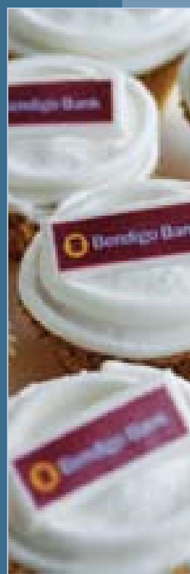
annual report 2009



Stonnington Community
Financial Services Limited
ABN 31 099 416 092

Windsor **Community Bank®** Branch and Prahran Market branch

Contents

Chairman's report

For year ending 30 June 2009

Dear shareholders,

To say the last year was not exciting and challenging would be an understatement. This financial year had more challenges than I think any of our Directors could have contemplated were possible.

At the end of the prior financial year the road ahead looked paved with gold and then we met that snag in the road called the 'Global Financial Crisis' or GFC. It certainly created a number of significant challenges for our business. Through the efforts of our dedicated team, led by Julian Kennedy, and the faith of our Directors in that team, along with the support of our partner Bendigo and Adelaide Bank Ltd, we worked through these issues. As they say in the classics, "what doesn't kill you makes you stronger" and this is certainly true for our Company.

We opened our second branch at Prahran Market during this challenging year and prior to the GFC, this did not seem to be an issue. Strong profits accumulated from the previous years and solid cash flow financed this expansion without having to seek additional capital from our shareholders. Budget projections forecast that our existing operations could support the initial losses incurred by the new branch as it was being established. With the onset of the GFC, our strategies and business plan were certainly tested and I am happy to report that after considerable effort all is back on track.

The GFC took a toll on our income in the first six months, but the business remained on target. However, due to reduced margin and lower interest rates during the second half of the year, the Company's profits fell $40,000 short of forecast profits for the year. Increased capital expenditure associated with the opening of Prahran Market ($70,000) and increases to rent expenses at Windsor **Community Bank®** Branch contributed to increased costs.

Through all of this our Company still managed to invest over $100,000 into our community through sponsorship and grants, not to mention amounts spent indirectly in our community via wages and other benefits. Additionally, our shareholders received a fully franked dividend of five cents per share.

All in all, through the wonderful efforts of all our team, including our new team members at Prahran Market branch, our Directors and all the staff at Windsor **Community Bank®** Branch, we now have a strong base to move forward and grow the business. The future is not set in stone and all of us know that we can only continue to grow this business with the support of our shareholders and the community we service. I trust our shareholders will continue to support and recommend our business so that our work in the community continues to grow.

Sincerely,

Jon Caneva

Chairman

Manager’s report

For year ending 30 June 2009

As at 30 June 2009 Windsor **Community Bank®** Branch has been trading for six and a half years. In April 2009 we opened our new branch at Prahran Market and growth for the new branch has increased in line with our projected budget.

The last 12 months has seen our best year ever with our total balances for both branches increasing by 30% with total banking business of $90 million. With such a turbulent year in the financial markets our branches have shown a strong resilience to be able to achieve such strong growth.

Our branches continue to grow with the assistance of shareholders, local traders and residents.

With the opening of our new branch we have employed four new staff members who have settled in well to the **Community Bank®** concept and have already formed a presence in the Prahran Market area. The profile of our business continues to grow and relationships with several key groups such as Stonnington Primary School, several sporting groups such as Prahran Netball Association, South Yarra Cricket Club, Toorak Junior Football Club, Melbourne Lacrosse Club and many other not-for-profit organisations, continues to strengthen and grow.

We now have nine efficient and dedicated staff who all have made major contributions to the exceptional growth that has been achieved over the last 12 months and without whose help these results would not have been achieved. I would like to thank Kate Maloney, Simon Mangan, Julie Galloway, Victoria Hooi and Haroula Vagenas who have made Windsor **Community Bank®** Branch the strong business that it is today. I would also like to thank our newest staff members Jarrod Pearse, Leigh Rodda, Kellie Sherwood and Jacqueline Nield at Prahran Market branch who have adapted so well to our **Community Bank®** concept.

I would also like to express my thanks to our Board of Directors for their continued support and encouragement as well as the team at Bendigo and Adelaide Bank Ltd for their assistance throughout the year.

We have challenging times ahead with the economic instability that has filtered through to our economy. The continued growth of our two branches will of course be reliant upon the continued support of the local community as a whole. To all our shareholders I ask you to please continue to give your support as an advocate for our branches.

Julian Kennedy
Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2009

2008/09 will go down as one of the most tumultuous financial years in history. The global financial crisis and its aftermath wiped trillions of dollars off the world's net wealth. Some of the biggest names in international banking disappeared; many other banks – vastly bigger than Bendigo and Adelaide Bank Ltd – turned to governments to bail them out. Not surprisingly, confidence sagged, reflected in rising unemployment and stock markets falling by around half their former valuations.

In short, we have seen the biggest financial meltdown since the Great Depression of nearly 80 years ago.

Amidst all that turmoil, though, our grassroots banking movement marched steadily on. Twenty new **Community Bank®** branches joined Bendigo and Adelaide Bank Ltd's national network. Around 120,000 new customers switched to the Bendigo style of banking. And 70 more communities continued their local campaign to open a **Community Bank®** branch.

Those statistics are impressive in themselves, but it is the story behind them that is really important.

That's the story of ordinary people – an awful phrase, but you know what I mean – who inherently understand that the role of a bank is to feed into prosperity, rather than profit from it. That lesson was forgotten by many bankers across the globe, with devastating consequences. But it is now well understood by the residents of 237 towns and suburbs that own their own **Community Bank®** branch, because every day they see the fruits of their investment in locally owned banking.

Again, the statistics are impressive enough – $29 million paid out in community projects and nearly $11 million in local shareholder dividends. But again, the real stories lie behind the numbers – new community centres and fire trucks, more local nurses, new walking tracks and swimming pools, safer young drivers, more trees and fewer wasteful incandescent globes, innovative water-saving projects… the list goes on.

And of course more money retained and spent locally. And more jobs. Fifteen hundred or so just in the branches alone. More because of the flow-on, or multiplier, effect of those wages being spent locally. And yet more because of the extra shopping now done in communities made more prosperous and active by having their own bank branch.

Community Bank® branches have not escaped the fallout from the global turmoil. Like Bendigo and Adelaide Bank Ltd, they have received less income than in normal times. But also like Bendigo and Adelaide Bank Ltd, they have not needed anyone's help to get through this crisis. And every day we are reminded that banks that are relevant and connected locally will be valued by their customers and communities. For the better of all.

Russell Jenkins
Chief General Manager

Treasurer's report

For year ending 30 June 2009

In what has been an extremely challenging economic climate for the year to June 2009, in particular for those businesses operating within the financial services industry, Stonnington Community Financial Services Limited has been able to achieve growth and establish a financial road-map towards continued successes.

As consumers reacted to the emotions of the market and rushed towards the security of term deposits we have seen our margin from core operating activities fail to achieve budgeted revenue.

The prudent financial management of our Company to this point has allowed us to take advantage of the diminished economic circumstances and invest in the future of our business with the opening of our Prahran Market branch. As a result we incurred start-up costs and increased employment expenses that were not budgeted for.

While our actual results are not closely aligned to our budgeted results these differences reflect the proactive financial management of your Board in times of great economic volatility. Our actions have been made with the protection and prosperity of our branches at the forefront of our thoughts.

I am pleased with the financial position of our Company and look forward to an exciting and promising future. In particular I am motivated in our pursuit to increasing our capacity to contribute to our community's wellbeing.

Anthony Caneva
Treasurer

Secretary’s report

For year ending 30 June 2009

All things considered it has been a great year. Last year we managed a dividend of seven cents unfranked and, despite turmoil in the financial, property and labour markets around the world, your **Community Bank®** Company has managed to return a dividend this year of five cents franked. This has been possible in large part due to your continued support of the Windsor **Community Bank®** Branch and now Prahran Market branch. It has also been possible because we have a great team of staff whose focus is the customer and from great leadership from our Manager, Julian Kennedy, and Chairman, Jon Caneva.

It has also been pleasing to see the Board energised by new members. Some are old hands with lots of experience in diverse sectors of business who have a deep appreciation and knowledge of our unique community. Others are younger and bring a fresh, well educated and enthusiastic energy to the Board. Of particular note is Anthony Caneva, who has taken the reins as Treasurer this year and is doing a fine job preparing and monitoring the Company’s accounts.

Finally, it is a great pleasure to be involved with the Board this year as we have brought to fruition a long-held vision for another local branch at the iconic Prahran Market. With the new developments going on in this area, the Prahran Market is such a thriving focal point for Stonnington that our branch here is an excellent opportunity to extend the great things we have been able to do in strengthening the local community via grants, sponsorships and funding.

Of course that community is you and it’s me and as we continue our partnership, and word of mouth spreads from happy customers, we can continue to contribute in this way.

Guy Vicars
Secretary

Directors' report

For year ending 30 June 2009

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:

Giovanni Jon Caneva
Chairman
Occupation: Company Director

Guy William Vicars
Director/Secretary
Occupation: Psychotherapist

Anthony Caneva
Director
Occupation: Financial Services

Melina Sehr
Director
Occupation: IT consultant

Alistair Keith McLure Trimble
(resigned 30 October 2008)
Director
Occupation: Kitchen Builder

Brian Francis Hatswell
Director
Occupation: Retailer

John Keating
(appointed 26 November 2008)
Director/Secretary
Occupation: Lawyer

David Rosenberg
Director
Occupation: Retired Retailer

Cameron Morcher
Director
Occupation: Financial Services

Sarah Davies
(appointed 28 January 2009)
Director
Occupation: Solicitor

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 Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Ltd.

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

Directors' report continued

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 $45,946 (2008: $131,322).

	Year ended 30 June 2009	
Dividends	**Cents per share**	**$**
Dividends paid in the year:	7	45,500

Significant changes in the state of affairs

The Company opened a second branch at Prahran Markets on 3 April 2009. 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

A franked dividend of 5 cents per share ($32,500 in total) was paid on 14 July 2009.

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.

Directors' benefits

Other than detailed below no Director or related entity has entered into a material contract with the Company. Bookkeeping & Marketing services were provided by Caneva Management Pty Ltd, a Company of which Gionvanni Jon Caneva is a Director. The fees paid during the year ended 30 June 2009 to Caneva Management Pty Ltd amounted to $6,000 (2008: $4,923).

Director's fees as ratified by the Company's Annual General Meeting were approved and paid to the following Directors or related entity as directed by them. Prior to 30 June 2008 Directors held their positions entirely on a voluntary basis.

Directors' report continued

Directors' fees	2009	2008
Giovanni Jon Caneva	$2,000	-
Brian Francis Hatswell	$1,000	-
Alistair Keith McLure Trimble (resigned 30 October 2008)	-	-
Guy William Vicars	$1,500	-
Cameron Morcher	$500	-
Melina Sehr	$750	-
David Rosenberg	$750	-
Anthony Caneva	$500	-
John Keating (appointed 26 November 2008)	$277	-
Sarah Davies (appointed 28 January 2009)	$208	-

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.

Company Secretary

Guy William Vicars was appointed Company Secretary on 30 April 2008. Guy Vicars has a Master's degree, Bachelor of Business degree and has worked in financial institutions and owned small businesses for the last 21 years.

Directors' report continued

Directors' meetings

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

Number of meetings held:	**10**
Number of meetings attended:	
Giovanni Jon Caneva	10
Brian Francis Hatswell	9
Guy William Vicars	8
John Keating (appointed 26 November 2008)	5
Anthony Caneva	10
David Rosenberg	7
Melina Sehr	7
Cameron Morcher	10
Alistair Keith McLure Trimble (resigned 30 October 2008)	3
Sarah Davies (appointed 28 January 2009)	5

Corporate governance

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

(a) Director approval of operating budgets and monitoring of progress against these budgets;

(b) Ongoing Director training; and

(c) Monthly Director meetings to discuss performance and strategic plans.

Auditor independence declaration

The Directors received the following declaration from the Auditor of the Company:

Richmond Sinnott & Delahunty
Chartered Accountants

Richmond Sinnott & Delahunty
Chartered Accountants

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

17 September 2009

The Directors
Stonnington Community Financial Services Limited
111 Chapel Street
WINDSOR VIC 3181

Dear Sirs

Auditor's Independence Declaration

In relation to our audit of the financial report of Stonnington Community 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

Signed in accordance with a resolution of the Board of Directors at Prahran, Victoria on 17 September 2009.

Giovanni Jon Caneva

Chairman

Financial statements

Income statement
For year ending 30 June 2009

	Note	2009 $	2008 $
Revenues from ordinary activities	2	875,423	809,020
Employee benefits expense	3	(369,593)	(299,438)
Charitable donations and sponsorship		(35,932)	(38,525)
Depreciation and amortisation expense	3	(46,653)	(43,144)
Finance costs	3	(2,919)	(809)
Administration & other expenses from ordinary activities		(362,655)	(228,919)
Profit before income tax expense		**57,671**	**198,185**
Income tax expense	4	(11,725)	(66,863)
Profit after income tax expense		**45,946**	**131,322**
Earnings per share (cents per share)			
- basic for profit for the year	23	7.07	20.20
- diluted for profit for the year	23	7.07	20.20
- dividends paid per share	22	7.00	5.00

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2009

	Note	2009 $	2008 $
Current assets			
Cash assets	6	167,854	295,824
Receivables	7	68,906	68,730
Current tax refundable	4	40,704	-
Other assets	8	935	5,928
Total current assets		**278,399**	**370,482**
Non-current assets			
Property, plant and equipment	9	297,791	137,978
Intangible assets	10	58,845	43,845
Total non-current assets		**356,636**	**181,823**
Total assets		**635,035**	**552,305**
Current liabilities			
Current tax payable	4	-	26,145
Payables	11	40,654	32,279
Interest bearing liabilities	12	-	4,033
Provisions	13	20,314	16,227
Total current liabilities		**60,968**	**78,684**
Non current liabilities			
Interest bearing liabilities	12	100,000	-
Total non current liabilities		**100,000**	**-**
Total liabilities		**160,968**	**78,684**
Net assets		**474,067**	**473,621**
Equity			
Share capital	14	647,010	647,010
Accumulated losses	15	(172,943)	(173,389)
Total equity		**474,067**	**473,621**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Cash receipts in the course of operations		941,627	849,501
Cash payments in the course of operations		(827,446)	(636,826)
Interest paid		(2,919)	(809)
Interest received		10,341	7,546
Income tax paid		(78,574)	-
Net cash flows from / (used in) operating activities	**16b**	**43,029**	**219,412**
Cash flows from investing activities			
Payments for intangible assets		(25,000)	(50,000)
Payments for property, plant and equipment		(196,466)	(3,800)
Net cash flows used in investing activities		**(221,466)**	**(53,800)**
Cash flows from financing activities			
Proceeds from borrowings		100,000	-
Repayment of borrowings		(4,033)	(4,401)
Dividends paid		(45,500)	(32,500)
Net cash flows from / (used in) financing activities		**50,467**	**(36,901)**
Net increase in cash held		**(127,970)**	**128,711**
Add opening cash brought forward		295,824	167,113
Closing cash carried forward	**16a**	**167,854**	**295,824**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2009

	Note	2009 $	2008 $
Share capital			
Ordinary shares			
Balance at start of year		647,010	647,010
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		**647,010**	**647,010**
Retained earnings / (accumulated losses)			
Balance at start of year		(173,389)	(272,211)
Profit after income tax expense		45,946	131,322
Dividends paid		(45,500)	(32,500)
Balance at end of year		**(172,943)**	**(173,389)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 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 17 September 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.

Notes to the financial statements continued

Note 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:

Class of asset	Depreciation rate
Leasehold improvements	10% to 20%
Computers	25%
Computer software	40%
Plant & equipment	7.5% to 33.3%

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.

Note 1. Basis of preparation of the financial report (continued)

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.

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.

Note 1. Basis of preparation of the financial report (continued)

Revenue

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

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.

Notes to the financial statements continued

	2009 $	2008 $

Note 2. Revenue from ordinary activities

Operating activities		
- services commissions	865,082	801,474
- other revenue	-	-
Total revenue from operating activities	**865,082**	**801,474**
Non-operating activities:		
- interest received	10,341	7,546
- other revenue	-	-
Total revenue from non-operating activities	**10,341**	**7,546**
Total revenue from ordinary activities	**875,423**	**809,020**

Note 3. Expenses

Employee benefits expense		
- wages and salaries	301,414	260,298
- superannuation costs	31,620	22,243
- workers' compensation costs	1,004	737
- other costs	35,555	16,160
	369,593	**299,438**
Depreciation of non-current assets:		
- computer software	2,041	1,315
- plant and equipment	5,295	3,343
- leasehold improvements	29,317	28,486
Amortisation of non-current assets:		
- intangibles	10,000	10,000
	46,653	**43,144**
Finance costs:		
- Interest paid	2,919	809
Bad debts	1,709	1,817

Notes to the financial statements continued

	2009 $	2008 $

Note 4. Income tax expense

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

	2009 $	2008 $
Prima facie tax on profit before income tax at 30%	17,301	59,455
Add / (less) tax effect of:		
- Non-deductible / (other deductible) expenses	(5,576)	7,408
Current income tax expense	**11,725**	**66,863**
Income tax expense	11,725	66,863
Tax liabilities		
Current tax payable/(refundable)	**(40,704)**	**26,145**

Note 5. Auditors' remuneration

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

	2009 $	2008 $
- Audit or review of the financial report of the Company	3,650	3,650
- Share registry services	1,800	-
	5,450	**3,650**

Note 6. Cash assets

	2009 $	2008 $
Cash at bank and on hand	**167,854**	**295,824**

Note 7. Receivables

	2009 $	2008 $
Trade debtors	**68,906**	**68,730**

Note 8. Other assets

	2009 $	2008 $
Prepayments	**935**	**5,928**

Note 9. Property, plant and equipment

	2009 $	2008 $
Leasehold improvements		
At cost	368,581	285,579
Less accumulated depreciation	(192,837)	(163,520)
	175,744	**122,059**
Plant and equipment		
At cost	129,226	24,107
Less accumulated depreciation	(15,968)	(10,673)
	113,258	**13,434**
Computer software		
At cost	12,145	3,800
Less accumulated depreciation	(3,356)	(1,315)
	8,789	**2,485**
Total written down amount	**297,791**	**137,978**
Movements in carrying amounts		
Leasehold Improvements		
Carrying amount at beginning of year	122,059	150,545
Additions	83,002	-
Disposals	-	-
Depreciation expense	(29,317)	(28,486)
Carrying amount at end of year	**175,744**	**122,059**
Plant and equipment		
Carrying amount at beginning of year	13,434	16,777
Additions	105,119	-
Disposals	-	-
Depreciation expense	(5,295)	(3,343)
Carrying amount at end of year	**113,258**	**13,434**

Notes to the financial statements continued

	2009 $	2008 $

Note 9. Property, plant and equipment (continued)

Computer software		
Carrying amount at beginning of year	2,485	-
Additions	8,345	3,800
Disposals	-	-
Depreciation expense	(2,041)	(1,315)
Carrying amount at end of year	**8,789**	**2,485**

Note 10. Intangible assets

Leasehold establishment fee		
At cost	25,000	-
Franchise fee		
At cost	100,000	100,000
Less accumulated amortisation	(66,155)	(56,155)
	58,845	**43,845**

Note 11. Payables

Trade creditors	20,842	8,340
Other creditors and accruals	19,812	23,939
	40,654	**32,279**

Note 12. Interest bearing liabilities

Current		
Hire purchase - coffee machine	**-**	**4,033**
Non current		
Bank loan	**100,000**	**-**

Notes to the financial statements continued

	2009 $	2008 $

Note 13. Provisions

Employee benefits	**20,314**	**16,227**
Number of employees at year end	**8**	**6**

Note 14. Share capital

650,000 Ordinary shares *	**647,010**	**647,010**

* Comprises 620,100 ordinary shares fully paid to $1 and 29,900 shares, issued at a discount price of $0.90, fully paid to $1.

Note 15. Retained earnings/ (accumulated losses)

Balance at the beginning of the financial year	(173,389)	(272,211)
Profit after income tax	45,946	131,322
Dividends paid	(45,500)	(32,500)
Balance at the end of the financial year	**(172,943)**	**(173,389)**

Note 16. Cash flow statement

(a) Reconciliation of cash

Cash assets	**167,854**	**295,824**

(b) Reconciliation of profit after tax to net cash from / (used in) operating activities

Profit after income tax	45,946	131,322
Non cash items		
- Depreciation	36,653	33,144
- Amortisation	10,000	10,000

	2009 $	2008 $

Note 16. Cash flow statement (continued)

Changes in assets and liabilities

	2009 $	2008 $
- (Increase) decrease in receivables / other assets	4,817	(20,551)
- Increase (decrease) in payables	8,375	(1,095)
- Increase (decrease) in provisions	4,087	(271)
- Increase (decrease) in current tax payable	(66,849)	26,145
- (Increase) decrease in deferred tax asset	-	40,718
Net cash flows from / (used in) operating activities	**43,029**	**219,412**

Note 17. Director and related party disclosures

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

Giovanni Jon Caneva

Brian Francis Hatswell

Guy William Vicars

John Keating (appointed 26 November 2008)

Anthony Caneva

David Rosenberg

Melina Sehr

Cameron Morcher

Alistair Keith McLure Trimble (resigned 30 October 2008)

Sarah Davies (appointed 28 January 2009)

Other than detailed below no Director or related entity has entered into a material contract with the Company. Bookkeeping & Marketing services were provided by Caneva Management Pty Ltd, a Company of which Gionvanni Jon Caneva is a Director. The fees paid during the year ended 30 June 2009 to Caneva Management Pty Ltd amounted to $6,000 (2008: $4,923).

Director's fees as ratified by the Company's Annual General Meeting were approved and paid to the following Directors or related entity as directed by them. Prior to 30 June 2008 Directors held their positions entirely on a voluntary basis.

Notes to the financial statements continued

Note 17. Director and related party disclosures

Directors' fees	**2009**	**2008**
Giovanni Jon Caneva	$2,000	-
Brian Francis Hatswell	$1,000	-
Alistair Keith McLure Trimble (resigned 30 October 2008)	-	-
Guy William Vicars	$1,500	-
Cameron Morcher	$500	-
Melina Sehr	$750	-
David Rosenberg	$750	-
Anthony Caneva	$500	-
John Keating (appointed 26 November 2008)	$277	-
Sarah Davies (appointed 28 January 2009)	$208	-

Directors' shareholdings	**2009**	**2008**
Giovanni Jon Caneva	40,000	40,000
Brian Francis Hatswell	15,000	15,000
Guy William Vicars	2,750	2,750
John Keating (appointed 26 November 2008)	500	500
Anthony Caneva	500	500
David Rosenberg	10,000	10,000
Melina Sehr	500	500
Cameron Morcher	500	-
Alistair Keith McLure Trimble (resigned 30 October 2008)	500	500
Sarah Davies (appointed 28 January 2009)	-	-

Other than the purchase of shares by Cameron Morcher there was no movement in Directors' shareholdings during the period. Each share held has a paid up value of $1 and is fully paid.

The above holdings are held personally or in associated entities.

Notes to the financial statements continued

Note 18. Subsequent events

Other than the dividend paid in July 2009 as detailed in note 22, there have been no events after the end of the financial year that would materially affect the financial statements.

Note 19. Contingent liabilities

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

Note 20. Segment reporting

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

Note 21. Corporate information

Stonnington Community Financial Services Ltd is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is:
111 Chapel Street,
Windsor VIC 3181

	2009 $	2008 $
Note 22. Dividends paid or provided for on ordinary shares		
(a) Dividends paid during the year		
Unfranked dividends - 7 cents per share (2008: 5 cents per share)	**45,500**	**32,500**
(b) Dividends proposed and not recognised as a liability		
Franked dividends - 5 cents per share (2008: Unfranked 7 cents per share)	**32,500**	**45,500**
(c) 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.	78,574	-
• Franking credits that will arise from the payment / (refund) of income tax payable as at the end of the financial year	(40,704)	-
	37,870	**-**

The tax rate at which dividends have been franked is 30% (2008: 0%).

	2009 $	2008 $

Note 23. Earnings per share

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:

	2009 $	2008 $
Profit after income tax expense	**45,946**	**131,322**
Weighted average number of ordinary shares for basic and diluted earnings per share	**650,000**	**650,000**

Note 24. 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 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 $	Carrying amount 2008 $
Cash assets	167,854	295,824
Receivables	68,906	68,730
	236,760	**364,554**

Note 24. Financial risk management (continued)

(a) Credit risk (continued)

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.

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	40,654	(40,654)	(40,654)	–	–
Interest bearing liabilities	100,000	(144,022)	(9,240)	(134,782)	–
	140,654	**(184,676)**	**(49,894)**	**(134,782)**	**–**
30 June 2008					
Payables	32,279	(32,279)	(32,279)	–	–
Interest bearing liabilities	4,033	(4,775)	(4,775)	–	–
	36,312	**(37,054)**	**(37,054)**	**–**	**–**

Note 24. Financial risk management (continued)

(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:

	Carrying amount 2009 $	2008 $
Fixed rate instruments		
Financial assets	126,913	204,260
Financial liabilities	-	(4,033)
	126,913	**200,227**
Variable rate instruments		
Financial assets	40,941	91,564
Financial liabilities	(100,000)	-
	(59,059)	**91,564**

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.

Notes to the financial statements continued

Note 24. 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.

Directors' declaration

In accordance with a resolution of the Directors of Stonnington Community 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; 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.

Giovanni Jon Caneva

Chairman

Signed at Prahran, Victoria on 17 September 2009.

Independent audit report

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 STONNINGTON COMMUNITY FINANCIAL SERVICES LIMITED

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 Stonnington Community 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.

Woodbury Court, 172 McIvor Road Bendigo 3550. PO Box 30 Bendigo 3552. Ph: (03) 5443 1177. Fax: (03) 5444 4344. Email: rsd@rsdadvisors.com.au
ABN 60 616 244 309

Independent audit report continued

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 Stonnington Community 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 & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Sinnott.

W. J. SINNOTT
Partner
Bendigo

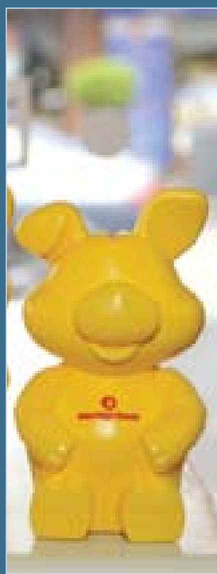
Date: 17 September 2009

Windsor **Community Bank**® Branch
111 Chapel Street, Windsor VIC 3181
Phone: (03) 9510 9311 Fax: (03) 9510 0088

Prahran Market branch
Shop 812, Prahran Market,
163 Commercial Road, South Yarra VIC 3141
Phone: (03) 9827 6545 Fax: (03) 9827 6549

Franchisee: Stonnington Community Financial Services Limited
111 Chapel Street, Windsor VIC 3181
ABN: 31 099 416 092

www.bendigobank.com.au
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR9047) (08/09)



Bendigo Bank