

Maryvale
Friendly Society Limited
ACN: 087 648 860

Financial Statements

For The Year Ended
30 June 2010

MARYVALE FRIENDLY SOCIETY LIMITED
ACN: 087 648 860

Your Directors present their report for the company for the financial year ended 30 June, 2010.
The names of directors in office at any time during or since the end of the year and their attendance record are listed below;

Chairman of the Board of Directors

Mr Geoff Dorling
(attended 8 of 9 meetings)
Elected by the Members – 17 October 2007
Term ends: 2011 AGM

Board Members

Mr Ian Moule
(attended 1 of 3 meetings)
Elected by the Members – 14 December 2000
Retired: 21 October 2009

Mr David Plant
(attended 8 of 9 meetings)
Elected by the Members – 26 November 2002
Term ends: 2012 AGM

Mr Rob Hair
(attended 2 of 7 meetings)
Elected by the Members – 26 November 2002
Term ends: 2011 AGM

Mr David Hibberd
(attended 7 of 9 meetings)
Appointed to casual vacancy - 22 January 2003
Term ends: 2010 AGM

Mr Shane Chapman
(attended 6 of 9 meetings)
Appointed to casual vacancy – 11 February 2004
Term ends: 2010 AGM

Mr Justin McCabe
(attended 1 of 9 meetings)
Appointed to casual vacancy – 8 February 2006
Term ends: 2010 AGM

Ms Wendy Bright
(attended 7 of 9 meetings)
Appointed to casual vacancy – 8 February 2006
Term ends: 2011 AGM

Ms Gillian Spencer
(attended 0 of 5 meetings)
Appointed to casual vacancy – 8 February 2006
Retired: 21 October 2009

Mr Bill van Sambeek
(attended 2 of 9 meetings)
Appointed to casual vacancy – 8 February 2006
Term ends: 2012 AGM

Ms Kaylene Evans
(attended 4 of 9 meetings)
Appointed to casual vacancy – 8 February 2006
Term ends: 2011 AGM

Mr Frank Metcalf
(attended 8 of 9 meetings)
Elected by the Members – 17 October 2007
Term ends: 2010 AGM

Mr Steven Zyhajlo
(attended 2 of 3 meetings)
Elected by the Members – 17 October 2007
Retired: 21 October 2009

Mr Anthony Williams
(attended 8 of 9 meetings)
Elected by the Members – 17 October 2007
Term ends: 2011 AGM

Mr Anthony Pavey
(attended 5 of 9 meetings)
Elected by the Members – 17 October 2007
Term ends: 2010 AGM

Mr Mark Buurman
(attended 1 of 2 meetings)
Elected by the Members - 21 October 2009
Resigned: 22 December 2009

Mr Christopher Robertson
(attended 3 of 6 meetings)
Elected by the Members - 21 October 2009
Term ends: 2012 AGM

Mr Wayne Beggs
(attended 2 of 6 meetings)
Elected by the Members - 21 October 2009
Term ends: 2012 AGM

The Society keeps a Register of Directors under Section 317 of the Act containing information about the directors. The register is open to inspection by any member of the Society without fee, and by any other person on payment of the amount presented by the Society's rules.

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Activities

The principal activities of the Company during the year was the provision of assistance to members and their families. The activities of the Company did not change during the year.

Operating Results

The operating loss is \$18,876. No income tax is payable.

Significant Changes

On the 1st January 2009 the company raised the membership fee to \$3.50 per week in accordance with the resolution of members at a general meeting held on the 22nd of October 2008.

Matters Subsequent To The End Of The Financial Year

No matters or circumstances have arisen since the end of the financial year, which significantly affected or may significantly affect the operations of the Company, or the results of those operations, or the state of affairs of the Company, in the future financial year.

Likely Developments

The Company will continue to offer a range of benefits and services that meet the needs of our members and their families.

Environmental Regulations

The Companies operations are not regulated by any significant environmental regulation under a Law of the Commonwealth, or of a State or Territory.

Directors Benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit by reason of a contract made by the Company or a related corporation with a Director or with a firm of which a director is a member or with an entity company in which a Director has a substantial financial interest, other than the benefits as disclosed in Note 2 in the notes to and forming part of the accounts.

Other Matters

No options over issued shares or interest in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No indemnities have been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was a not a party to any such proceedings during the year.

All directors are widely experienced in the industry which the company services.

This report is signed in accordance with a resolution of the Board of Directors and is signed for and on behalf of the members of the Board of Directors by:

.....
Chairman of Directors - Geoff Dorling

Dated this 13th day of October 2010

MARYVALE FRIENDLY SOCIETY LIMITED
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BALANCE SHEET
AS AT 30 JUNE 2010

	Note	2010	2009
		\$	\$
CURRENT ASSETS			
Cash assets	3	14,528	35,208
Investments	3	23,839	22,754
Receivables		<u>0</u>	<u>0</u>
TOTAL CURRENT ASSETS		<u>38,368</u>	<u>57,962</u>
NON CURRENT ASSETS			
Plant and equipment		8,179	8,179
Accumulated Depreciation		<u>(7,996)</u>	<u>(7,814)</u>
	7	183	365
TOTAL ASSETS		<u>38,551</u>	<u>58,327</u>
CURRENT LIABILITIES			
Payables		1,548	2,449
TOTAL CURRENT LIABILITIES		1,548	2,449
TOTAL LIABILITIES		1,548	2,449
NET ASSETS		<u>37,003</u>	<u>55,878</u>
EQUITY			
Retained Earnings	6	<u>37,003</u>	<u>55,878</u>
TOTAL EQUITY		<u>37,003</u>	<u>55,878</u>

* The accompanying notes form part of these financial statements

MARYVALE FRIENDLY SOCIETY LIMITED
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INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010	2009
		\$	\$
INCOME			
Member Contributions		113,332	108,120
Interest Received		<u>1,375</u>	<u>4,145</u>
Total		<u>114,707</u>	<u>112,265</u>
EXPENSES			
Benefit Payments		42,706	77,441
Discretionary Payments		45,597	41,240
Administration Expenses		3,750	6,250
Auditors Remuneration			
- auditing the accounts		1,900	1,800
Other Expenses		<u>39,630</u>	<u>14,713</u>
Total Expenses		133,582	141,444
Loss from Ordinary Activities before Income Tax Expense		(18,876)	(29,179)
Net Loss		<u>(18,876)</u>	<u>(29,179)</u>
Total Change in Equity other than those resulting from transactions with owners		<u>(18,876)</u>	<u>(29,179)</u>

* The accompanying notes form part of these financial accounts

MARYVALE FRIENDLY SOCIETY LIMITED
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Cash Flows from Operating Activities			
Receipts From Members		124,665	120,107
Interest Received		1,375	4,145
Payments to Members and Suppliers		<u>(145,635)</u>	<u>(150,562)</u>
Net cash used by operating activities	3	(19,595)	(26,310)
Cash Flow from Investing Activities			
Purchase of Plant		<u>0</u>	<u>0</u>
Net cash used in Investing Activities		<u>0</u>	<u>0</u>
Net decrease in cash held		(19,595)	(26,310)
Cash at Beginning of the Financial Year	3	<u>57,961</u>	<u>84,271</u>
Cash at End of the Financial Year	3	<u>38,366</u>	<u>57,961</u>

* The accompanying notes form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1 Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with applicable Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on an accrual basis and is based on historical costs and does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied unless otherwise stated.

The financial report covers the economic entity of Maryvale Friendly Society Limited

The following is a summary of the material accounting policies adopted by the Society in the preparation of the financial statements.

(a) Furniture and Equipment

Furniture and equipment is carried at cost less, where applicable accumulated depreciation and impairment losses. The carrying amount of furniture and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amount of furniture and equipment is depreciated on a straight-line basis over their useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are;

Class of Fixed Asset	Depreciation Rate	Life Expected
Computers	25%	4
Software	25%	4

(b) Income Tax

The company is exempt from income tax under Section 50-15 of the Income Tax Assessment Act.

(c) Cash

For the purpose of the statement of cash flows, cash includes: -

- (i) cash on hand and at call deposits with banks or financial institutions; and
- (ii) deposits which can readily be converted into cash.

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of a cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST. Cash Flows from Operating Activities in the Cash Flow Statement are inclusive of GST.

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(e) Revenue

Donations, membership and bequests are recognised as revenue when received. Interest revenue is recognised using the effective interest rate method.

2 Board Members Emoluments

No emoluments were received or are due and receivable by the Members of the Board. Transactions between related parties are on normal terms and conditions, no more favourable than those available to other persons.

3 Cash Flow Information

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

	2010	2009
	\$	\$
Cash at bank	14,528	35,208
Investments	<u>23,839</u>	<u>22,754</u>
	<u>38,368</u>	<u>57,962</u>

(b) Reconciliation of Cash Flow from Operating Activities

Net Loss for the year	(18,876)	(29,179)
Add back depreciation charged	182	1,850
Changes in assets and liabilities:-		
(Increase)/Decrease in debtors	0	470
Increase/(Decrease) in creditors	(901)	550
Net cash used by operating activities	<u>(19,595)</u>	<u>(26,309)</u>

4 Segment Information

The Company operates in the not for profit sector of the economy and provides assistance to members and their families.

5 Economic Dependency

The entity is dependent upon contributions from its membership which is restricted by the discretion of the board, to employees of Australian Paper Limited, and certain other companies associated with the operation of the Maryvale Paper Mill. At the date of this report the board has no reason to believe the membership will not continue to support the company.

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6	Retained Earnings	2010	2009
		\$	\$
	Retained Earnings at the Beginning of the Financial Year	55,879	85,058
	Net for the year	<u>(18,876)</u>	<u>(29,179)</u>
	Retained Earnings at the End of the Financial Year	<u>37,003</u>	<u>55,879</u>

7	Fixed Assets- Plant & Equipment		
	Balance at the Beginning of the Year	365	2,215
	Depreciation Expense	(182)	(1,850)
	Assets Purchased	<u>0</u>	<u>0</u>
	Balance at the End of the Year	<u>183</u>	<u>365</u>

8 Financial Instruments

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2010	2009
		\$	\$
Financial Assets			
Cash and cash equivalents	3	38,368	57,962
Loans and receivables		-	-
		<u>38,368</u>	<u>57,962</u>
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables		1,548	2,449
		<u>1,548</u>	<u>2,449</u>

(a) Interest Rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

(b) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- considering forward projections of cash flows in relation to its operational activities;
- managing credit risk related to financial assets; and
- investing only in surplus cash with major financial institutions.

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(c) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the company. The company manages its credit risk by not having a material risk exposure to any single debtor or group of debtors and ensuring, to the extent possible, that counter parties to transactions are of sound credit worthiness. Risk is also minimised through investing surplus funds only with major financial institutions.

(d) Net Fair Values

For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the accounts.

9 Events after the Balance Date

There have been no significant events occurring after balance date that are required to be disclosed in the financial statements.

10 Contingent liabilities and assets

There are no known contingent liabilities or assets existing at the report date.

11 Entity Details

The registered office of the entity and principle place of activities is Australian Paper - Maryvale Paper Mill, Traralgon West Road, Morwell, Victoria.

12 Members Guarantee

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. At 30th June 2010 the number of members was 696.

DIRECTOR'S DECLARATION

The directors of the company declare that;

- 1 The financial statements and notes, as set out on pages 4 to 9 are in accordance with the Corporations Act 2001;
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2010 and performance for the year ended on that date of the company;
- 2 In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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Chairman of Directors - Geoff Dorling

Dated this 13th day of October 2010