

2008 annual report



Contents

Chairman's report	2-3
Manager's report	4-5
Directors' report	6-8
Auditor's independence declaration	9
Financial statements	10-13
Notes to the financial statements	14-28
Directors' declaration	29
Independent audit report	30

Chairman's report

For year ending 30 June 2008

What a fantastic year 2007/08 was for the Warrandyte **Community Bank**[®] Branch. We were well ahead of our forecasted growth, and as such have turned around a profit of \$253,196 (before interest, dividends and tax) well ahead of last year's profit of \$99,385. Mark and the team at the branch have done an amazing job in generating the business, and most importantly, generating it profitably.

Warrandyte **Community Bank**[®] Branch reached \$94 million in assets from which we generated income of \$836,538 compared to \$639,014 in 2006/07, a growth of 30.9%.

Hence, it is with great satisfaction in my first year as Chairman to announce a dividend of 8 cents per share. The table below shows the level of dividend we have returned to shareholders since our first dividend payment three years ago.

Financial year	Cents per share	Total distribution
2005/06	5 cents	\$33,973
2006/07	6 cents	\$40,917
2007/08	8 cents	\$54,357

We envisage this next financial year will be a little harder. However, we are confident in the underlying strength of the branch and the ongoing support by the community of a bank that has truly made a difference to Warrandyte and the surrounding area.

Again, the table below shows the contributions we have already made – a total of \$93,541, and a further \$60,655 has already been earmarked for 2008/09.

Financial year	Community contributions
2004/05	\$7,455
2005/06	\$10,360
2006/07	\$25,326
2007/08	\$50,400

We have been proud to support the Warrandyte Community Retirement Housing Co-operative in their bid to establish five retirement units in Warrandyte to a total of \$16,000, and have also been very active in assisting the Warrandyte Netball Club with their bid to build clubroom facilities down at Taroona Reserve and upgrade their current courts.

As you will no doubt be aware, John Provan stepped down from his role as Chairman at the last AGM after almost five years. It was John's enthusiasm and passion that got the Warrandyte **Community Bank**[®] Branch up and running, and his direction that ensured its success. John has remained on the Board to assist

Chairman's report continued

the new Directors. I would like to thank him for his efforts, including the three years he spent chairing the steering committee.

Since the last Annual Report, we have brought on four new Directors – Peri Hunter, Paul Lynch, David White and David Wood, all of whom have brought substantial experience and skills, as well as renewed enthusiasm to the Board. We, unfortunately, have also had to accept the resignations of Grant Walters and Leeanne Keam due to work pressures. I would like to take this opportunity to thank both Leeanne and Grant for the efforts over the last couple of years, and wish them well in their future endeavours.

Our emphasis over the next two to three years will be consolidating our position in the surrounding areas, particularly Wonga Park and Park Orchards. We will continue to invest in community projects, and identify projects that we gain maximum exposure to enhance our positioning as a leading community supporter.

I would like to thank all the staff, especially Mark Challen our Manager for the tremendous effort they have put in this year. I would also like to thank my fellow Board members for the time and effort they have put in on a volunteer basis.

To our shareholders and customers, and the community in general, thank you for your support of the Warrandyte **Community Bank**[®] Branch of the Bendigo Bank. We hope you will continue to be advocates for the bank, promoting the advantages of banking with a bank that supports your community.

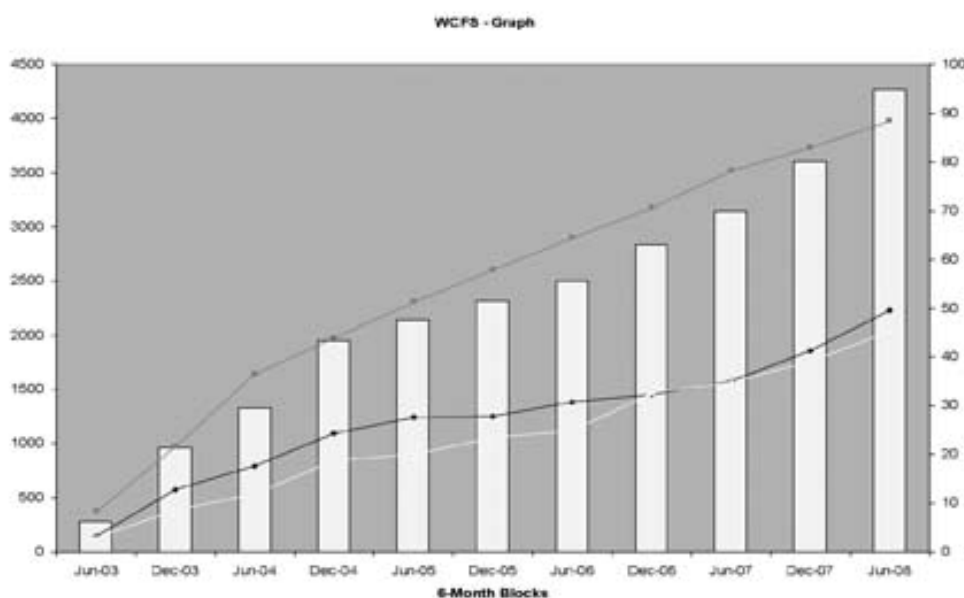


Sarah Wrigley
Chairman

Manager's report

For year ending 30 June 2008

As we completed our fifth year of operation, the Warrandyte **Community Bank**[®] Branch continues to grow and we achieved total banking business of over \$94.0m comprising of \$45m lending, \$49m in deposits and close to 4,000 accounts. We have continued to gain business from Warrandyte and surrounding communities as we work towards our mission of being the preferred financial provider in these areas.



It has been a fantastic achievement to date and the most exciting aspect is that I can see further growth potential within our community, which we look forward to developing over the coming 12 months.

The past year most importantly saw us increase our contributions to over \$50,000 to many organisations within the community and we look forward to work in partnership with these groups.

It was also pleasing to be able to continue to distribute an increased dividend of 8 cents per share to shareholders.

The personnel at the branch continue to provide excellent service and prove to be our key point of differentiation from competitors. Janice Hawkins who was one of our inaugural staff members decided to take up an opportunity within the Bendigo Bank network and I would like to thank Janice for her professionalism and loyalty since our inception in 2003 and wish her every success for the future. Fortunately, we were able to gain the services of Gavan Costin in late April this year and he has added a wealth of banking experience to our team in his position as Customer Relationship Manager. To Danny, Linda, Joan, Nikie and Diane I thank you for your continued enthusiasm and service excellence to ensure our continued success.

Manager's report continued

I would also like to thank the Board of Directors for their support and encouragement during the year, which has contributed to our fantastic result this year. They have been most active in marketing our brand and spreading the meaning of the **Community Bank**[®] concept within our catchment areas.

To our customers and shareholders, I thank you for your continued support and request you to continue to promote the Warrandyte **Community Bank**[®] Branch to your friends, families and business colleagues.

It would be fantastic to report this time next year when we have well and truly surpassed \$100m in banking business.

What a successful story and journey it has been so far.



Mark Challen
Branch Manager

Directors' report

For year ending 30 June 2008

Your Directors submit the financial report of the Company for the financial year ended 30 June 2008.

Directors

The names and details of the Company's Directors who held office during or since the end of the financial year:

Sarah Wrigley

Chairman
Age: 44
Occupation: Market Research Director

Jennifer Johanson

Director / Secretary
Age: 40
Occupation: Data Services Manager

Leeanne Joy Keam

Director
Age: 54
Occupation: Business Consultant

Darren Maurice Ryding

Director / Treasurer
Age: 43
Occupation: Accountant

John Gary Provan

Director
Age: 56
Occupation: Builder

Grant John Walters

Director (Resigned 1 May 2008)
Age: 50
Occupation: Lecturer / Business Consultant

David Henry Wood

Director (Appointed 26 March 2008)
Age: 49
Occupation: Stair Builder

David Leonard White

Director (Appointed 1 May 2008)
Age: 42
Occupation: Electrician

Paul Nicholas Lynch

Director (Appointed 1 May 2008)
Age: 34
Occupation: Student

Peri Hunter

Director (Appointed 11 February 2008)
Age: 41
Occupation: Marketing Director

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

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

Company Secretary

The Company Secretary is Ms Jennifer Johanson. Ms Johanson was appointed to the position of Secretary in April 2007. She is a Chartered Accountant who has worked for various accounting and other firms since 1989.

Principal activities

The principal activities of the Company during the course of the financial year were in facilitating **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo Bank Limited.

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/(loss) of the Company for the financial year after provision for income tax was:

Year ended 30 June 2008	Year ended 30 June 2007
\$	\$
175,125	99,385

Dividends

	Year ended 30 June 2008	
	Cents	\$'000
Dividends paid in the year:		
- final for the year ended 30 June 2007	6	40,767

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 or the financial report.

Matters subsequent to the end of the financial year

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 facilitating banking services to the community.

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' benefits

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

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 Manager 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 Board meetings eligible to attend	Number attended
Sarah Wrigley	11	11
Jennifer Johanson	11	11
Leeanne Joy Keam	11	2
Darren Maurice Ryding	11	6
John Gary Provan	11	5
Grant John Walters (Resigned 1st May 2008)	10	0
David Henry Wood (Appointed 26th March 2008)	4	3
David Leonard White (Appointed 1st May 2008)	2	0
Paul Nicholas Lynch (Appointed 1st May 2008)	2	1
Peri Hunter (Appointed 11th February 2008)	5	4

Non Audit services

The Company did not employ the Auditor (ABL Accounting Services Pty Ltd) for non audit work during the year.

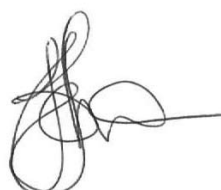
Auditors' independence declaration

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

Signed in accordance with a resolution of the Board of Directors at Warrandyte on 19 November 2008.



Sarah Wrigley
Chairman



Jennifer Johanson
Secretary

Auditor's independence declaration

Auditor's independence declaration

As lead Auditor for the audit of Warrandyte Community Financial Services Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the Auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Warrandyte Community Financial Services Limited.



Alan Lane

Auditor Partner

ABL Accounting Services Pty Ltd

Melbourne

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	3	836,572	639,014
Salaries and employee benefits expense		(320,742)	(272,330)
Advertising and promotion expenses		(62,078)	(32,656)
Occupancy and associated costs		(67,260)	(66,202)
Systems costs		(24,826)	(22,594)
Depreciation and amortisation expense	4	(22,919)	(24,612)
General administration expenses		(93,347)	(74,968)
Profit/(loss) before income tax expense/credit		245,401	145,652
Income tax expense/credit	5	(70,255)	(46,267)
Profit/(loss) for the period		175,146	99,385
Profit/(loss) attributable to members of the entity		175,146	99,385
Earnings per share (cents per share)		¢	¢
- basic for profit for the year	21	26	15
- dividends paid per share	19	6	5

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
Assets			
Current assets			
Cash assets	6	426,719	279,877
Trade and other receivables	7	68,800	56,788
Prepayment	7	11,485	6,069
Total current assets		507,004	342,734
Non-current assets			
Property, plant and equipment	8	127,995	138,733
Intangible assets	9	11,302	11,000
Deferred tax assets	10	4,937	38,273
Prepayment	7	45,028	
Total non-current assets		189,262	188,006
Total assets		696,267	530,740
Liabilities			
Current liabilities			
Trade and other payables	11	24,919	20,000
Borrowings	12(a)	15	-
Current tax liabilities	5	30,504	-
Provisions	13	16,456	19,247
Total current liabilities		71,894	39,247
Non-current liabilities	12(b)	1,500	3,000
Total non current liabilities		1,500	3,000
Total liabilities		73,394	42,247
Net assets		622,872	488,493
Equity			
Issued capital	14	657,286	657,286
Retained profits/(accumulated losses)	15	(34,414)	(168,793)
Total equity		622,872	488,493

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from customers		879,330	686,964
Payments to suppliers and employees		(698,192)	(533,503)
Interest received		15,111	8,180
Income taxes paid		(6,415)	
Rent received		11,759	
Net cash provided by/(used in) operating activities	16	201,593	161,641
Cash flows from investing activities			
Payments for property, plant and equipment		(12,484)	(2,270)
Payments for intangible assets		-	-
Net cash provided by/(used in) investing activities		(12,484)	(2,270)
Cash flows from financing activities			
Proceeds from issues of equity securities		-	-
Payment for share issue costs		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Dividends paid		(40,767)	(33,973)
Loan repayments		(1,500)	(1,500)
Net cash provided by/(used in) financing activities		(42,267)	(35,473)
Net increase in cash held		146,842	123,898
Cash at the beginning of the financial year		279,877	155,979
Cash at the end of the financial year	6(a)	426,719	279,877

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Note	2008 \$	2007 \$
Total equity at the beginning of the period		488,493	423,081
Net profit/(loss) for the period		175,146	99,384
Dividends provided for or paid	19	(40,767)	(33,972)
Shares issued during period		-	-
Total equity at the end of the period		622,872	488,493

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Summary of significant accounting policies

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

Historical cost convention

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

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 for 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 statement of cash flows 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 operation cash flows.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Employee entitlements

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

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Comparative figures

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

Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements	40 years
- plant and equipment	2.5 - 40 years
- furniture and fittings	4 - 40 years

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. 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.

Borrowings

All loans are initially 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 equity

Ordinary shares are 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

Note 1. Summary of significant accounting policies (continued)

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Note 2. Financial risk management

The Company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

(i) Market risk

The Company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The Company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The Company is not exposed to commodity price risk.

(iii) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The Company's franchise agreement limits the Company's credit exposure to one financial institution, being Bendigo Bank Limited.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The Company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest-rate risk. The Company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

Notes to the financial statements continued

	2008 \$	2007 \$
Note 3. Revenue from ordinary activities		
Operating activities:		
- services commissions	809,702	616,918
Total revenue from operating activities	809,702	616,918
Non-operating activities:		
- interest received	15,111	8,180
- rental revenue	11,759	13,916
Total revenue from non-operating activities	26,870	22,096
Total revenues from ordinary activities	836,572	639,014

Note 4. Expenses

Depreciation of non-current assets:		
- plant and equipment	4,864	5,572
- leasehold improvements	6,873	7,040
Amortisation of non-current assets:		
- franchise agreement	11,182	12,000
	22,919	24,612
Finance costs:		
- interest paid	-	-
Bad debts	124	19

Note 5. Income tax expense

The components of tax expense comprise:		
- Current tax	75,192	46,267
- Deferred tax on provisions	(4,937)	
	70,255	46,267

Notes to the financial statements continued

	2008 \$	2007 \$
Note 5. Income tax expense (continued)		
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Operating profit/(loss)	245,401	145,652
Prima facie tax on profit/(loss) from ordinary activities at 30%	73,620	43,696
Add tax effect of:		
- non-deductible expenses	392	(1,029)
- Amortisation of franchise fee	3,355	3,600
- timing difference expenses	(845)	
- blackhole expenses	(1,330)	
- current tax	75,192	46,267
- movement in deferred tax - see note 10	(4,937)	-
	70,255	46,267
Tax Liabilities		
Current tax payable	30,504	-

Note 6. Cash assets

Cash at bank and on hand	197,409	121,476
Term deposits	229,310	158,401
	426,719	279,877

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

6(a) Reconciliation of cash		
Cash at bank and on hand	197,409	121,476
Term deposit	229,310	158,401
	426,719	279,877

Notes to the financial statements continued

	2008 \$	2007 \$
Note 7. Trade and other receivables		
Current		
Trade receivables	68,800	56,788
Prepayment	11,485	6,069
Total current assets	80,285	62,857
Non-current		
Prepayment	45,028	-

Note 8. Property, plant and equipment

Plant and equipment		
At cost	34,948	36,148
Less accumulated depreciation	(21,365)	(18,701)
	13,583	17,447
Leasehold improvements		
At cost	149,941	149,941
Less accumulated depreciation	(35,529)	(28,656)
	114,412	121,285
Total written down amount	127,995	138,732
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	17,447	20,750
Additions	1,100	2,270
Disposals	(100)	
Less: depreciation expense	(4,864)	(5,573)
Carrying amount at end	13,583	17,447

Notes to the financial statements continued

	2008 \$	2007 \$
Note 8. Property, plant and equipment (continued)		
Leasehold improvements		
Carrying amount at beginning	121,285	128,325
Additions		
Disposals		
Less: depreciation expense	(6,873)	(7,040)
Carrying amount at end	114,412	121,285
Total written down amount	127,995	138,732

Note 9. Intangible assets

Franchise fee		
At cost	71,484	60,000
Less: accumulated amortisation	(60,182)	(49,000)
	11,302	11,000

Note 10. Deferred tax

Opening balance	38,273	84,539
Deferred tax on provisions	4,937	-
Recoupment of losses	(38,273)	(46,266)
	4,937	38,273

Note 11. Trade and other payables

Trade creditors	10,215	1,259
Other creditors & accruals	14,704	18,741
	24,919	20,000

Notes to the financial statements continued

	2008 \$	2007 \$
Note 12. Borrowings		
(a) Current		
Credit card	15	-
(b) Non current		
Nillumbik Shire Council	1,500	3,000
Total borrowings	1,515	3,000

An interest free loan was made by the Nillumbik Shire Council.
This will be repaid before 30 June 2009.

Note 13. Provisions

Employee provisions	16,456	19,247
Number of employees at year end	6	5

Note 14. Contributed equity

679,460 Ordinary shares fully paid of \$1 each	679,460	679,460
Less: equity raising expenses	(22,174)	(22,174)
	657,286	657,286

Note 15. Retained earnings/ accumulated losses

Balance at the beginning of the financial year	(168,793)	(234,205)
Net profit/(loss) from ordinary activities after income tax	175,146	99,385
Dividends paid	(40,767)	(33,973)
Balance at the end of the financial year	(34,414)	(168,793)

Notes to the financial statements continued

	2008 \$	2007 \$
Note 16. Statement of cash flows		
Reconciliation of loss from ordinary activities after tax to net cash provided by/(used in) operating activities		
Profit/(loss) from ordinary activities after income tax	175,146	99,385
Non cash items:		
- depreciation	11,737	12,612
- amortisation	11,182	12,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(12,012)	(14,684)
- (increase)/decrease in prepayments	(50,444)	9,338
- increase/(decrease) in payables	8,956	(4,187)
- increase/(decrease) in tax payables	30,504	3,724
- (increase)/decrease in future income tax benefit	33,336	46,266
- (increase)/decrease in other assets		
- increase/(decrease) in payables	(4,036)	
-increase/(decrease) in provisions	(2,791)	(2,813)
- increase/(decrease) in borrowings	16	
Net cash flows provided by/(used in) operating activities	201,593	161,641

Note 17. Auditors' remuneration

Amounts received or due and receivable by the Auditor of the Company for:

- audit & review services	2,550	1,250
- non audit services		
	2,550	1,250

Notes to the financial statements continued

Note 18. Director and related party disclosures

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

Sarah Wrigley

Jennifer Johanson

Leeanne Joy Keam

Darren Maurice Ryding

John Gary Provan

Grant John Walters (Resigned 1st May 2008)

David Henry Wood (Appointed 26th March 2008)

David Leonard White (Appointed 1st May 2008)

Paul Nicholas Lynch (Appointed 1st May 2008)

Peri Hunter (Appointed 11th February 2008)

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.

Directors shareholdings	2008	2007
Sarah Wrigley	3,000	3,000
Jennifer Johanson	-	-
Leeanne Joy Keam	-	-
Darren Maurice Ryding	-	-
John Gary Provan	10,000	10,000
Grant John Walters (Resigned 1 May 2008)	-	-
David Henry Wood (Appointed 26 March 2008)	-	-
David Leonard White (Appointed 1 May, 2008)	-	-
Paul Nicholas Lynch (Appointed 1 May 2008)	-	-
Peri Hunter (Appointed 11 February 2008)	-	-

There was no movement in Directors' shareholdings during the year. Each share held is valued at \$1.

Notes to the financial statements continued

	2008 \$	2007 \$
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Note 19. Dividends paid or provided

(a) Ordinary shares

Final dividend for the year ended 30 June 2007 of 6 cents per fully

paid share unfranked was paid on 19th December 2007	40,767	33,973
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(b) Dividends not recognised at year end

In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 8 cents per fully paid ordinary share, (2007 - 6 cents) unfranked. The aggregate amount of the proposed dividend is expected to be paid on 1 November 2008 out of retained profits at 30 June 2008, but not recognised as a liability at year end, is \$54,357.

Note 20. Key management personnel disclosures (non listed entities only)

No Director of the Company receives remuneration for services as a Company Director or Committee member.

There are no Executives within the Company whose remuneration is required to be disclosed.

	2008 \$	2007 \$
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Note 21. Earnings per share

(a) Profit attributable to the ordinary equity holders of the Company

used in calculating earnings per share	26	15
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Reconciliations of earnings used in calculating earnings

per share:

(b) Profit attributable to the ordinary share holders of the Company

used in calculating basic earnings per share	175,146	99,385
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	2008 Number	2007 Number
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(c) Weighted average number of ordinary shares used as the

denominator in calculating basic earnings per share	679,460	679,460
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Notes to the financial statements continued

Note 22. Events occurring after the balance sheet date

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

Note 23. Contingent liabilities

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

Note 24. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Warrandyte district, Warrandyte.

Note 25. Registered office/principal place of business

The registered office and principal place of business is:

Warrandyte Community Financial Services Ltd
142-144 Yarra Street,
Warrandyte VIC 3113

Note 25. Financial instruments

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The Company does not have any unrecognised financial instruments at the year end.

Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Notes to the financial statements continued

Note 25. Financial Instruments (continued)

Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	426,719	279,877	-	-	-	-	-	-	-	-	3.54%	2.92%
Receivables	-	-	-	-	-	-	-	-	68,800	56,788	-	-
Financial liabilities												
Other liabilities	-	-	-	-	-	-	-	-	1,500	3,000	-	-
Payables	-	-	-	-	-	-	-	-	10,215	1,259	-	-

Director's declaration

In accordance with a resolution of the Directors of Warrandyte Community Financial Services Limited, we state that:

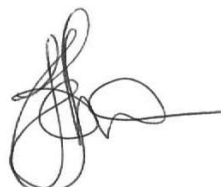
In the opinion of the Directors:

- (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 2008 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; 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) the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

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



Sarah Wrigley
Chairman



Jennifer Johanson
Secretary

Signed on 10 October 2008.

Independent audit report

Independent Audit Report

Independent Audit Report to the Members of Warrandyte Community Financial Services Limited

Scope

I have audited the financial report of Warrandyte Community Financial Services Limited for the year ended 30th June 2008, including the Directors' Declaration. The company's directors are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. My procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view, which is consistent with my understanding of the company's financial position, the results of its operations and its cash flows.

Independence

In conducting my audit, I followed applicable independence requirements of Australian professional ethical announcements.

The audit opinion expressed in this report has been formed on the above basis

Audit Opinion

In my opinion, the financial report of Warrandyte 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 30th June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



Alan Lane
ABL Accounting Services
Melbourne

Date the 9th October 2008.

Warrandyte **Community Bank**[®] Branch
144 Yarra Street, Warrandyte VIC 3113
Phone: (03) 9844 2233 Fax: (03) 9844 2396

Franchisee: Warrandyte Community Financial Services Limited
144 Yarra Street, Warrandyte VIC 3113
ABN 70 102 635 147

www.bendigobank.com.au

Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR8018) (08/08)

