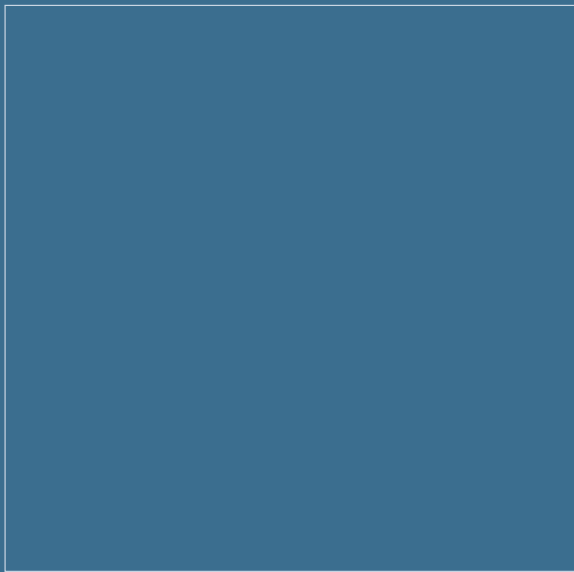


annual report | 2009



San Remo District
Financial Services Limited
ABN 20 102 770 150

San Remo District and Cowes
Community Bank[®] branches of Bendigo Bank

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Mission Statement

Provide a full banking service, focusing on improving the prospects of our customers, communities and partnerships, in order to develop the business and provide increasing benefits to our communities and shareholders.

Chairman's report

For year ending 30 June 2009

Our Annual General Meeting will be held at Newhaven Rec. Reserve Clubrooms. Boys Home Rd. Newhaven on Monday the 26 October at 7.30pm to be followed by supper.

The San Remo **Community Bank**[®] Branch has now successfully completed six years of business which has provided great benefits to our community.

In May we opened our new branch at Cowes and to date we have been overwhelmed with the support shown by shareholders and new customers from the town and the surrounding district.

During the four years of canvassing for pledges for the Cowes Bank, our hard working committee led in the early stages by the late Fred Borg encouraged many people to open accounts in San Remo. This was on the understanding that these accounts would be transferred to Cowes when the branch was opened. This was most successful and saw a return to Cowes of approximately \$18 million worth of business from our San Remo branch, which provided a great start for the new branch.

As mentioned last year our bonus issue of one for 10 shares was completed and we managed to pay a five cent unfranked dividend upon completion of this issue. We have also contributed another \$142,000 to the broader community through sponsorships and grants, which has only been possible due to you, the shareholder, and all of our customers supporting the bank so well.

With two branches operating we have increased our staffing to a total of nine and will need to add to this number as business increases through the year. At the present time staff are extending themselves to maintain their superb service over the five and a half day week. On behalf of the Directors and all shareholders I thank them for this concerted effort in these tough times.

Grantville has more than \$370,000 pledged and continue working hard to get a branch there. Keep up the good work.

To our franchise partner Bendigo and Adelaide Bank Ltd, I once again extend my thanks for your outstanding support.

Many thanks to our Directors who have put in many hours over the past twelve months.



Terry Ashenden
Chairman

San Remo Manager's report

For year ending 30 June 2009

It is with pleasure that I again present the following results for the financial year ending June 2009 on behalf of the San Remo District **Community Bank**[®] Branch.

In what was a very challenging year not just for the Banking Industry, but the financial world as a whole, the San Remo Branch were still able to achieve some fantastic outcomes. Please note that the below figures are based as at the end of April as once Cowes opened approx \$18 million was automatically transferred to their bottom line.

- Our total footings held increased by \$17,118,000 or 21.88% to a staggering \$95,368,000 (actual as at 30/6/09 \$81,857,000)
- Our lending portfolio increased by over \$10,000,000 or 30.81%
- Our deposit portfolio was also steady, increasing by over \$7,000,000 or 18.38%
- Our branch will again be contributing over \$142,000 to your community, including our biggest project thus far, a \$60,000 contribution to the Newhaven Recreation Reserve.

To achieve these results, in such a trying economic climate as this year has been, is a credit to all of our customers and you, the shareholders. Without your continued support, not only to San Remo branch but also to Cowes branch now that it is up and running and also our push to open our third site at Grantville, these results would not be possible.

A big thank you to the Board for all of their support throughout the year. Also to Terry Ashenden who has been duly rewarded this year for all of his hard work in making our friend, Fred Borg's, dream become a reality by finally being able to open a **Community Bank**[®] branch in Cowes. I wish Peter and his staff all the best in making the branch a success and hope that the Cowes community rally behind their branch, just as the San Remo community did when we opened over 6 years ago.

Finally, to the wonderful staff here at San Remo, Trudy, Di, Marcia & Sally (and Kath who has now joined Cowes), thank you for all of your hard work throughout the year which enabled the San Remo District **Community Bank**[®] Branch to be a wonderful success.



Michael Scott
Branch Manager San Remo

Cowes Manager's report

For year ending 30 June 2009

It's with great pleasure that I get the honour of announcing the first annual report for the new Cowes **Community Bank**[®] Branch 30 June 2009. We have gone from strength to strength since we opened, with the community showing fantastic support to the bank and really getting behind the concept of what we are about.

I have personally noticed the difference working for a **Community Bank**[®] branch, which has been a refreshing change from working with the bigger banks. We have really focused on providing the customers with exceptional customer service, which has reflected on the results we have shown so far. We enjoy assisting our customers and we look forward to building strong relationships with the Cowes and surrounding community.

Since we opened in May we have participated in numerous community events to assist the Cowes and surrounding area. This has resulted in the community showing their support in return by bringing their business across, which is the whole idea of building relationships and working together as a partnership.

Since I started I have attended Bendigo and Adelaide Bank Ltd's Community network conferences and have spoken to other **Community Bank**[®] branch Managers. From this I have experienced first hand the benefits that the **Community Bank**[®] concept brings to the local areas by the way of providing funding for local community organisations. The Board of San Remo District Financial Services, the staff and I are excited about the prospect that we can achieve together in meeting our community needs.

Finally, I would like to take this opportunity to thank Bendigo and Adelaide Bank Ltd staff for all their assistance. Also a special thank you to Terry Ashenden and the Board of Directors of the San Remo District Financial Services, our shareholders, customers, and my staff Kaye, Robyn and Kath, who believe we can achieve the desired results to make Cowes a success in the short and long term.



Peter Wayman
Branch Manager Cowes

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

Directors' report

For year ending 30 June 2009

Your Directors submit their 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:

Terry Ashenden

Chairman

Occupation - Business Proprietor

Michele Fulwell (appointed 27 October 2008)

Director

Occupation - Self employed

Joan Matthews

Director

Occupation - Caravan Park Proprietor

Miranda Sage

Director

Occupation - Pharmacist

Norma Stack-Robinson

Director

Occupation - Retired

Caroline Talbot

Director

Occupation - Business Manager

Janice Rowlingson

Director

Occupation - Self employed

Bruce Procter

Director

Occupation - Retired

David Harrison

Director

Occupation - Retired

Sue Becker (resigned 27 July 2009)

Director

Occupation - School Principal

Craig Semple

Director

Occupation - Minister of Religion

Kathy Jones (appointed 27 July 2009)

Director

Occupation - School Focus Youth Worker

Directors were in office for this entire year unless otherwise stated. No Directors have material interests in contracts or proposed contracts with the Company. No Directors have acted as a Director of any other listed Company over the last three years.

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

The profit of the Company for the financial year after provision for income tax was \$2,074 (2008: \$68,416).

Dividends	Year ended 30 June 2009	
	Cents per share	\$
Dividends paid in the year:		
- As recommended in the prior year report	5	35,750

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report.

Significant events after the balance date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future years.

Likely developments

The Company will continue its policy of providing banking services to the community.

Directors' benefits

Joan Matthews is a Director of and shareholder in Park Accommodation (Vic) Pty Ltd, which owns the premises situated at 103A Marine Parade, San Remo. The Company has entered into a lease arrangement with Park Accommodation (Vic) Pty Ltd with regard to these premises. During the year ended 30 June 2009 \$24,000 (2008: \$22,167) was paid in relation to this lease.

Newhaven Hardware & Plant Hire, of which Terry Ashenden is a partner, received \$1,800 (2008: \$300) in respect of the lease and associated outgoings for the office space for San Remo District Financial Services Limited.

Other than above, 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.

Directors' report continued

Executive remuneration

	Primary benefits salary & fees \$	Post employment superannuation \$	Other * \$	Total \$
Michael Scott (Branch Manager, San Remo)				
2009	82,345	7,411	6,394	96,150
2008	74,485	6,480	6,183	87,148
Peter Wayman (Branch Manager, Cowes)				
2009	11,114	1,001	-	12,115

* Other payments represent the total of monthly car lease payments. This vehicle is used by the Branch Manager and other staff during the year.

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.

Directors' meetings

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

Number of meetings held:	15
Number of meetings attended:	
Terry Ashenden	15
Michele Fulwell (appointed 27 October 2008)	9
Joan Matthews	14
Miranda Sage	13
Norma Stack-Robinson	12
Caroline Talbot	15
Janice Rowlingson	15
Bruce Procter	12
David Harrison	11
Sue Becker (resigned 27 July 2009)	8
Craig Semple	12
Kathy Jones (appointed 27 July 2009)	-

Directors' report continued

Michele Fulwell was appointed Company Secretary on 24 November 2008 when Catherine Rogerson resigned from the position. Michele's experience and qualifications include being a Director and office Manager of her family Company since 1989. She has served and been an office bearer for a number of committees in the past.

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 J. Rowlingson, T. Ashenden, M. Scott and M. Fulwell;
- (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.

Auditor independence declaration

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

Richmond Sinnott & Delahunty
Chartered Accountants

Directors' report continued

Richmond Sinnott & Delahunty Chartered Accountants



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

11 September 2009

The Directors
San Remo District Financial Services Limited
PO Box 101
San Remo VIC 3925

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of San Remo District 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 San Remo on 11 September 2009.

Terry Ashenden
Chairman

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	2	762,541	690,489
Employee benefits expense	3	(312,828)	(250,613)
Charitable donations and sponsorship		(170,733)	(96,856)
Depreciation and amortisation expense	3	(56,570)	(49,045)
Finance costs	3	(2,409)	(1,206)
Other expenses from ordinary activities		(216,518)	(181,817)
Profit before income tax expense		3,483	110,952
Income tax expense	4	1,409	42,536
Profit after income tax expense		2,074	68,416
Earnings per share (cents per share)			
- basic for profit for the year	23	0.23	10.53
- diluted for profit for the year	23	0.23	10.53
- dividend paid per share	22	5.00	2.00

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Current assets			
Cash assets	6	425,312	395,098
Receivables	7	88,386	59,081
Prepayments	8	12,753	4,447
Total current assets		526,451	458,626
Non-current assets			
Property, plant and equipment	9	343,506	131,419
Deferred income tax asset	4	3,091	4,500
Intangibles	10	141,983	7,253
Total non-current assets		488,580	143,172
Total assets		1,015,031	601,798
Current liabilities			
Payables	11	25,869	38,215
Interest bearing liabilities	12	21,329	6,497
Provisions	13	30,511	21,194
Total current liabilities		77,709	65,906
Non-current liabilities			
Interest bearing liabilities	12	21,620	13,012
Total non-current liabilities		21,620	13,012
Total liabilities		99,329	78,918
Net assets		915,702	522,880
Equity			
Share capital	14	1,076,498	650,000
Accumulated losses	15	(160,796)	(127,120)
Total equity		915,702	522,880

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Cash receipts in the course of operations		769,139	715,802
Cash payments in the course of operations		(767,114)	(574,412)
Interest paid		(2,409)	(1,206)
Interest received		19,797	17,142
Net cash flows from operating activities	16b	19,413	157,326
Cash flows from investing activities			
Proceeds from sale of property, plant & equipment		-	9,577
Purchase of property, plant & equipment		(233,722)	(32,848)
Purchase of intangible assets		(169,665)	(7,253)
Net cash flows used in investing activities		(403,387)	(30,524)
Cash flows from financing activities			
Proceeds from borrowings		23,440	8,019
Dividends paid		(35,750)	(13,000)
Member equity		426,498	-
Net cash flows used in financing activities		414,188	(4,981)
Net increase in cash held		30,214	121,821
Add opening cash brought forward		395,098	273,277
Closing cash carried forward	16a	425,312	395,098

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Note	2009 \$	2008 \$
Share capital			
Ordinary shares			
Balance at start of year		650,000	650,000
Issue of share capital		426,498	-
Share issue costs		-	-
Balance at end of year		1,076,498	650,000
Accumulated losses			
Balance at start of year		(127,120)	(182,536)
Profit after income tax expense		2,074	68,416
Dividends paid or proposed		(35,750)	(13,000)
Balance at end of year		(160,796)	(127,120)

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 11 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
• Furniture and fittings	20%
• Motor vehicles	15%
• Plant and equipment	13%
• Property improvements	13%

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.

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.

Notes to the financial statements continued

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

Employee benefits

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

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

Intangibles

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

Cash

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

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

Comparative figures

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

Revenue

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

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.

Notes to the financial statements continued

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

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.

	2009 \$	2008 \$
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Note 2. Revenue from ordinary activities

Operating activities

- services commissions	743,873	672,011
Total revenue from operating activities	743,873	672,011

Non-operating activities:

- interest received	18,668	17,751
- other revenue	-	727

Total revenue from non-operating activities	18,668	18,478
Total revenue from ordinary activities	762,541	690,489

Note 3. Expenses

Employee benefits expense

- wages and salaries	262,564	218,807
- superannuation costs	29,626	19,196
- workers' compensation costs	788	668
- other costs	19,850	11,942
	312,828	250,613

Notes to the financial statements continued

	2009 \$	2008 \$
Note 3. Expenses (continued)		
Depreciation of non-current assets:		
- plant and equipment	6,721	5,301
- property improvements	9,843	8,420
- motor vehicles	4,437	4,227
- furniture and fittings	112	888
- software	522	-
Amortisation of non-current assets:		
- intangibles	34,935	30,209
	56,570	49,045
Finance costs:		
- Interest paid	2,409	1,206
Bad debts	197	1,203

Note 4. Income tax expense

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

Prima facie tax on profit before income tax at 30%	1,045	33,286
Add/(deduct) tax effect of:		
- Non-deductible expenses	-	9,250
- Prior year under / (over) provision	364	-
Current income tax expense	1,409	42,536
Income tax expense	1,409	42,536
Deferred income tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	3,091	4,500

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 5. Auditors' remuneration

Amounts received or due and receivable by

Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	3,650	3,650
- Share registry costs	1,800	-
- Completion of feasibility study	-	4,500
- Prospectus - Cowes branch	2,000	-
- Valuation of Company	-	1,000
	7,450	9,150

Note 6. Cash assets

Cash at bank and on hand	425,312	395,098
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Note 7. Receivables

Trade debtors	88,386	59,081
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Note 8. Prepayments

Insurance	4,420	4,447
Staff training	8,333	-
	12,753	4,447

Note 9. Property, plant and equipment

Furniture and fittings

At cost	6,022	4,631
Less accumulated depreciation	(4,596)	(4,484)
	1,426	147

Motor vehicles

At cost	29,577	29,577
Less accumulated depreciation	(6,522)	(2,085)
	23,055	27,492

Notes to the financial statements continued

	2009 \$	2008 \$
Note 9. Property, plant and equipment (continued)		
Computer software		
At cost	9,377	-
Less accumulated depreciation	(522)	-
	8,855	-
Plant and equipment		
At cost	102,428	45,401
Less accumulated depreciation	(34,646)	(27,925)
	67,782	17,476
Building improvements		
At cost	292,903	126,976
Less accumulated depreciation	(50,515)	(40,672)
	242,388	86,304
Total written down amount	343,506	131,419
Movements in carrying amounts		
Furniture and fittings		
Carrying amount at beginning of year	147	1,035
Additions	1,391	-
Disposals	-	-
Depreciation expense	(112)	(888)
Carrying amount at end of year	1,426	147
Motor vehicles		
Carrying amount at beginning of year	27,492	12,947
Additions	-	29,577
Disposals	-	(10,805)
Depreciation expense	(4,437)	(4,227)
Carrying amount at end of year	23,055	27,492

Notes to the financial statements continued

	2009 \$	2008 \$
Note 9. Property, plant and equipment (continued)		
Computer software		
Carrying amount at beginning of year	-	-
Additions	9,377	-
Disposals	-	-
Depreciation expense	(522)	-
Carrying amount at end of year	8,855	-
Plant and equipment		
Carrying amount at beginning of year	17,476	19,506
Additions	57,027	3,271
Disposals	-	-
Depreciation expense	(6,721)	(5,301)
Carrying amount at end of year	67,782	17,476
Building improvements		
Carrying amount at beginning of year	86,304	94,724
Additions	165,927	-
Disposals	-	-
Depreciation expense	(9,843)	(8,420)
Carrying amount at end of year	242,388	86,304

Note 10. Intangible assets

Franchise fee		
At cost	78,909	60,000
Less accumulated amortisation	(15,448)	(60,000)
	63,461	-
Preliminary expenses		
At cost	96,922	97,926
Less accumulated amortisation	(19,384)	(91,045)
	77,538	6,881

Notes to the financial statements continued

	2009 \$	2008 \$
Note 10. Intangible assets (continued)		
Borrowing costs		
At cost	1,140	425
Less accumulated amortisation	(156)	(53)
	984	372
	141,983	7,253

Note 11. Payables

Trade creditors	18,126	18,177
Other creditors and accruals	7,743	20,038
	25,869	38,215

Note 12. Interest bearing liabilities

Current

Chattel mortgage	6,497	6,497
Bank loan	14,832	-
	21,329	6,497

Non - current

Chattel mortgage	8,034	13,012
Bank loan	13,586	-
	21,620	13,012

Note 13. Provisions

Employee benefits	30,511	21,194
Number of employees at year end	11	7

Notes to the financial statements continued

	2009 \$	2008 \$
Note 14. Share capital		
650,000 Ordinary shares fully paid of \$1 each	650,000	650,000
65,000 Bonus shares issued August 2008 at rate of 1 for 10 held	-	-
426,498 Ordinary shares fully paid of \$1 each issued for Cowes Branch	426,498	-
	1,076,498	650,000

Note 15. Accumulated losses

Balance at the beginning of the financial year	(127,120)	(182,536)
Profit after income tax	2,074	68,416
Dividends paid or proposed	(35,750)	(13,000)
Balance at the end of the financial year	(160,796)	(127,120)

Note 16. Cash flow statement

(a) Reconciliation of cash

Cash assets	425,312	395,098
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(b) Reconciliation of profit after tax to net cash provided from operating activities

Profit after income tax	2,074	68,416
Non cash items		
- Depreciation	21,635	18,836
- Amortisation	34,935	30,209
- Net loss from sale of plant & equipment	-	1,228
Changes in assets and liabilities		
- (Increase) decrease in receivables	(37,611)	(14,553)
- Increase (decrease) in payables	(12,346)	7,456
- Increase (decrease) in provisions	9,317	3,198
- (Increase) decrease in deferred income tax assets	1,409	42,536
Net cash flows from operating activities	19,413	157,326

Notes to the financial statements continued

Note 17. Director and related party disclosures

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

Terry Ashenden

Michele Fulwell (appointed 27 October 2008)

Joan Matthews

Miranda Sage

Norma Stack-Robinson

Caroline Talbot

Janice Rowlingson

Bruce Procter

David Harrison

Sue Becker (resigned 27 July 2009)

Craig Semple

Kathy Jones (appointed 27 July 2009)

Joan Matthews is a Director of and shareholder in Park Accommodation (Vic) Pty Ltd, which owns the premises situated at 103A Marine Parade, San Remo. The Company has entered into a lease arrangement with Park Accommodation (Vic) Pty Ltd with regard to these premises. During the year ended 30 June 2009 \$24,000 (2008: \$22,167) was paid in relation to this lease.

Newhaven Hardware & Plant Hire, of which Terry Ashenden is a partner, received \$1,800 (2008: \$300) in respect of the lease and associated outgoings for the office space for San Remo District Financial Services Limited.

Other than above, no Director or related entity has entered into a material contract with the Company. No Director's fees have been paid as the positions are held on a voluntary basis.

Notes to the financial statements continued

Note 17. Director and related party disclosures (continued)

Directors' shareholdings	2009	2008
Terry Ashenden	5,501	5,000
Michele Fulwell (appointed 27 October 2008)	500	-
Joan Matthews	9,801	8,000
Miranda Sage	7,500	5,000
Norma Stack-Robinson	7,000	5,000
Caroline Talbot	2,200	2,000
Janice Rowlingson	3,300	3,000
Bruce Procter	1,000	-
David Harrison	550	500
Sue Becker (resigned 27 July 2009)	2,000	-
Craig Semple	7,500	-
Kathy Jones (appointed 27 July 2009)	1,100	-

During the year bonus shares were issued for no consideration at the rate of 1 share for every 10 held. All Directors who held shares at the time of the bonus issue received these shares.

The following Directors purchased shares during the year. Craig Semple 7,500, Sue Becker 2,000, Bruce Procter 1,000, Norma Stack-Robinson 2,500, Miranda Sage 2,000, Joan Matthews 1,001, Michele Fulwell 500, Terry Ashenden 1 and Kathy Jones 1,100.

Executive remuneration

	Primary benefits salary & fees \$	Post employment superannuation \$	Other * \$	Total \$
Michael Scott (Branch Manager, San Remo)				
2009	82,345	7,411	6,394	96,150
2008	74,485	6,480	6,183	87,148
Peter Wayman (Branch Manager, Cowes)				
2009	11,114	1,001	-	12,115

* Other payments represent the total of monthly car lease payments. This vehicle is used by the Branch Manager and other staff during the year.

Notes to the financial statements continued

Note 18. Subsequent events

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 where it provides banking services to its clients. The economic entity operates in one geographic area being San Remo and Phillip Island.

Note 21. Corporate information

San Remo District Financial Services Ltd is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Bendigo Stock Exchange.

The registered office and principal place of business is:

103A Marine Parade,
San Remo VIC 3935

	2009	2008
	\$	\$

Note 22. Dividends paid or provided for on ordinary shares

Dividends paid during the year

Unfranked dividends - 5 cents per share (2008: 2 cents per share)	35,750	13,000
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Notes to the financial statements continued

	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:

Profit after income tax expense	2,074	68,416
Weighted average number of ordinary shares for basic and diluted earnings per share	895,749	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 has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit risk

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

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2009	2008
	\$	\$
Cash assets	425,312	395,098
Receivables	88,386	59,081
	513,698	454,179

Notes to the financial statements continued

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 majority of the 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	25,869	(25,869)	(25,869)	–	–
Interest bearing liabilities	42,949	(47,420)	(22,392)	(25,028)	–
	68,818	(73,289)	(48,261)	(25,028)	–
30 June 2008					
Payables	38,215	(38,215)	(38,215)	–	–
Interest bearing liabilities	19,509	(22,739)	(8,016)	(14,723)	–
	57,724	(60,954)	(46,231)	(14,723)	–

Notes to the financial statements continued

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	223,453	209,557
Financial liabilities	(14,531)	(19,509)
	208,922	190,048
Variable rate instruments		
Financial assets	201,859	185,541
Financial liabilities	(28,418)	-
	173,441	185,541

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 San Remo District 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.
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2009.



Terry Ashenden

Chairman

Signed at San Remo on 11 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 SAN REMO DISTRICT 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 San Remo District 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.

Independent audit report continued

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 San Remo District 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 period 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

W. J. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 11 September 2009

BSX report

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 11 September 2009.

A. Corporate governance statement

The Board guides and monitors the business and affairs on behalf of the shareholders to whom they are accountable.

The Board recognises the importance of a strong corporate governance focus and methodology. The Board is currently working towards adopting policies and procedures that will govern our Company into the future. We believe that building policy framework will assist clarify the future direction of our local Company, provide accountability and transparency and ensure there are guiding principles in place for future decision making.

B. Substantial shareholders – ten largest shareholders

	Ordinary shares	Number of ord shares
1 Dawn J Ashenden	22500	1.97%
2 Leonie Dawn Gardiner	22000	1.93%
3 Morgeo Nominees Pty Ltd	21000	1.84%
4 Bass Coast Shire Council	20000	1.75%
5 Douglas Adams & Joy Adams	16500	1.44%
6 Head Station Property Trust	15000	1.32%
7 Phillip Island Rsl Sub Branch Pty Ltd	15000	1.32%
8 Gerald Francis Pauley & Michael James Pauley as trustee for <Pauley Super Fund A/C>	12100	1.06%
9 Raymond John Mcnamara & Frances Mary Carroll-Whip as trustee for <Mcnamara Carroll S/F A/C>	11100	0.97%
10 Carruthers PharmacEuticals Pty Ltd	11000	0.96%
	166200	14.56%

C. Voting rights

Each shareholder has one vote

BSX report continued

D. Distribution of shareholders

The number of shareholders, by size of holding, is:

	Ordinary shares	
	Number of holders	Number of shares
1 - 1,000	274	165,331
1,001 - 5,000	196	406,828
5,001 - 10,000	55	346,150
10,001 - 100,000	15	221,200
100,001 and over	-	-
Total	540	1,139,509

There are no shareholders holding less than a marketable parcel of shares.

E. Monitoring of the Board's performance and communication to shareholders

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Director's is reviewed annually by the chairperson. Director's whose performance is unsatisfactory are asked to retire.

The Board and Director's aims to ensure that shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors.

The Board does have an Audit Committee.

F. Address and telephone number of the office which securities register is kept:

Richmond Sinnott & Delahunty
Chartered Accountants
172-176 McIvor Road,
Bendigo VIC 3550
Phone: +61 (03) 5443 1177

G. San Remo District Financial Services Limited

Michele Fulwell
Company Secretary
103a Marine Parade,
San Remo VIC 3925
Phone: (03) 5956 7177

San Remo District **Community Bank**[®] Branch
103A Marine Parade, San Remo VIC 3925
Phone: (03) 5678 5833 Fax: (03) 5678 5823

Cowes **Community Bank**[®] Branch
Shop 1, 209-213 Settlement Road, Cowes VIC 3922
Phone: (03) 5952 3383 Fax: (03) 5952 3220

Franchisee: San Remo District Financial Services Limited
103A Marine Parade, San Remo VIC 3925
Phone: (03) 5678 5833 Fax: (03) 5678 5823
ABN: 20 102 770 150

www.bendigobank.com.au
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR9077) (09/09)