role as 'Executive Officer', including, but not limited to, community and public relations, corporate affairs administration, accounts liaison and other Company Secretarial duties. During the 2009 financial year Tania was paid \$32,391 (2008: \$15,999) which included \$2,000 for Director Remuneration.

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Directors' Report

Directors Fees

For the year ended 30 June 2009, the directors received total remuneration, as follows:

	\$
Maxwell William Papley	2,000
Michael John Duff	2,000
Douglas Hugh Hamilton	2,000
Tania Lyn Hansen	2,000
Maxwell Arthur John Kneebone	2,000
John Munro Lyle	2,000
Glenister Malcolm McGregor	2,000
Gordon Lovell Sampson (<i>Resigned 30 October 2008</i>)	2,000
Ronald James Witney	2,000
Gordon Douglas Smale	2,000

Dividends	Cents	\$'000
Final dividends recommended:	17.5	128,166
Dividends paid in the year:		
- As recommended in the prior year report	17.5	128,166

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

There are no matters or circumstances that have arisen since the end of the financial year 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, in future years.

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.

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Directors' Report

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
Maxwell William Papley	11	11
Michael John Duff	11	9
Douglas Hugh Hamilton	11	6
Tania Lyn Hansen	11	11
Maxwell Arthur John Kneebone	11	8
John Munro Lyle	11	10
Glenister Malcolm McGregor	11	8
Gordon Lovell Sampson (<i>Resigned 30 October 2008</i>)	3	3
Ronald James Witney	11	7
Gordon Douglas Smale	11	8
Meint Peter (Rudy) de Jong (<i>Appointed 30th October 2008</i>)	8	8

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.

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Directors' Report

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 6.

Signed in accordance with a resolution of the Board of Directors at Lang Lang, Victoria on 23 September 2009.



Maxwell William Papley, Chairman



Tania Lyn Hansen, Secretary

**Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001
to the directors of Community Financial Services Victoria 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 23rd day of September 2009

Community Financial Services Victoria Limited
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Income Statement
for the year ended 30 June 2009

	<u>Notes</u>	2009 \$	2008 \$
Revenues from ordinary activities	3	2,655,777	2,391,449
Salaries and employee benefits expense		(1,213,596)	(998,218)
Charitable donations, sponsorship, advertising & promotion		(363,357)	(334,651)
Occupancy and associated costs		(153,434)	(156,035)
Systems costs		(110,202)	(97,643)
Depreciation and amortisation expense	4	(58,951)	(49,316)
General administration expenses		(336,118)	(298,137)
Profit before income tax expense		<hr/> 420,119	<hr/> 457,449
Income tax expense	5	(126,808)	(122,770)
Profit for the period		<hr/> 293,311	<hr/> 334,679
Profit attributable to members of the entity		<hr/> 293,311	<hr/> 334,679
Earnings per share (cents per share)		<u>c</u>	<u>c</u>
- basic for profit for the year	20	40.05	45.70
- dividends paid per share	19	17.5	14

The accompanying notes form part of these financial statements

Community Financial Services Victoria Limited
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Balance Sheet
as at 30 June 2009

	<u>Notes</u>	2009 \$	2008 \$
ASSETS			
Current Assets			
Cash assets	6	299,290	459,829
Trade and other receivables	7	261,013	205,432
Total Current Assets		<u>560,303</u>	<u>665,261</u>
Non-Current Assets			
Property, plant and equipment	8	483,722	302,089
Intangible assets	9	355,361	234,936
Deferred tax assets	10	27,164	20,599
Total Non-Current Assets		<u>866,247</u>	<u>557,624</u>
Total Assets		<u>1,426,550</u>	<u>1,222,885</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	11	106,836	87,952
Current tax liabilities	12	83,880	93,801
Provisions	13	69,638	57,133
Total Current Liabilities		<u>260,354</u>	<u>238,886</u>
Non Current Liabilities			
Provisions	13	37,697	20,645
Total Non Current Liabilities		<u>37,697</u>	<u>20,645</u>
Total Liabilities		<u>298,051</u>	<u>259,531</u>
Net Assets		<u>1,128,499</u>	<u>963,354</u>
Equity			
Issued capital	14	607,871	607,871
Retained profits	15	520,628	355,483
Total Equity		<u>1,128,499</u>	<u>963,354</u>

The accompanying notes form part of these financial statements

Community Financial Services Victoria 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	963,354	731,207
Net profit for the period	293,311	334,679
Net income/expense recognised directly in equity	-	-
Total income and expense recognised by the entity for the year	<u>293,311</u>	<u>334,679</u>
Dividends provided for or paid	(128,166)	(102,532)
Shares issued during period	-	-
Costs of issuing shares	-	-
Total equity at the end of the period	<u><u>1,128,499</u></u>	<u><u>963,354</u></u>

The accompanying notes form part of these financial statements

Community Financial Services Victoria 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		2,829,370	2,369,518
Payments to suppliers and employees		(2,438,524)	(1,911,989)
Interest received		25,906	10,304
Income taxes paid		(143,294)	(65,036)
Net cash provided by operating activities	16	<u>273,458</u>	<u>402,797</u>
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(165,831)	(7,374)
Payments for intangible assets		(140,000)	-
Net cash used in investing activities		<u>(305,831)</u>	<u>(7,374)</u>
Cash Flows From Financing Activities			
Dividends paid		(128,166)	(102,532)
Net cash used in financing activities		<u>(128,166)</u>	<u>(102,532)</u>
Net increase/(decrease) in cash held		(160,539)	292,891
Cash at the beginning of the financial year		459,829	166,938
Cash at the end of the half-year	6(a)	<u>299,290</u>	<u>459,829</u>

The accompanying notes form part of these financial statements

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).

1. Summary of significant accounting policies (continued)

Income tax (continued)

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.

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.

Community Financial Services Victoria Limited
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Notes to the Financial Statements
for the year ended 30 June 2009

1. Summary of significant accounting policies (continued)

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the company's investment in each branch.

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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Estimated Impairment of Goodwill

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(above). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions.

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Notes to the Financial Statements
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1. Summary of significant accounting policies (continued)

Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

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.

1. Summary of significant accounting policies (continued)

Financial Instruments (continued)

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 asset.

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.

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 & 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 & Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo & 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 & 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.

Community Financial Services Victoria Limited

ABN 51 092 756 351

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

	2009	2008
	\$	\$
3. Revenue from ordinary activities		
Operating activities:		
- services commissions	2,631,870	2,379,534
- other revenue	-	-
Total revenue from operating activities	<u>2,631,870</u>	<u>2,379,534</u>
Non-operating activities:		
- interest received	23,907	11,915
Total revenue from non-operating activities	<u>23,907</u>	<u>11,915</u>
Total revenues from ordinary activities	<u><u>2,655,777</u></u>	<u><u>2,391,449</u></u>
 4. Expenses		
Depreciation of non-current assets:		
- plant and equipment	34,298	28,606
- motor vehicle	5,078	4,710
Amortisation of non-current assets:		
- franchise agreement	19,575	16,000
	<u>58,951</u>	<u>49,316</u>
Finance costs:		
Bad debts	<u>3,495</u>	<u>3,967</u>
Loss on disposal of property, plant & equipment	<u>11,253</u>	<u>-</u>
 5. Income tax expense		
The components of tax expense comprise:		
- Current tax	133,373	143,369
- Deferred tax on provisions	(6,565)	(20,599)
	<u>126,808</u>	<u>122,770</u>
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Operating profit	420,119	457,449
Prima facie tax on profit from ordinary activities at 30%	126,036	137,235
Add tax effect of:		
- non-deductible expenses	5,954	4,800
- timing difference expenses	6,565	1,334
- investment deduction	(5,182)	-
Current tax	133,373	143,369
Movement in deferred tax	<u>(6,565)</u>	<u>(20,599)</u>
	<u><u>126,808</u></u>	<u><u>122,770</u></u>

10.

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

	2009	2008
	\$	\$
6. Cash assets		
Cash at bank and on hand	57,711	244,238
Term deposits	241,579	215,591
	<u>299,290</u>	<u>459,829</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	57,711	244,238
Term deposit	241,579	215,591
	<u>299,290</u>	<u>459,829</u>

7. Trade and other receivables

Trade receivables	237,524	188,617
Prepayments	23,489	16,815
	<u>261,013</u>	<u>205,432</u>

8. Property, plant and equipment*Plant and equipment*

At cost	655,364	461,930
Less accumulated depreciation	(203,104)	(180,251)
	<u>452,260</u>	<u>281,679</u>

Motor vehicle

At cost	33,751	31,782
Less accumulated depreciation	(2,289)	(11,372)
	<u>31,462</u>	<u>20,410</u>
Total written down amount	<u>483,722</u>	<u>302,089</u>

Movements in carrying amounts:*Plant and equipment*

Carrying amount at beginning	281,679	302,911
Additions		7,374
Less: depreciation expense	(34,298)	(28,606)
Carrying amount at end	<u>247,381</u>	<u>281,679</u>

Motor vehicle

Carrying amount at beginning	20,410	25,120
Less: depreciation expense	(5,078)	(4,710)
Carrying amount at end	<u>15,332</u>	<u>20,410</u>
Total written down amount	<u>262,713</u>	<u>302,089</u>

Community Financial Services Victoria Limited

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

9. Intangible assets

	2009	2008
	\$	\$
<i>Franchise Fee</i>		
At cost	110,000	80,000
Less: accumulated amortisation	(75,480)	(63,752)
	<u>34,520</u>	<u>16,248</u>
<i>Franchise Process Fee</i>		
At cost	110,000	-
Less: accumulated amortisation	(7,667)	-
	<u>102,333</u>	<u>-</u>
<i>Goodwill</i>		
At cost	<u>218,508</u>	<u>218,508</u>
Total written down amount	<u>355,361</u>	<u>234,756</u>

10. Deferred Tax

Deferred Tax Asset		
- Opening Balance	20,599	-
- Deferred tax on provisions	6,565	20,599
- Closing Balance	<u>27,164</u>	<u>20,599</u>

11. Trade and other payables

Trade creditors	37,106	76,151
Other creditors & accruals	69,730	11,803
	<u>106,836</u>	<u>87,954</u>

12. Tax liabilities

Income tax payable	<u>83,880</u>	<u>93,801</u>
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13. Provisions

Current

Employee provisions	<u>69,638</u>	<u>57,133</u>
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Non Current

Employee provisions	<u>37,697</u>	<u>20,645</u>
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Number of employees at year end	<u>20</u>	<u>16</u>
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14. Contributed equity

732,375 Ordinary shares (2008: 732,375)		
Opening balance	607,871	607,871
	<u>607,871</u>	<u>607,871</u>

Community Financial Services Victoria Limited

ABN 51 092 756 351

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

	2009	2008
	\$	\$
15. Retained earnings		
Balance at the beginning of the financial year	355,483	123,336
Net profit from ordinary activities after income tax	293,311	334,679
Dividends paid	(128,166)	(102,532)
Balance at the end of the financial year	<u>520,628</u>	<u>355,483</u>

16. Statement of cashflows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	293,311	334,679
Non cash items:		
- depreciation	39,376	33,316
- amortisation	19,575	16,000
- loss on disposal of fixed asset	11,253	-
Changes in assets and liabilities:		
- increase in receivables	(55,581)	(37,436)
- increase in other assets	(6,565)	(20,599)
- increase/(decrease) in payables	(57,468)	66,416
- increase in provisions	29,557	10,421
Net cashflows provided by operating activities	<u>273,458</u>	<u>402,797</u>

17. Auditors' remuneration

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

- audit & review services	4,500	4,000
- non audit services	1,875	1,100
	<u>6,375</u>	<u>5,100</u>

18. Director and related party disclosures

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

Maxwell William Papley

Michael John Duff

Douglas Hugh Hamilton

Tania Lyn Hansen

Maxwell Arthur John Kneebone

John Munro Lyle

Glenister Malcolm McGregor

Ronald James Witney

Gordon Douglas Smale

Meint Peter (Rudy) de Jong (*Appointed 30 October 2008*)

Gordon Lovell Sampson (*Resigned 30 October 2008*)

Except for Maxwell Kneebone, no director or related entity has entered into a material contract with the company. Director's fees have been paid as disclosed in the directors report.

During the financial 2009 financial year Community Financial Services Victoria Limited made payments of \$62,742.21 (2008: \$54,887.22) to Maxwell Kneebone for rental of the branch premises at Lang Lang and Koo Wee Rup. The terms and conditions of the rental arrangements are on a commercial basis.

Community Financial Services Victoria Limited

ABN 51 092 756 351

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

18. Director and Related party disclosures (continued)

During the normal course of business operations, Community Financial Services Victoria Limited utilised services offered by local community business. Some of these transactions included businesses which some Directors have direct or indirect interest. These transactions are considered to be made at an arms length basis and are on normal commercial terms.

During the 2009 financial year Community Financial Services Victoria Limited made a payment to Larmax Trading of \$300.00 (2008: \$33.95). Director Max Papley is the owner of Larmax Trading. The purchase was made on normal commercial terms.

During the 2009 financial year Community Financial Services Victoria Limited made a payments to John Duff & Co of \$3,529.00 (2008: \$4,336.83) for the purchase of a motor vehicle fuel. Director Michael Duff is the owner of John Duff & Co. The purchases were made on normal commercial terms.

During the 2009 financial year Community Financial Services Victoria Limited made a payments to Pearcedale Village Supermarket of \$995.00 (2008: \$746.49) for the purchase of a minor supplies during the year. Director John Lyle is the owner of Pearcedale Village Supermarket. The purchases were made on normal commercial terms.

Also refer to note 23 for further related party transaction disclosures.

Directors shareholdings	<u>2009</u>	<u>2008</u>
Maxwell William Papley	30,250	30,250
Michael John Duff	30,000	30,000
Douglas Hugh Hamilton	9,100	9,100
Tania Lyn Hansen	500	500
Maxwell Arthur John Kneebone	52,500	52,500
John Munro Lyle	15,850	15,850
Glenister Malcolm McGregor	56,000	56,000
Ronald James Witney	17,200	17,200
Gordon Douglas Smale	-	-
Meint Peter (Rudy) de Jong (<i>Appointed 30 October 2008</i>)	3,675	3,675
Gordon Lovell Sampson (<i>Resigned 30 Octoer 2008</i>)	5,700	5,700

There was no movement in directors shareholdings during the year.

19. Dividends paid

(a) Ordinary Shares

Dividend for the year ended 30 June 2008 of 17.5 cents (2007: 14 cents) per fully paid share paid on 12 December 2008 (2007: 14 December 2007).

Fully franked (2007: 100% franked) based on tax paid at 30%	<u>128,166</u>	<u>102,533</u>
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(b) Dividends not recognised at year end

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 17.5 cents per fully paid ordinary share, (2008: 17.5 cents) fully franked based on tax paid at 30%. The aggregate amount proposed dividend expected to be paid in December 2009 out of retained profits at 30 June 2009, but not recognised as a liability at year end, is

<u>128,166</u>	<u>128,166</u>
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Community Financial Services Victoria Limited

ABN 51 092 756 351

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

20. Earnings per share	2009 \$	2008 \$
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	293,311	334,679
	<u>2009 Number</u>	<u>2008 Number</u>
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	732,375	732,375

21. 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.

22. Contingent liabilities

During the year Community Financial Services Victoria Limited entered an agreement with the Koo Wee Rup Fire Brigade to make the loan repayments of a commercial chattel mortgage in the name of Koo Wee Rup Fire Brigade as a form of sponsorship. The loan has been used for the purchase of a new fire truck.

The commercial chattel mortgage is repayable monthly with instalments of \$836.10, the final instalment due February 2013. Interest is recognised at an average rate of 9.018%. The total amount repayable is \$50,166.

	\$
Amount already paid	13,377.60
Payable in 1 year or less	10,033.20
Payable in over 1 to 3 years	26,755.20
Payable in over 3 years	-
Total payable	<u>50,166.00</u>

24. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office
29 Westernport Road
Lang Lang VIC 3984

Principal place of business
29 Westernport Road
Lang Lang VIC 3984

Community Financial Services Victoria Limited
ABN 51 092 756 351
Notes to the Financial Statements for the year ended 30 June 2009

23. Segment reporting

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo & Adelaide Bank Limited. The economic entity operates in one geographic area being Lang Lang, Pearcedale, Koo Wee Rup, Narre Warren South, Tooradin and their surrounding districts of Victoria.

Geographic Segments	Total Revenue		Profit from ordinary activities after income tax		Net Assets	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
Lang Lang	668,091	727,168	21,126	160,363	313,075	248,075
Pearcedale	732,442	671,985	133,799	101,265	184,361	155,222
Koo Wee Rup	569,799	468,225	99,382	46,010	36,867	57,167
Narre Warren South	673,775	524,071	110,520	27,041	149,996	107,791
Tooradin	11,671	-	(71,516)	-	151,604	-
Unallocated					292,596	395,099
Total	2,655,778	2,391,449	293,311	334,679	1,128,499	963,354

Community Financial Services Victoria Limited
ABN 51 092 756 351
Notes to the Financial Statements for the year ended 30 June 2009

25. Financial Instruments

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. 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 Balance Sheet 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	57,711	244,238	-	-	-	-	-	-	-	-	0.025	0.05
Investment account	241,579	215,591	-	-	-	-	-	-	-	-	4.12	5.96
Receivables	-	-	-	-	-	-	-	-	261,013	188,617	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	106,836	87,954	N/A	N/A

Community Financial Services Victoria Limited
ABN 51 092 756 351
Directors' Declaration

In accordance with a resolution of the directors of Community Financial Services Victoria 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.

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



Maxwell William Papley, Chairman



Tania Lyn Hansen, Secretary

Signed on the 23rd of September 2009.

INDEPENDENT AUDITOR'S REPORT

To the members of Community Financial Services Victoria Limited

We have audited the accompanying financial statements of Community Financial Services Victoria 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 Community Financial Services Victoria 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 Community Financial Services Victoria 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 23rd day of September 2009