

2008 annual report



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Chairman's report

For year ending 30 June 2008

I am pleased to present the third annual report for our Company for the year ending 30 June 2008.

On 23 November 2008 the Acacia Ridge **Community Bank**[®] Branch will celebrate its third anniversary, a milestone we look forward to with great anticipation.

This has been a further year of consolidation. At the end of the 2007/08 financial year we had 150 shareholders with a total shareholding of \$534,487 and we have business of \$45 million on our books.

Our Company's vision to operate community owned bank in the area, providing full and competitive service for the benefit of clients, shareholders and the community has been achieved. We strive to provide a customer focused service to the Acacia Ridge residents and businesses, but we are not limited to Acacia Ridge.

The present year

Financially, our operating expenses were 2.2 percent greater than budget and our income was 5.9 percent below budget, resulting in a loss for the year. Current financial markets are challenging, however, we have budgeted for a modest profit in 2008/2009.

Our Branch Manager, Scott Northfield, and his team have done an excellent job this last year. Our branch has won Branch of the Year for our region and also Branch of the Month for November 07 and March 08.

Our Customer Service Officers are Rhys, Debbie, Khrystine and Simon.

At present we have five of our original Board members. Marie Jackson resigned from the Board because of other commitments and we thank her for her contribution. We hope to welcome Earle Johnston to the Board soon. He has valuable business experience and a strong commitment to community affairs and is currently the Chairman of our Marketing Committee. Margot Korhonen and Sonia Cahill have been members of our Marketing Committee and helped with our shareholder newsletter. We thank them.

THE FUTURE

The bank had approximately \$45 million dollars worth of business by the end of the financial year – up from \$28 million this time last year. This is an excellent result and above budget. We have budgeted to write another \$12 million in this current financial year. We need your help and your business to achieve this - more so than ever in today's challenging financial markets.

What will this mean to you as shareholders? If we can achieve this, the branch will then be able to meet its overheads and look forward to becoming profitable. Once we repay our set up costs, the Company will be able to return moneys by way of grants to community groups and dividends to you as shareholders in the **Community Bank**[®] Company.

Put simply, the bigger our business, the larger the profit, the greater rewards and benefits to you our shareholders and our community.

In the past 12 months, we have sponsored a number of sporting club activities and school events in our area. We sponsor our local YMCA Early Childhood Centre at Acacia Ridge with a breakfast club that serves healthy breakfasts to up to 40 children per day. We want to do a lot more.

Chairman's report continued

INVITATION TO SHAREHOLDERS

Help us to become profitable, return dividends to you as shareholders and enrich our community! We need to focus our efforts and spread the magic of **Community Bank®** concept. You, our shareholders are the key to our growth.

We want to deepen our relationship with YOU!!!

Have you transferred your home loan to the branch?

Have you taken up a credit card with Bendigo?

Have you insured your home, your car, or your business with Bendigo?

Have you taken out a Lease/Hire Purchase etc for your business cars or equipment?

Have you the need for a Financial Advisor?

Do you trade shares? – margin loans etc

Do you need Travel Insurance or Health Insurance?

Do you need a Personal Loan?

We provide full banking services. There are incentives and savings for customers having a number of banking services with Bendigo. The average number of products with each Bendigo customer is 1.7. You as shareholders are in a special position to make this many more. Come in and see Scott and his team.

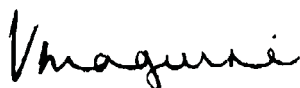
In conclusion

I wish to take this opportunity to thank all our account holders and clients, our staff members and my Board colleagues for their ongoing support in growing our business and meeting our goals. Thanks to you and your investment in this Company, vitality and prosperity has been restored to the Acacia Ridge area.

I invite you all to join us for the Annual General Meeting on Wednesday, 19 November at 10am at the Ridge Community Church in the Elizabeth St. Shopping Centre. Meet your Directors and the **Community Bank®** staff. Morning tea will be served after the meeting.

Bendigo Bank Limited, our partner has a philosophy that **“successful customers create successful communities, which creates successful banks- but only in that order.”** They have achieved the highest customer satisfaction rating of any bank in Australia, come in and see why.

Banking with Acacia Ridge **Community Bank®** Branch rewards you as a shareholder and builds a stronger Acacia Ridge community. Bank Bendigo!



Vicki Maguire

Chairman

Manager's report

For year ending 30 June 2008

Acacia Ridge **Community Bank**[®] Branch's third birthday is fast approaching and it is a timely reminder to reflect on our combined achievements.

It has been a solid year of growth and consolidation for the business, with the people of the Acacia Ridge clearly welcoming the return of friendly and personal branch banking back to the suburb. But, the fact that the branch is community owned has contributed significantly to this success.

Over the last 12 months, we have seen our total book grow by approximately \$16 million bringing it to a total of \$45 million. Our customer numbers continue to grow at an average of eighty customers a month. The Acacia Ridge **Community Bank**[®] branch is also pleased to announce that in July of this year that the branch received an award for Branch of the Year for South East Queensland 2007/2008.

There are many people in our community that have contributed to this success. The obvious partners are you, the shareholders, and in particular those shareholders that have shown total commitment by transferring their personal and or business accounts to the bank branch.


If you haven't already done so, I urge you to consider the move - the earlier we reach profitability, the earlier we can return a dividend on your investment.

Should you wish to discuss any of your banking requirements please feel free to contact me.

I would like to acknowledge the efforts and support of Chairman Vicki, and her team of Directors. Many people don't realise the many hours of work that they have put in, not only in establishing the **Community Bank**[®] branch, but also in getting it to this level of business. It's a huge commitment, made all the more significant because it's an unpaid position.

In conclusion, I would like to thank my staff, Rhys, Debra, Khrys and Simon. They are the face of your **Community Bank**[®] branch and without their continued support, commitment and effort the branch would not have been able to report to you the success it has achieved to date.

I look forward to the opportunity to steer Acacia Ridge **Community Bank**[®] Branch into another busy and successful 12 months.



Scott Northfield

Directors' report

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:

Victoria Louise Maguire

Chairman

Age: 59

Licensed Post Office Operator

Involved in small businesses since 1982. Holds a MA in Psychology from University of Sydney. Involved in the local neighbourhood planning Committee. Member of the Audit Committee and Member of the Marketing Committee.

Interest in 50,001 shares

Mark Ledwidge

Director

Age: 52

Optometrist

Small business owner for 14 years. Holds a Bachelor in Optometry from Queensland University of Technology and is an active member of the Rotary Club.

Member of the Governance Committee

Interest in 10,001 shares

Linda Anne Beaumont

Secretary

Age: 49

Pharmacist

Small business operator since 1999. Holds a Bachelor in Pharmacy from the University of Queensland. Previously involved with the local softball association.

Member of the Governance, Administration, and Human Resources Committee and Member of Marketing Committee.

Interest in 15,001 shares

Peter Geoffrey Henderson

Treasurer

Age: 62

Accountant

Involved in banking, finance and accounting since 1962. Small business owner for 17 years. Holds a Bachelor of Business degree, as well as Graduate Diplomas in Finance and Investment and Business. Current Chairman of Drug Awareness & Relief Foundation Australia and Chairman of DrugArm Australasia. Previous Member of Wesley Hospital Board. Current Director of Public Companies the IOR Group Ltd and the IOR Friendly Society Ltd.

Chairman of the Governance, Administration, and Human Resources Committee.

Interest in 24,001 shares

Trevor Maurice Loft (Resigned 20 November 2007)

Director

Age: 66

Minister of Religion

Involved with small business and experience in pastoring to people.

Interest in 901 shares

Directors' report continued

Paul Douglas Knight

Director

Age: 34

Chiropractor

Small business owner since 1998. Holds a Double Degree in Chiropractic at RMIT in Melbourne and is a member of the Rotary Club of Archerfield.

Member of the Governance Committee and Human Resources Committee

Interest in 15,001 shares

Marie Jackson (Resigned 5 February 2008)

Director

Age: 57

Medical practice Manager

Small business owner since 1989. MBA, a Graduate Certificate in Management, Diploma in Real Estate, and a Diploma in Nursing. Chairman of the Marketing Committee.

Interest in nil shares.

Joan Margaret Rae (Resigned 20 November 2007)

Director

Age: 61

Small business proprietor.

Small business operator since 1973.

Interest in 501 shares

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

No Directors have material interests in contracts or proposed contracts with the Company, except for Victoria Maguire who is the sole Director of the landlord of the premises occupied by the bank; and Peter Henderson whose firm provides accounting services to the Company.

Company Secretary

The Company Secretary is Linda Anne Beaumont. Linda was appointed to the position of Secretary on 2nd September 2005. Linda is an accredited Community Pharmacist focussing on Home Medicine Reviews. She has started her own pharmacy business.

Principal activities

The principal activities of the Company during the course of the financial year were in facilitating community banking 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.

Operating results

Operations have continued to perform in line with expectations. The loss of the Company for the financial year after provision for income tax was:

	Year ended 30 June 2008	Year ended 30 June 2007
	\$	\$
	(46,778)	(97,362)

Directors' report continued

Remuneration report

No Director receives remuneration for services as a Company Director or Committee Member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

Dividends

No dividends were declared or paid for the previous year and the Directors recommend that no dividend be paid for the current year.

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 except as disclosed in note 17 to the financial statements. 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.

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' report continued

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:
Victoria Louise Maguire	11	11
Peter Geoffrey Henderson	10	10
Linda Anne Beaumont	11	11
Paul Douglas Knight	11	11
Trevor Maurice Loft (Resigned 20 November 2007)	2	2
Joan Margaret Rae (Resigned 20 November 2007)	3	3
Mark Ledwidge	10	10
Marie Jackson (Resigned 5 February 2008)	6	5

Non audit services

The Company may decide to employ the Auditor on assignments additional to their statutory duties where the Auditor's expertise and experience with the Company are important. Details of the amounts paid or payable to the Auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The Board of Directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the provision of non-audit services by the Auditor, as set out in the notes did not compromise the Auditor independence requirements of the Corporations Act 2001 for the following reasons

all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the Auditor;

none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

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 10.

Signed in accordance with a resolution of the Board of Directors at Acacia Ridge, Queensland on 11 September 2008.


Linda Anne Beaumont, Director


Peter Geoffrey Henderson, Director

Directors' report continued



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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Acacia Ridge Financial Services Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 11th day of *September* 2008

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	3	379,981	267,325
Salaries and employee benefits expense		(222,999)	(201,134)
Advertising and promotion expenses		(14,851)	(8,804)
Occupancy and associated costs		(68,727)	(65,884)
Systems costs		(19,275)	(22,477)
Depreciation and amortisation expense	4	(18,714)	(22,522)
General administration expenses		(102,576)	(87,158)
Loss before income tax credit		(67,161)	(140,654)
Income tax credit	5	20,383	43,292
Loss for the period		(46,778)	(97,362)
Loss attributable to members of the entity		(46,778)	(97,362)
Earnings per share (cents per share)		c	c
- basic for profit for the year	21	(8.75)	(18.22)

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	-	25,524
Trade and other receivables	7	15,723	11,380
Total current assets		15,723	36,904
Non-current assets			
Property, plant and equipment	8	112,132	128,846
Intangible assets	9	4,827	6,827
Deferred tax assets	10	127,892	107,509
Total non-current assets		244,851	243,182
Total assets		260,574	280,086
LIABILITIES			
Current liabilities			
Trade and other payables	11	10,448	11,193
Borrowings	12	30,322	2,311
Total current liabilities		40,770	13,504
Total liabilities		40,770	13,504
Net assets		219,804	266,582
Equity			
Issued capital	13	512,373	512,373
Accumulated losses	14	(292,569)	(245,791)
Total equity		219,804	266,582

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		373,148	255,086
Payments to suppliers and employees		(425,665)	(376,927)
Interest paid		(1,140)	(39)
Interest received		122	7,233
Income taxes paid		-	-
Net cash used in operating activities	15	(53,535)	(114,647)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(4,650)
Net cash used in investing activities		-	(4,650)
Cash flows from financing activities			
Proceeds from issues of equity securities		-	4,000
Net cash provided by financing activities		-	4,000
Net decrease in cash held		(53,535)	(115,297)
Cash at the beginning of the financial year		23,213	138,510
Cash at the end of the half-year	6(a)	(30,322)	23,213
		-	25,524
		(30,322)	(2311)

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	2008	2007
	\$	\$
Total equity at the beginning of the period	266,582	359,944
Net loss for the period	(46,778)	(97,362)
Net income/expense recognised directly in equity	-	-
Dividends provided for or paid	-	-
Shares issued during period	-	4,000
Total equity at the end of the period	219,804	266,582

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

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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.

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.

Notes to the financial statements continued

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	379,623	260,092
- other revenue	236	-
Total revenue from operating activities	379,859	260,092
Non-operating activities:		
- interest received	122	7,233
Total revenue from non-operating activities	122	7,233
Total revenues from ordinary activities	379,981	267,325

Note 4. Expenses

Depreciation of non-current assets:		
- plant and equipment	4,836	5,922
- leasehold improvements	11,876	14,596
Amortisation of non-current assets:		
- franchise agreement	2,002	2,004
	18,714	22,522
Finance costs:		
- interest paid	1,140	39
Bad debts	4,117	-

Notes to the financial statements continued

	2008 \$	2007 \$
Note 5. Income tax expense		
The components of tax expense comprise:		
- Deferred tax	244	-
- Future income tax benefit attributable to losses	(20,987)	(43,293)
- Under provision in respect to prior years	360	-
	(20,383)	(43,293)

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

Operating loss	(67,161)	(140,654)
Prima facie tax on loss from ordinary activities at 30%	(20,148)	(42,196)

Add tax effect of:

- non-deductible expenses	600	601
- timing difference expenses	(112)	(1,327)
- blackhole expenses	(1,327)	(371)
Current tax	(20,987)	(43,293)
Movement in deferred tax	10. 244	-
	(20,743)	(43,293)

Note 6. Cash assets

Cash at bank and on hand	-	524
Term deposits	-	25,000
	-	25,524

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

6(a) Reconciliation of cash

Cash at bank and on hand	-	524
Term deposit	-	25,000
Overdraft	12. (30,322)	(2,311)
	(30,322)	23,213

Notes to the financial statements continued

	2008 \$	2007 \$
Note 7. Trade and other receivables		
Trade receivables	10,689	7,541
Prepayments	4,634	3,439
Other	400	400
	15,723	11,380

Note 8. Property, plant and equipment

Plant and equipment

At cost	24,207	24,207
Less accumulated depreciation	(14,930)	(10,094)
	9,277	14,113

Leasehold improvements

At cost	140,412	140,412
Less accumulated depreciation	(37,555)	(25,679)
	102,857	114,733

Total written down amount

	112,134	128,846
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Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning	14,113	20,035
Less: depreciation expense	(4,836)	(5,922)
Carrying amount at end	9,277	14,113

Leasehold improvements

Carrying amount at beginning	114,733	124,679
Additions	-	4,650
Less: depreciation expense	(11,876)	(14,596)
Carrying amount at end	102,857	114,733
Total written down amount	112,134	128,846

Notes to the financial statements continued

	2008 \$	2007 \$
Note 9. Intangible assets		
Franchise Fee		
At cost	10,000	10,000
Less: accumulated amortisation	(5,173)	(3,173)
	4,827	6,827

Note 10. Deferred tax

Deferred tax asset		
- Opening Balance	107,510	64,217
- Deferred tax	(244)	-
- Future income tax benefit attributable to losses	20,987	43,293
- Under provision in respect to prior years	(360)	-
- Rounding	(1)	-
- Closing balance	127,892	107,510

Note 11. Trade and other payables

Trade creditors	6,626	8,193
Other creditors & accruals	3,822	3,000
	10,448	11,193

Note 12. Borrowings

Bank overdraft	30,322	2,311
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Note: The Company has an \$50,000 overdraft facility did not incur interest until 5 January 2008 at which time interest will be charged the current commercial interest rates as per agreement with Franchisor. The overdraft is secured by a fixed and floating charge over the Company's assets.

Note 13. Contributed equity

534,487 Ordinary shares fully paid of \$1 each (2007: 534,487)	534,487	534,487
Less: equity raising expenses	(22,114)	(22,114)
	512,373	512,373

Notes to the financial statements continued

	2008 \$	2007 \$
Note 14. Accumulated losses		
Balance at the beginning of the financial year	(245,791)	(148,429)
Net loss from ordinary activities after income tax	(46,778)	(97,362)
Balance at the end of the financial year	(292,569)	(245,791)

Note 15. Statement of cashflows

Reconciliation of loss from ordinary activities after tax to net cash used in operating activities

Loss from ordinary activities after income tax	(46,778)	(97,362)
Non cash items:		
- depreciation	16,712	20,518
- amortisation	2,002	2,004
Changes in assets and liabilities:		
- increase in receivables	(4,343)	(5,006)
- increase in other assets	(20,383)	(43,292)
- decrease in payables	(745)	8,491
Net cashflows used in operating activities	(53,535)	(114,647)

Note 16. Auditors' remuneration

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

- audit & review services	4,000	4,000
- non audit services	1,100	1,100
	5,100	5,100

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:

Victoria Louise Maguire

Peter Geoffrey Henderson

Linda Anne Beaumont

Paul Douglas Knight

Trevor Maurice Loft (Resigned 20 November 2007)

Joan Margaret Rae (Resigned 20 November 2007)

Mark Ledwidge

Marie Jackson (Resigned 5 February 2008)

Except for Victoria Maguire and Peter Henderson no Director or related entity has entered into a material contract with the Company.

Victoria Maguire is a Director of J L Lander Pty Ltd, J L Lander Pty Ltd own the premises occupied by the bank. During the financial year the total benefit J L Lander Pty Ltd received was \$57,951.30 (2007: \$55,044.36).

Peter Henderson is a Partner at Peter Henderson & Associates accounting firm, Acacia Ridge Financial Services Limited used the services of Peter Henderson & Associate's during the financial year, the total benefit Peter Henderson & Associates received for the financial year was \$4,356 (2007: \$4,140.80).

Directors shareholdings	2008	2007
Victoria Louise Maguire	50,001	50,001
Peter Geoffrey Henderson	24,001	24,001
Linda Anne Beaumont	15,001	15,001
Paul Douglas Knight	15,001	15,001
Trevor Maurice Loft (Resigned 20 November 2007)	901	901
Joan Margaret Rae (Resigned 20 November 2007)	501	501
Mark Ledwidge	10,001	10,001
Marie Jackson (Resigned 5 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 \$
Note 18. Earnings per share		
(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	(46,778)	(97,362)
	2008 Number	2007 Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	534,487	534,487

Note 19. 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 20. Contingent liabilities

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

Note 21. Segment reporting

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Acacia Ridge, Queensland.

Note 22. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office

Shop 5, 28 Elizabeth Street
Acacia Ridge QLD 4110

Principal place of business

Shop 5, 28 Elizabeth Street
Acacia Ridge QLD 4110

Notes to the financial statements continued

Note 23. 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.

Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
	2008 \$	2007 \$	1 year or less		Over 1 to 5 years		Over 5 years		2008 \$	2007 \$	2008 %	2007 %
Financial assets												
Cash assets	-	524	-	-	-	-	-	-	-	-	N/A	0.05
Term deposit	-	-	-	25,000	-	-	-	-	-	-	N/A	5.75
Receivables	-	-	-	-	-	-	-	-	11,089	11,380	N/A	N/A
Financial liabilities												
Interest bearing liabilities	30,322	-	-	-	-	-	-	-	-	2,311	8.32	-
Payables	-	-	-	-	-	-	-	-	6,626	11,193	N/A	N/A

Director's declaration

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

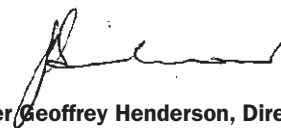
In the opinion of the Directors:

- (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.



Linda Anne Beaumont, Director



Peter Geoffrey Henderson, Director

Signed on the 11th of September 2008.

Independent audit report



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www.afsbendigo.com.au
ABN 51 061 795 337

INDEPENDENT AUDITOR'S REPORT

To the members of Acacia Ridge Financial Services Limited

We have audited the accompanying financial report of Acacia Ridge Financial Services Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the director's declaration.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("Remuneration disclosures"), under the heading "Remuneration Report" in the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the director's report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standards AASB 124 Related Party Disclosures.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent audit report continued

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the director's report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

- 1) The financial report is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of Acacia Ridge Financial Services Limited as of 30 June 2008 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- 2) The financial report also complies with International financial reporting standards as disclosed in Note 1.
- 3) The remuneration disclosures that are contained in the director's report comply with Accounting Standards AASB 124 Related Party Disclosures.



DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this *11th* day of *September* 2008

BSX report

Share information

In accordance with Bendigo Stock Exchange listing rules to Company provides the following information as at 29 September 2008, which is within 6 weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders
1 to 1,000	86
1,001 to 5,000	44
5,001 to 10,000	14
10,001 to 100,000	6
100,001 and over	nil
Total shareholders	150

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 10% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 10% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

The following table shows the 10 largest shareholders.

BSX report continued

Shareholder	Number of shares	Percentage of capital
Bruce Andrew Chadfield <Medidraft Super Fund>	50,000	9.39
Genereale Pty Ltd <Antonieff Family Super Fund>	50,000	9.39
Victoria Louise Maguire & Dr James Lewis Lander <Tennyson Super Fund A/C>	48,000	9.01
Michael O'Hagan & Linda O'Hagan <O'Hagan Family S/F A/C>	20,000	3.76
Peter Douglas Smith & Robyn Deneice Smith	20,000	3.76
Linda Anne Beaumont & Philip Richard Whiteoak <Elizabeth St Pharmacy, Acacia Ridge A/C>	15,000	2.82
Samuel Ancri & Aliza Ancri	10,000	1.88
Bardera Pty Ltd	10,000	1.88
Ronald James Butler	10,000	1.88
Jean Margaret Ledwidge	10,000	1.88
	243,000	46

Registered Office and Principal Administrative Office

The registered office of the Company is located at:

28 Elizabeth Street,
Acacia Ridge Qld 4110
Phone: (07) 3255 6773

The principal administrative office of the Company is located at:

28 Elizabeth Street,
Acacia Ridge Qld 4110
Phone: (07) 3255 6773

Security register

The security register (share register) is kept at:

Computershare Investor Services Pty Ltd., Yarra Falls, 452 Johnston Street,
Abbotsford Victoria 3067
Phone: (03) 9415 5000

Other information

Please refer to the Directors report, within the annual report, for details of the Company Secretary and main corporate governance practices of the entity.

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its annual report.

Acacia Ridge **Community Bank**[®] Branch
Shop 5, 11-28 Elizabeth Street, Acacia Ridge QLD 4110
Phone: (07) 3255 6773

Franchisee: Acacia Ridge Financial Services Limited
28 Elizabeth Street, Acacia Ridge QLD 4110
Phone: (07) 3255 6773
ABN 73 116 060 916

www.bendigobank.com.au/public/acacia_ridge
Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (KKQAR8017) (09/08)

