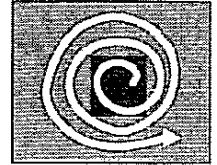


Richmond Sinnott & Delahunty

Chartered Accountants



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MT EVELYN & DISTRICTS FINANCIAL SERVICES LIMITED

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

SCOPE

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Mt Evelyn & Districts Financial Services Limited, for the year ended 30 June 2009.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

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

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Mt Evelyn & Districts Financial Services Limited is in accordance with:

- (a) 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 year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahanty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

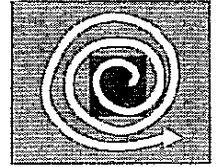
W. J. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 6 August 2009

Richmond Sinnott & Delahunty

Chartered Accountants



Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

6 August 2009

The Directors
Mt Evelyn & Districts Financial Services Limited
PO Box 451
MT EVELYN VIC 3796

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Mt Evelyn & Districts Financial Services Limited for the year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
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 are:

Allan Alexander Grundy Chairman Operations Manager - Retired Director since 11 May 2001	Margaret Calder Sank Treasurer Accountant Director since 11 May 2001
Janette Christine Simmons Director Manager Director since 11 May 2001	Jillian Lorraine Rule Director Retailer Director since 11 May 2001
James Justin Chapman Director Manager Director since 19 December 2007	Arch Campbell Carswell Director Contractor Director since 11 May 2001 Resigned 31 March 2009
Craig Keithley Director Police Officer Director since 28 May 2002	Albert Buitenhuis Secretary Horticulturist Director since 18 November 2004
Gareth Little-Hales Director Environmental Health Officer Director since 30 October 2008	

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

No Directors have material interests in contracts or proposed contracts with the company.

Principal activities

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

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

Operating Results

The profit of the company for the financial year after provision for income tax was \$125,015 (2008: \$93,237).

Dividends	Year Ended 30 June 2009	
	Cents Per Share	\$
Dividends paid in the year:		
- Final dividend for the year ended 30 June 2008	12.3	86,409

Mt Evelyn & Districts Financial Services Limited

A.B.N 93 096 782 240

Directors' Report

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.

Significant events after the balance date

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 providing banking services to the community.

Directors' Benefits

Other than stated below 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. 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.

Prior to 1 November 2008 no directors' fees were paid as the positions were held on a voluntary basis. Monthly payment of directors commenced on 1 December 2008 in arrears. Directors will only receive payments after six months of service.

Director Remuneration for the year ended 30 June 2009:

	Primary Benefits Salary & Fees 2009 \$	Primary Benefits Salary & Fees 2008 \$
Allan Alexander Grundy	7,000	-
Margaret Calder Sank	2,917	-
Janette Christine Simmons	1,167	-
Jillian Lorraine Rule	2,917	-
Gareth Little-Hales (appointed 30 October 2008)	-	-
Arch Campbell Carswell (resigned 31 March 2009)	1,167	-
Craig Keithley	1,167	-
Albert Buitenhuis	2,917	-
James Justin Chapman	1,167	-

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 Managers 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.

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Directors' Report

Directors Meetings

The number of Directors meetings attended by each of the Directors of the company during the year were:

Number of Meetings Held: 13

Number of Meetings Attended:

Allan Alexander Grundy	13
Margaret Calder Sank	12
Janette Christine Simmons	10
Jillian Lorraine Rule	12
Gareth Little-Hales (appointed 30 October 2008)	8
Arch Campbell Carswell (resigned 31 March 2009)	5
Craig Keithley	11
Albert Buitenhuis	13
James Justin Chapman	12

Company Secretary

Albert Buitenhuis has been the company secretary of Mt Evelyn and Districts Financial Services Ltd since 18 November 2004. Albert Buitenhuis is a horticulturist and his experience includes business and industry experience and ongoing professional development.

Corporate Governance

The company has implemented various corporate governance practices, which include:

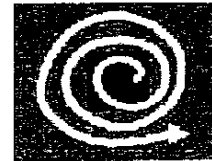
- (a) The establishment of an audit committee. Members of the audit committee are Margi Sank Allan Grundy, Albert Buitenhuis and Craig Keithley;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Directors' Report

Auditor Independence Declaration

The directors received the following declaration from the auditor of the company:

Richmond Sinnott & Delahunty
Chartered Accountants



172-176 Melvor Rd
PO Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail: rsd@rsdadvisors.com.au

Auditor's Independence Declaration

In relation to our audit of the financial report of Mt Evelyn & Districts Financial Services Ltd for the financial year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty
6 August 2009

Signed in accordance with a resolution of the Board of Directors at Mt Evelyn, Victoria on 6 August 2009.


Allan Alexander Grundy, Chairman

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Income Statement
For the year ended 30 June 2009

	<u>Notes</u>	2009 \$	2008 \$
Revenue from ordinary activities	2	1,090,930	998,917
Employee benefits expense	3	(461,291)	(387,440)
Depreciation and amortisation expense	3	(31,870)	(33,125)
Finance costs	3	(17)	(18)
Charitable donations and sponsorship		(197,482)	(252,289)
Administration & other expenses from ordinary activities		<u>(221,052)</u>	<u>(191,097)</u>
Profit before income tax expense		179,218	134,948
Income tax expense	4	<u>54,203</u>	<u>41,711</u>
Profit after income tax expense		<u>125,015</u>	<u>93,237</u>
Earnings per share (cents per share)			
- basic for profit for the year	24	17.80	13.27
- diluted for profit for the year	24	17.80	13.27
- dividends paid per share	23	12.30	6.35

The accompanying notes form part of these financial statements

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Balance Sheet
As at 30 June 2009

	<u>Notes</u>	2009 \$	2008 \$
Current Assets			
Cash assets	6	341,055	259,530
Receivables	7	107,610	93,097
Current tax refundable	4	-	8,373
Other assets	8	4,666	4,664
Total Current Assets		<u>453,331</u>	<u>365,664</u>
Non-Current Assets			
Property, plant and equipment	9	441,403	461,461
Deferred income tax asset	4	21,713	19,088
Intangible assets	10	29,449	37,743
Total Non-Current Assets		<u>492,565</u>	<u>518,292</u>
Total Assets		<u>945,896</u>	<u>883,956</u>
Current Liabilities			
Payables	11	40,885	44,898
Current tax payable	4	16,373	-
Interest bearing liabilities	12	225	208
Provisions	13	69,618	58,661
Total Current Liabilities		<u>127,101</u>	<u>103,767</u>
Non-Current Liabilities			
Other liabilities	14	2,500	2,500
Total Non-Current Liabilities		<u>2,500</u>	<u>2,500</u>
Total Liabilities		<u>129,601</u>	<u>106,267</u>
Net Assets		<u>816,295</u>	<u>777,689</u>
Equity			
Share capital	15	695,010	695,010
Retained earnings	16	121,285	82,679
Total Equity		<u>816,295</u>	<u>777,689</u>

The accompanying notes form part of these financial statements

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Cash Flow Statement
For the year ended 30 June 2009

	<u>Notes</u>	2009 \$	2008 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		1,141,250	1,034,303
Cash payments in the course of operations		(948,130)	(895,199)
Interest paid		(17)	(18)
Interest received		10,414	10,105
Income tax paid		(32,082)	(70,483)
Net cash flows from operating activities	17b	<u>171,435</u>	<u>78,708</u>
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(1,018)	(8,055)
Payments for intangible assets		(2,500)	-
Net cash flows used in investing activities		<u>(3,518)</u>	<u>(8,055)</u>
Cash Flows From Financing Activities			
Proceeds from borrowings		17	18
Dividend paid		(86,409)	(44,609)
Net cash flows used in financing activities		<u>(86,392)</u>	<u>(44,591)</u>
Net increase / (decrease) in cash held		81,525	26,062
Add opening cash brought forward		259,530	233,468
Closing cash carried forward	17a	<u><u>341,055</u></u>	<u><u>259,530</u></u>

The accompanying notes form part of these financial statements

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Statement of Changes in Equity
for the year ended 30 June 2009

	2009 \$	2008 \$
SHARE CAPITAL		
<i>Ordinary shares</i>	695,010	695,010
Balance at start of year	-	-
Issue of share capital	-	-
Share issue costs	-	-
Balance at end of year	<u><u>695,010</u></u>	<u><u>695,010</u></u>
RETAINED EARNINGS		
Balance at start of year	82,679	34,051
Profit after income tax expense	125,015	93,237
Dividends paid	<u>(86,409)</u>	<u>(44,609)</u>
Balance at end of year	<u><u>121,285</u></u>	<u><u>82,679</u></u>

The accompanying notes form part of these financial statements

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Notes to the Financial Statements
for the year ended 30 June 2009

1. Basis of preparation of the Financial Report

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 6 August 2009.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

(c) Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2008 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Notes to the Financial Statements
for the year ended 30 June 2009

1. Basis of preparation of the Financial Report (continued)

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

<u>Class of Asset</u>	<u>Depreciation Rate</u>
Buildings	2.5%
Leasehold improvements	2.5%
Plant & equipment	2.5 - 40%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater 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.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve. An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

Recoverable amount of assets

At each reporting date, the company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Notes to the Financial Statements
for the year ended 30 June 2009

1. Basis of preparation of the Financial Report (continued)

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 from 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 cash flow statement 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 operating cash flows.

Employee Benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Notes to the Financial Statements
for the year ended 30 June 2009

1. Basis of preparation of the Financial Report (continued)

Receivables and Payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. 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.

Interest Bearing Liabilities

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

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 Capital

Issued and paid up capital is 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.

2. Revenue from ordinary activities	2009	2008
	\$	\$
Operating activities		
- services commissions	1,080,516	988,812
Non-operating activities:		
- interest received	10,414	10,105
Total revenue from ordinary activities	<u>1,090,930</u>	<u>998,917</u>

3. Expenses

Employee benefits expense		
- wages and salaries	402,087	323,382
- superannuation costs	46,470	39,980
- workers' compensation costs	1,113	1,372
- other costs	11,621	22,706
	<u>461,291</u>	<u>387,440</u>

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Notes to the Financial Statements
for the year ended 30 June 2009

3. Expenses (continued)

	2009	2008
	\$	\$
Depreciation of non-current assets:		
- property, plant and equipment	21,076	22,567
Amortisation of non-current assets:		
- intangibles	10,794	10,558
	<u>31,870</u>	<u>33,125</u>

Finance costs

- Interest paid	17	18
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Bad debts	3,428	3,329
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4. Income Tax Expense

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit from ordinary activities at 30%	53,766	40,484
Add tax effect of:		
- Non-deductible expenses	3,062	5,245
- Prior year under provision of tax	-	1,227
<i>Current income tax expense</i>	<u>56,828</u>	<u>46,956</u>
Origination and reversal of temporary differences	<u>(2,625)</u>	<u>(5,245)</u>
<i>Deferred income tax benefit</i>	<u>(2,625)</u>	<u>(5,245)</u>
Income tax expense	<u>54,203</u>	<u>41,711</u>

Deferred income tax asset

Future income tax benefits arising from temporary differences are recognised at reporting date as realisation of the benefit is regarded as probable.

	<u>21,713</u>	<u>19,088</u>
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Tax liabilities

Current tax payable / (refundable)	<u>16,373</u>	<u>(8,373)</u>
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5. Auditors' Remuneration

Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the company	3,650	3,650
- Share registry services	2,806	-
	<u>6,456</u>	<u>3,650</u>

6. Cash Assets

Cash at bank and on hand	<u>341,055</u>	<u>259,530</u>
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Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Notes to the Financial Statements
for the year ended 30 June 2009

7. Receivables	2009	2008
	\$	\$
Commission receivable	<u>107,610</u>	<u>93,097</u>
8. Other assets		
Prepayments	<u>4,666</u>	<u>4,664</u>
9. Property, Plant and Equipment		
Land at cost	<u>118,611</u>	<u>118,611</u>
<i>Buildings</i>		
At cost	247,903	246,885
Less accumulated depreciation	<u>(39,518)</u>	<u>(33,359)</u>
	<u>208,385</u>	<u>213,526</u>
<i>Building improvements</i>		
At cost	58,641	58,641
Less accumulated depreciation	<u>(7,097)</u>	<u>(5,631)</u>
	<u>51,544</u>	<u>53,010</u>
<i>Plant and equipment</i>		
At cost	172,727	172,727
Less accumulated depreciation	<u>(109,864)</u>	<u>(96,413)</u>
	<u>62,863</u>	<u>76,314</u>
Total written down amount	<u>441,403</u>	<u>461,461</u>
Movements in carrying amounts		
<i>Buildings</i>		
Carrying amount at beginning of year	213,526	219,684
Additions	1,018	-
Disposals	-	-
Depreciation expense	<u>(6,159)</u>	<u>(6,158)</u>
Carrying amount at end of year	<u>208,385</u>	<u>213,526</u>
<i>Building improvements</i>		
Carrying amount at beginning of year	53,010	54,476
Additions	-	-
Disposals	-	-
Depreciation expense	<u>(1,466)</u>	<u>(1,466)</u>
Carrying amount at end of year	<u>51,544</u>	<u>53,010</u>
<i>Plant and equipment</i>		
Carrying amount at beginning of year	76,314	83,202
Additions	-	8,055
Disposals	-	-
Depreciation expense	<u>(13,451)</u>	<u>(14,943)</u>
Carrying amount at end of year	<u>62,863</u>	<u>76,314</u>

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Notes to the Financial Statements
for the year ended 30 June 2009

	2009 \$	2008 \$
10. Intangible Assets		
<i>Preliminary Costs</i>		
At cost	2,500	-
Less accumulated amortisation	<u>(500)</u>	<u>-</u>
	<u>2,000</u>	<u>-</u>
<i>Franchise Renewal Fees</i>		
At cost	51,467	51,467
Less accumulated amortisation	<u>(24,018)</u>	<u>(13,724)</u>
	<u>27,449</u>	<u>37,743</u>
	<u>29,449</u>	<u>37,743</u>
11. Payables		
Trade creditors	10,991	22,848
Other creditors and accruals	<u>29,894</u>	<u>22,050</u>
	<u>40,885</u>	<u>44,898</u>
12. Interest Bearing Liabilities		
<i>Current</i>		
Bank Loan	<u>225</u>	<u>208</u>
The loan has a variable interest rate with a term of 15 years. It is secured by a charge over the land and buildings for which the loan was incurred.		
13. Provisions		
Employee benefits	<u>69,618</u>	<u>58,661</u>
Number of employees at year end	<u>10</u>	<u>9</u>
14. Other liabilities		
<i>Non Current</i>		
Shire loan	<u>2,500</u>	<u>2,500</u>

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15. Share Capital	2009	2008
	\$	\$
695,010 shares fully paid of \$1	<u>695,010</u>	<u>695,010</u>
7,500 shares issued for \$0	<u>7,500</u>	<u>7,500</u>

Equity comprises 702,510 fully paid \$1 paid shares. In recognition for shareholders who contributed to pre-incorporation funds to enable the feasibility study to be completed, 7,500 fully paid shares were issued with no consideration paid by the shareholders at the rate of one additional share for each \$1 contributed.

16. Retained Earnings

Balance at the beginning of the financial year	82,679	34,051
Profit after income tax	125,015	93,237
Dividends paid	(86,409)	(44,609)
Balance at the end of the financial year	<u>121,285</u>	<u>82,679</u>

17. Statement of Cashflows

(a) Reconciliation of cash

Cash assets	<u>341,055</u>	<u>259,530</u>
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(b) Reconciliation of profit from ordinary activities after tax to net cash from operating activities

Profit from ordinary activities after income tax	125,015	93,237
Non cash items		
- Depreciation	21,076	22,567
- Amortisation	10,794	10,558
Changes in assets and liabilities		
- (Increase) / decrease in receivables/other assets	(14,515)	(4,039)
- Increase / (decrease) in payables	(4,013)	(32,088)
- Increase / (decrease) in provisions	10,957	17,245
- Increase / (decrease) in tax payable	24,746	(23,527)
- (Increase) / decrease in deferred tax asset	(2,625)	(5,245)
Net cashflows from operating activities	<u>171,435</u>	<u>78,708</u>

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18. Related Party Disclosures

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

Allan Alexander Grundy
Margaret Calder Sank
Janette Christine Simmons
Jillian Lorraine Rule
Gareth Little-Hales (appointed 30 October 2008)
Arch Campbell Carswell (resigned 31 March 2009)
Craig Keithley
Albert Buitenhuis
James Justin Chapman

Other than detailed below no director or related entity has entered into a material contract with the company.

Prior to 1 November 2008 no directors' fees were paid as the positions were held on a voluntary basis. Monthly payment of directors commenced on 1 December 2008 in arrears. Directors will only receive payments after six months of service.

Director Remuneration for the year ended 30 June 2009:

	<u>Primary Benefits</u> Salary & Fees 2009	<u>Primary Benefits</u> Salary & Fees 2008
	\$	\$
Allan Alexander Grundy	7,000	-
Margaret Calder Sank	2,917	-
Janette Christine Simmons	1,167	-
Jillian Lorraine Rule	2,917	-
Gareth Little-Hales (appointed 30 October 2008)	-	-
Arch Campbell Carswell (resigned 31 March 2009)	1,167	-
Craig Keithley	1,167	-
Albert Buitenhuis	2,917	-
James Justin Chapman	1,167	-
Directors shareholdings	2009	2008
Allan Alexander Grundy	6,876	6,876
Margaret Calder Sank	5,001	5,001
Janette Christine Simmons	938	938
Jillian Lorraine Rule	27,876	27,876
Gareth Little-Hales (appointed 30 October 2008)	-	-
Arch Campbell Carswell (resigned 31 March 2009)	3,938	3,938
Craig Keithley	500	500
Albert Buitenhuis	7,000	7,000
James Justin Chapman	-	-

Other then stated below, each share held has a paid up value of \$1 and is fully paid.
The following directors shares were issued for \$0.

Allan Alexander Grundy	1,875	1,875
Janette Christine Simmons	938	938
Arch Campbell Carswell (resigned 31 March 2009)	938	938

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19. Subsequent Events

There have been no events after the end of the financial year that would materially affect the financial statements.

20. Contingent Liabilities

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

21. Segment Reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Mt Evelyn, Victoria.

22. Corporate Information

Mt Evelyn & Districts Community Financial Services Ltd is a company limited by shares incorporated in Australia. The company was listed on the Bendigo Stock Exchange on 18 August 2006.

The registered office and principal place of business is:

<u>Registered office</u>	<u>Principal place of business</u>
20 Kemp Avenue Mt Evelyn Victoria 3796	Shop 2/35-39 Wray Crescent Mt Evelyn Victoria 3796

23. Dividends paid or provided for on ordinary shares

	2009 \$	2008 \$
(a) Dividends paid during the year		
(i) Previous year final		
Franked dividends - 12.3 cents per share (2008: 6.35 cents per share)	86,409	44,609
	<u>86,409</u>	<u>44,609</u>
(b) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year	91,595	96,545
- Franking credits that will arise from the payment / (refund) of income tax payable as at the end of the financial year	16,373	(8,373)
	<u>107,968</u>	<u>88,172</u>

The tax rate at which dividends have been franked is 30% (2008: 30%).

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24. Earnings per share

2009

2008

\$

\$

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit after income tax expense

125,015

93,237

Weighted average number of ordinary shares for basic and diluted earnings per share

702,510

702,510

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25. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

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. The Company's maximum exposure to credit risk at reporting date was:

	Carrying Amount	
	2009	2008
	\$	\$
Cash assets	341,055	259,530
Receivables	107,610	93,097
	<u>448,665</u>	<u>352,627</u>

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2008: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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25. Financial risk management (continued)

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	over 1 to 5 years \$	more than 5 years \$
30 June 2009					
Payables	40,885	(40,885)	(40,885)	-	-
Other liabilities	2,500	(2,500)	-	-	(2,500)
Interest bearing liabilities	225	(225)	(225)	-	-
	<u>43,610</u>	<u>(43,610)</u>	<u>(41,110)</u>	<u>-</u>	<u>(2,500)</u>
30 June 2008					
Payables	44,898	(44,898)	(44,898)	-	-
Other liabilities	2,500	(2,500)	-	-	(2,500)
Interest bearing liabilities	208	(208)	(208)	-	-
	<u>47,606</u>	<u>(47,606)</u>	<u>(45,106)</u>	<u>-</u>	<u>(2,500)</u>

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest Rate Risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular board meetings.

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	<u>Carrying Amount</u>	
	<u>2009</u>	<u>2008</u>
	<u>\$</u>	<u>\$</u>
Fixed rate instruments		
Financial assets	183,492	173,179
Financial liabilities	-	-
	<u>183,492</u>	<u>173,179</u>
Variable rate instruments		
Financial assets	157,563	86,351
Financial liabilities	(225)	(208)
	<u>157,338</u>	<u>86,143</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2008 there was also no impact. As at both dates this assumes all other variables remain constant.

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25. Financial risk management (continued)

(d) 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 year end.

(e) 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.

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Directors' Declaration

In accordance with a resolution of the directors of Mt Evelyn & Districts Financial Services Limited, I 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 their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (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; and
- (c) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2009.



Allan Alexander Grundy, Chairman

Signed on 6 August 2009.