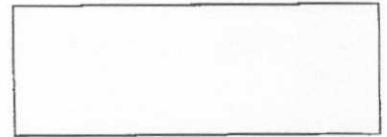


**Australian Securities &
Investments Commission**



Form 388

Corporations Act 2001
294, 295, 298-300, 307, 308, 319, 321, 322
Corporations Regulations
1.0.08

Copy of financial statements and reports

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement

Company/scheme details

Company/scheme name

MT EVELYN & DISTRICTS FINANCIAL SERVICES LTD

ACN/ARB/ARS/NP/ABN

93 096 782 240

Lodgement details

An image of this form will be available as part of the public register.

Who should ASIC contact if there is a query about this form?

ASIC registered agent number (if applicable)

28185

Firm/organisation

MARGARET SANK

Contact name/position description

MARGARET SANK

Telephone number (during business hours)

(03) 9736 2998

Email address (optional)

margisank@gmail.com

Postal address

31 SPRING ST

Suburb/City

MT EVELYN

State/Territory

VIC

Postcode

3796

1 Reason for lodgement of statement and reports

Tick appropriate box.

- A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking (A)
- A registered scheme (B)
- Amendment of financial statements or directors' report (company) (C)
- Amendment of financial statements or directors' report (registered scheme) (D)
- A large proprietary company that is not a disclosing entity (H)
- A small proprietary company that is controlled by a foreign company for all or part of the period and where the company's profit or loss for the period is not covered by the statements lodged with ASIC by a registered foreign company, company, registered scheme, or disclosing entity (I)
- A small proprietary company that is requested by ASIC to prepare and lodge statements and reports (J)
- A prescribed interest undertaking that is a disclosing entity (only for financial year ending 01/07/2010 or earlier) (K)

See Guide for definition of large and small proprietary companies.

Dates on which financial year begins and ends

Financial year begins

01/07/09
[D] [M] [Y]

to

Financial year ends

30/06/10
[D] [M] [Y]

2 Details of large proprietary company

See Guide for definition of large and small proprietary companies.

If the company is a large proprietary company that is not a disclosing entity, please complete the following information as at the end of the financial year for which the financial statements relate:

A What is the consolidated revenue of the large proprietary company and the entities that it controls?

B What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

C How many employees are employed by the large proprietary company and the entities that it controls?

D How many members does the large proprietary company have?

3 Auditor's report

Were the financial statements audited?

Yes

If yes, does the auditor's report (s308) for the financial year contain a statement of:

Reasons for the auditor not being satisfied as to the matters referred to in s307?

Yes

No

Details of the deficiency, failure or shortcoming concerning any matter referred to in s307?

Yes

No

No

If no, is there a class order exemption current for audit relief?

Yes

No

4 Details of current auditor or auditors

Registered schemes must advise ASIC of the appointment of an auditor on a Form 5137 Appointment of scheme auditor within 14 days of the appointment of the auditor.

Auditor registration number (for individual auditor or authorised audit company)

Family name

Given name

or

Company name

RICHMOND SINNOTT & DELAHUNTY

ACN/ABN

60 616 244 309

or

Firm name (if applicable)

4 Continued... Details of current auditor or auditors

Office, unit, level WODBURY CRT		
Street number and Street name 172 McIVOR RD		
Suburb/City BENDIGO	State/Territory VIC	Postcode 3552
Country (if not Australia)		
Date of appointment 11, 05, 01 [D] [D] [M] [M] [Y] [Y]		

A company may have two appointed auditors, provided that both auditors were appointed on the same date. Otherwise, an appointed auditor must resign, be removed or otherwise ceased before a subsequent appointment may be made.

Auditor registration number (for individual auditor or authorised audit company)		
Family name	Given name	
or		
Company name		
ACN/ABN		
or		
Firm name (if applicable)		
Office, unit, level		
Street number and Street name		
Suburb/City	State/Territory	Postcode
Country (if not Australia)		

5 Statements and reports to be attached to this form

<p>Financial statements for the year (as required by s295(2) and accounting standards)</p> <ul style="list-style-type: none"> • Statement of comprehensive income, may also include a separate income statement for the year • Statement of financial position as at the end of the year • Statement of cash flows for the year • Statement of changes in equity • If required by accounting standards — the consolidation statements of comprehensive income/income statement, financial position, cash flows and changes in equity. <p>Notes to financial statements (see s295(3))</p> <ul style="list-style-type: none"> • Disclosures required by the regulations • Notes required by the accounting standards • Any other information necessary to give a true and fair view (see s297) <p>The signed directors' declaration about the statements and notes (see s295(4))</p> <p>The signed directors' report for the year, including the copy of the auditor's independence declaration (s298 to s300A)</p> <p>Signed auditor's report required under s308 and s314</p> <p>Concise report (if any) (see s314)</p>

Signature

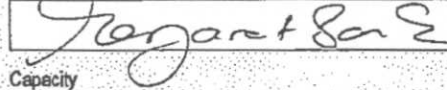
See Guide for details of signatory.

I certify that the attached documents marked (✓) are a true copy of the original reports required to be lodged under s319 of the Corporations Act 2001.

Name

MARGARET SANK

Signature



Capacity

 Director Company secretary

Date signed

24/09/10

[D] [D] [M] [M] [Y] [Y]

LodgementSend completed and signed forms to:
Australian Securities and Investments Commission,
PO Box 4000, Gippsland Mail Centre VIC 3841.

For help or more information

Telephone 1300 300 630

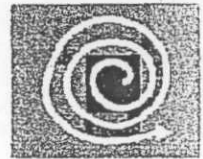
Email info.enquiries@asic.gov.auWeb www.asic.gov.au

Or lodge the form electronically by:

- visiting the ASIC website www.asic.gov.au
- using Standard Business Reporting enabled software. See www.sbr.gov.au for more details.

Richmond Sinnott & Delahunty

Chartered Accountants



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

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

SCOPE

The financial report comprises the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Mt Evelyn & Districts Financial Services Limited, for the year ended 30 June 2010.

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

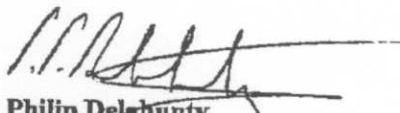
We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

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 2010 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 & DELAHUNTY
Chartered Accountants


Philip Delahunty
Partner
Bendigo

Date: 9 September 2010

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 2010.

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
 Director
 Operations Manager - Retired
 Director since 11 May 2001
 Resigned on 29 October 2009

Margaret Calder Sank
 Treasurer
 Accountant
 Director since 11 May 2001

Janette Christine Simmons
 Director
 Manager
 Director since 11 May 2001

Jillian Lorraine Rule
 Chairman
 Retailer
 Director since 11 May 2001

James Justin Chapman
 Secretary
 Manager
 Director since 19 December 2007

Gai Williams
 Director
 Pharmacist
 Director since 26 August 2009

Craig Keithley
 Director
 Police Officer
 Director since 28 May 2002

Albert Buitenhuis
 Director
 Horticulturist
 Director since 18 November 2004
 Resigned 24 August 2010

Gareth Little-Hales
 Director
 Environmental Health Officer
 Director since 30 October 2008

Iain Warren Fraser
 Director
 Police Officer
 Director since 24 August 2010

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 \$154,918 (2009: \$125,015).

Dividends	Year Ended 30 June 2010	
	Cents Per Share	\$
Dividends paid in the year:		
- Final dividend for the year ended 30 June 2009	9.8	68,846

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

Significant changes in the state of affairs

The Company has raised \$832,551 in capital during the year for the opening of their second branch site.

In the opinion of the directors there were no other 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

In order to secure the premises from which to operate the Montrose branch, the Company has signed an agreement on 17 August 2010 to purchase these premises along with the associated business. A lease agreement has been entered into while awaiting settlement of the property. The Montrose branch works commenced on 7 September 2010.

There are no other 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.

The Company is to open their second branch site in Montrose in November 2010.

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 2010:

	Primary <u>Benefits</u> Salary & Fees 2010 \$	Primary <u>Benefits</u> Salary & Fees 2009 \$
Allan Alexander Grundy (resigned 29 October 2009)	5,116	7,000
Margaret Calder Sank	5,113	2,917
Janette Christine Simmons	2,045	1,167
Jillian Lorraine Rule	9,008	2,917
Gareth Little-Hales	2,045	-
Gai Williams (appointed 26 August 2009)	1,306	-
Craig Keithley	2,045	1,167
Albert Buitenhuis (resigned 24 August 2010)	5,113	2,917
James Justin Chapman	2,045	1,167
Iain Warren Fraser (appointed 24 August 2010)	-	-

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

Indemnification and Insurance of Directors and Officers

The Company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company also has Officers Insurance for the benefit of Officers of the Company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

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 during the year were:

Director	Board Meetings #
Allan Alexander Grundy (resigned 29 October 2009)	5 (14)
Margaret Calder Sank	12 (14)
Janette Christine Simmons	14 (14)
Jillian Lorraine Rule	13 (14)
Gareth Little-Hales	11 (14)
Gai Williams (appointed 26 August 2009)	13 (14)
Craig Keithley	12 (14)
Albert Buitenhuis (resigned 24 August 2010)	13 (14)
James Justin Chapman	14 (14)
Iain Warren Fraser (appointed 24 August 2010)	-

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

Company Secretary

James Chapman took over the Company secretary position after Albert Buitenhuis resigned from the position on 23 February 2010. James has spent his entire life living on the Mt Evelyn and Lilydale border. Qualified in marketing and accounting, James is currently a small business advisor. He has previously operated an equipment leasing business and currently runs an online boat retailing business. James is the treasurer of the Mt Evelyn RSL and has worked in manufacturing, professional services, superannuation and finance and human resource management and finance and human resource management industries.

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 James Chapman, Albert Buitenhuis (resigned) 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 McIvor Rd
PO Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail: rsd@rsd advisors.com.au

Auditor's Independence Declaration

In relation to our audit of the financial report of Mt Evelyn & Districts Financial Services Limited for the financial year ended 30 June 2010, 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.

Philip Delahunty
Partner
Richmond Sinnott & Delahunty
9 September 2010

Signed in accordance with a resolution of the Board of Directors at Mt Evelyn, Victoria on 9 September 2010.



Jillian Lorraine Rule

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Statement of Comprehensive Income
For the year ended 30 June 2010

	<u>Notes</u>	2010 \$	2009 \$
Revenue from ordinary activities	2	1,276,410	1,090,930
Employee benefits expense	3	(495,216)	(461,291)
Depreciation and amortisation expense	3	(33,886)	(31,870)
Finance costs	3	(16)	(17)
Charitable donations and sponsorship		(273,894)	(197,482)
Administration & other expenses from ordinary activities		<u>(251,656)</u>	<u>(221,052)</u>
Profit before income tax expense		221,742	179,218
Income tax expense	4	<u>66,824</u>	<u>54,203</u>
Profit after income tax expense		154,918	125,015
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u><u>154,918</u></u>	<u><u>125,015</u></u>
Earnings per share (cents per share)			
- basic for profit for the year	24	8.51	17.80
- diluted for profit for the year	24	8.51	17.80

The accompanying notes form part of these financial statements

Mt Evelyn & Districts Financial Services Limited
A.B.N 93 096 782 240
Statement of Financial Position
As at 30 June 2010

	<u>Notes</u>	2010	2009
		\$	\$
Current Assets			
Cash and cash equivalents	6	1,258,889	341,055
Receivables	7	133,379	107,610
Other assets	8	4,819	4,666
Total Current Assets		<u>1,397,087</u>	<u>453,331</u>
Non-Current Assets			
Property, plant and equipment	9	437,777	441,403
Deferred tax assets	4	21,619	21,713
Intangible assets	10	33,692	29,449
Total Non-Current Assets		<u>493,088</u>	<u>492,565</u>
Total Assets		<u>1,890,175</u>	<u>945,896</u>
Current Liabilities			
Payables	11	51,607	40,885
Current tax payable	4	31,751	16,373
Loans and borrowings	12	240	225
Provisions	13	69,159	69,618
Total Current Liabilities		<u>152,757</u>	<u>127,101</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>155,257</u>	<u>129,601</u>
Net Assets		<u>1,734,918</u>	<u>816,295</u>
Equity			
Share capital	15	1,527,561	695,010
Retained earnings	16	207,357	121,285
Total Equity		<u>1,734,918</u>	<u>816,295</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 Cash Flows
For the year ended 30 June 2010

	<u>Notes</u>	2010 \$	2009 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		1,313,493	1,141,250
Cash payments in the course of operations		(1,089,158)	(948,130)
Interest paid		(16)	(17)
Interest received		15,650	10,414
Income tax paid		(51,352)	(32,082)
Net cash flows from operating activities	17b	<u>188,617</u>	<u>171,435</u>
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(15,708)	(1,018)
Payments for intangible assets		(18,795)	(2,500)
Net cash flows used in investing activities		<u>(34,503)</u>	<u>(3,518)</u>
Cash Flows From Financing Activities			
Proceeds from borrowings		15	17
Dividend paid		(68,846)	(86,409)
Proceeds from share issue		832,551	-
Net cash flows from / (used in) financing activities		<u>763,720</u>	<u>(86,392)</u>
Net increase / (decrease) in cash held		917,834	81,525
Cash and cash equivalents at start of year		341,055	259,530
Cash and cash equivalents at end of year	17a	<u>1,258,889</u>	<u>341,055</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 2010

	<u>Notes</u>	2010 \$	2009 \$
SHARE CAPITAL			
Balance at start of year		695,010	695,010
Issue of share capital		832,551	-
Share issue costs		<u>-</u>	<u>-</u>
Balance at end of year		<u><u>1,527,561</u></u>	<u><u>695,010</u></u>
RETAINED EARNINGS			
Balance at start of year		121,285	82,679
Profit after income tax expense		154,918	125,015
Dividends paid	23	<u>(68,846)</u>	<u>(86,409)</u>
Balance at end of year		<u><u>207,357</u></u>	<u><u>121,285</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 2010

1. Basis of preparation of the Financial Report

(a) Basis of preparation

Mt Evelyn & Districts Financial Services Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2010 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing community banking services.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 9 September 2010.

(b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. 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 2009 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the reporting 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 reporting 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 2010

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.

Loans and Borrowings

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.

Share 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	2010	2009
	\$	\$
Operating activities		
- services commissions	1,260,760	1,080,516
Non-operating activities:		
- interest received	15,650	10,414
Total revenue from ordinary activities	<u>1,276,410</u>	<u>1,090,930</u>
 3. Expenses		
Employee benefits expense		
- wages and salaries	441,900	402,087
- superannuation costs	48,510	46,470
- workers' compensation costs	1,533	1,113
- other costs	3,273	11,621
	<u>495,216</u>	<u>461,291</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 2010

3. Expenses (continued)	2010	2009
	\$	\$
Depreciation of non-current assets:		
- buildings	6,159	6,159
- building improvements	1,466	1,466
- property, plant and equipment	11,709	13,451
Amortisation of non-current assets:		
- intangibles	14,552	10,794
	<u>33,886</u>	<u>31,870</u>
Finance costs		
- Interest paid	16	17
Bad debts	4,728	3,428
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%	66,522	53,766
Add tax effect of:		
- Non-deductible expenses	208	3,062
<i>Current income tax expense</i>	<u>66,730</u>	<u>56,828</u>
Origination and reversal of temporary differences	94	(2,625)
<i>Deferred income tax benefit</i>	<u>94</u>	<u>(2,625)</u>
Income tax expense	<u>66,824</u>	<u>54,203</u>
Deferred tax assets		
Future income tax benefits arising from temporary differences are recognised at reporting date as realisation of the benefit is regarded as probable.	<u>21,619</u>	<u>21,713</u>
Tax liabilities		
Current tax payable	<u>31,751</u>	<u>16,373</u>
5. Auditors' Remuneration		
Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:		
- Audit or review of the financial report of the Company	3,900	3,650
- Share registry services	5,722	2,806
- Company valuation services	1,500	-
- Prospectus services	2,500	-
	<u>13,622</u>	<u>6,456</u>
6. Cash and Cash Equivalents		
Cash at bank and on hand	<u>1,258,889</u>	<u>341,055</u>

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7. Receivables	2010	2009
	\$	\$
Commission Receivable	122,596	107,610
Interest Receivable	10,783	-
	<u>133,379</u>	<u>107,610</u>
8. Other assets		
Prepayments	<u>4,819</u>	<u>4,666</u>
9. Property, Plant and Equipment		
Land at cost	<u>118,611</u>	<u>118,611</u>
<i>Buildings</i>		
At cost	253,903	247,903
Less accumulated depreciation	<u>(45,677)</u>	<u>(39,518)</u>
	<u>208,226</u>	<u>208,385</u>
<i>Building improvements</i>		
At cost	58,641	58,641
Less accumulated depreciation	<u>(8,563)</u>	<u>(7,097)</u>
	<u>50,078</u>	<u>51,544</u>
<i>Plant and equipment</i>		
At cost	180,923	172,727
Less accumulated depreciation	<u>(120,061)</u>	<u>(109,864)</u>
	<u>60,862</u>	<u>62,863</u>
Total written down amount	<u>437,777</u>	<u>441,403</u>
Movements in carrying amounts		
<i>Buildings</i>		
Carrying amount at beginning of year	208,385	213,526
Additions	6,000	1,018
Disposals	-	-
Depreciation expense	<u>(6,159)</u>	<u>(6,159)</u>
Carrying amount at end of year	<u>208,226</u>	<u>208,385</u>
<i>Building improvements</i>		
Carrying amount at beginning of year	51,544	53,010
Additions	-	-
Disposals	-	-
Depreciation expense	<u>(1,466)</u>	<u>(1,466)</u>
Carrying amount at end of year	<u>50,078</u>	<u>51,544</u>
<i>Plant and equipment</i>		
Carrying amount at beginning of year	62,863	76,314
Additions	9,708	-
Disposals	-	-
Depreciation expense	<u>(11,709)</u>	<u>(13,451)</u>
Carrying amount at end of year	<u>60,862</u>	<u>62,863</u>

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	2010	2009
	\$	\$
10. Intangible Assets		
<i>Preliminary Costs</i>		
At cost	21,295	2,500
Less accumulated amortisation	<u>(4,759)</u>	<u>(500)</u>
	<u>16,536</u>	<u>2,000</u>
<i>Franchise Renewal Fees</i>		
At cost	51,467	51,467
Less accumulated amortisation	<u>(34,311)</u>	<u>(24,018)</u>
	<u>17,156</u>	<u>27,449</u>
	<u>33,692</u>	<u>29,449</u>
11. Payables		
Trade creditors	18,393	10,991
Other creditors and accruals	<u>33,214</u>	<u>29,894</u>
	<u>51,607</u>	<u>40,885</u>
12. Loans and Borrowings		
<i>Current</i>		
Bank Loan	<u>240</u>	<u>225</u>
<p>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.</p>		
13. Provisions		
Employee benefits	<u>69,159</u>	<u>69,618</u>
14. Other liabilities		
<i>Non Current</i>		
Shire loan	<u>2,500</u>	<u>2,500</u>
<p>The loan is non-interest bearing and does not have a specific repayment period.</p>		

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15. Share Capital	2010	2009
	\$	\$
1,527,561 shares fully paid of \$1	1,527,561	695,010
7,500 shares issued for \$0	-	-
1,405,020 bonus shares*	-	-
	<u>1,527,561</u>	<u>695,010</u>

Equity comprises 1,527,561 fully paid shares of which 832,551 were issued during the year ended 30 June 2010. In recognition for shareholders who contributed to pre-incorporation funds to enable the feasibility study to be completed, 7,500 shares were issued with no consideration paid by the shareholders at the rate of one additional share for each \$1 contributed.

* A bonus share issue on a 2:1 basis (1,405,020 shares) was issued to all existing shareholders on 3 December 2009.

16. Retained Earnings

Balance at the beginning of the financial year	121,285	82,679
Profit after income tax	154,918	125,015
Dividends paid	(68,846)	(86,409)
Balance at the end of the financial year	<u>207,357</u>	<u>121,285</u>

17. Statement of Cash Flows

(a) Cash and cash equivalents

Cash assets	<u>1,258,889</u>	<u>341,055</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	154,918	125,015
Non cash items		
- Depreciation	19,334	21,076
- Amortisation	14,552	10,794
Changes in assets and liabilities		
- (Increase) / decrease in receivables/other assets	(25,922)	(14,515)
- Increase / (decrease) in payables	10,722	(4,013)
- Increase / (decrease) in provisions	(459)	10,957
- Increase / (decrease) in tax payable	15,378	24,746
- (Increase) / decrease in deferred tax asset	94	(2,625)
Net cashflows from operating activities	<u>188,617</u>	<u>171,435</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 (resigned 29 October 2009)
 Margaret Calder Sank
 Janette Christine Simmons
 Jillian Lorraine Rule
 Gareth Little-Hales
 Gai Williams (appointed 26 August 2009)
 Craig Keithley
 Albert Buitenhuis (resigned 24 August 2010)
 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 2010:

	<u>Primary Benefits</u> Salary & Fees 2010 \$	<u>Primary Benefits</u> Salary & Fees 2009 \$
Allan Alexander Grundy (resigned 29 October 2009)	5,116	7,000
Margaret Calder Sank	5,113	2,917
Janette Christine Simmons	2,045	1,167
Jillian Lorraine Rule	9,008	2,917
Gareth Little-Hales	2,045	-
Gai Williams (appointed 26 August 2009)	1,306	-
Craig Keithley	2,045	1,167
Albert Buitenhuis (resigned 24 August 2010)	5,113	2,917
James Justin Chapman	2,045	1,167
Iain Warren Fraser (appointed 24 August 2010)	-	-

Directors shareholdings	2010	Movement	2009
Allan Alexander Grundy (resigned 29 October 2009)	8,876	19,502	6,876
Margaret Calder Sank	15,001	20,002	5,001
Janette Christine Simmons	2,938	7,752	938
Jillian Lorraine Rule	27,876	55,752	27,876
Gareth Little-Hales	1,500	1,500	-
Gai Williams (appointed 26 August 2009)	26,500	26,500	-
Craig Keithley	2,000	2,500	500
Albert Buitenhuis (resigned 24 August 2010)	9,000	16,000	7,000
James Justin Chapman	-	-	-
Iain Warren Fraser (appointed 24 August 2010)	3,500	3,500	-

The movement in share holdings comprises both share purchases and bonus shares issued during the year. Other than 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 (resigned 29 October 2009)	1,875	1,875
Janette Christine Simmons	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 Limited 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>
37 Wray Crescent Mt Evelyn Victoria 3796	37 Wray Crescent Mt Evelyn Victoria 3796

23. Dividends paid or provided for on ordinary shares

	2010	2009
	\$	\$
(a) Dividends paid during the year		
(i) Previous year final		
Franked dividends - 9.8 cents per share (2009: 12.3 cents per share)	68,846	86,409
	<u>68,846</u>	<u>86,409</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	113,442	91,595
- Franking credits that will arise from the payment / (refund) of income tax payable as at the end of the financial year	31,751	16,373
	<u>145,193</u>	<u>107,968</u>

The tax rate at which dividends have been franked is 30% (2009: 30%).

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24. Earnings per share

	2010	2009
	\$	\$

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	<u>154,918</u>	<u>125,015</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>1,821,296</u>	<u>702,510</u>

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Notes to the Financial Statements
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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 reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	<u>Carrying Amount</u>	
	<u>2010</u>	<u>2009</u>
	\$	\$
Cash assets	1,258,889	341,055
Receivables	133,379	107,610
	<u>1,392,268</u>	<u>448,665</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 (2009: 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.

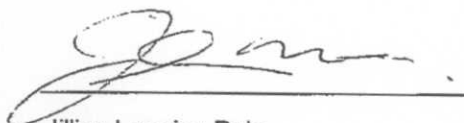
Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Mt Evelyn & Districts Financial Services Limited
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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 2010 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 2010.



Jillian Lorraine Rule

Signed on 9 September 2010.