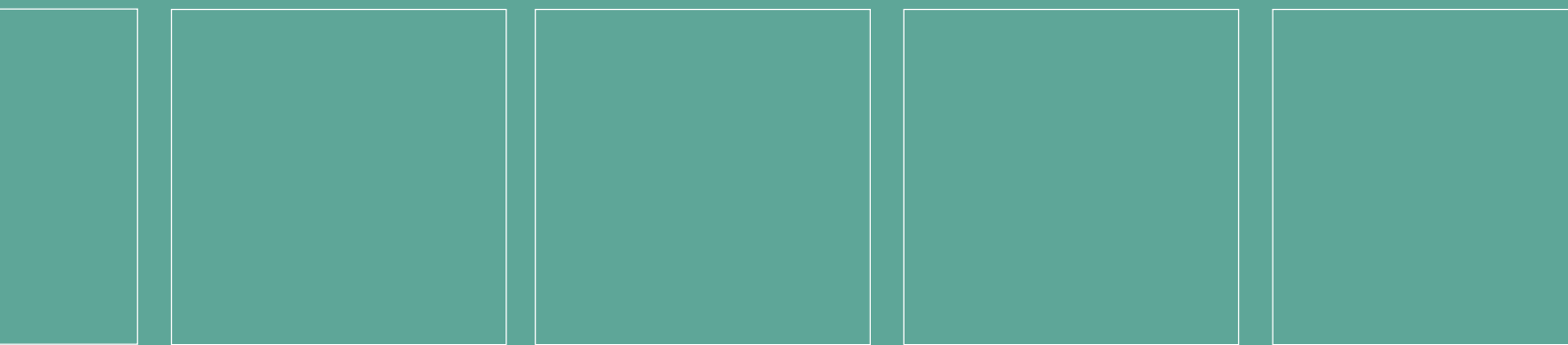


Agnes Water/1770  
Community Enterprises Limited  
ABN 46 123 046 677

# 2008 annualreport



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# Chairman's report

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For year ending 30 June 2008

It is with pleasure that I bring to you, on behalf of the Directors, the Annual Report for the year ended 30 June 2008.

Agnes Water/1770 Community Enterprises Limited financial reporting year was a short reporting period of just two weeks for our **Community Bank**<sup>®</sup> branch.

13 June 2008 saw the closure of the Bendigo Bank Agnes Water Agency, which was opened in September 2006. We moved to our new premises, at Shop 17 Endeavour Plaza, in the town centre, despite the lack of suitable commercial property in Agnes Water. The Directors took the view that it would be better for the branch to be located in the town centre even if the premises was less than ideal. A short-term lease was taken out on Shop 17 Endeavour Plaza, and it is intended that the branch will move to a more suitable premises should such become available.

With this in mind, a minimum cost fit-out of the branch was done and the Board wishes to extend its appreciation to Bendigo Bank staff who greatly assisted in developing an innovative fit-out solution.

The official opening of the branch took place on Saturday 5 July 2008 and was opened by Rob Messenger, Member for Burnett and Chris Trevor, Member for Flynn. The opening was well supported by Councillors' Craig Butler, Maxine Brushe, Gail Sellers, and Clyde Cameron from Gladstone Regional Council along with shareholders, customers and many members of the Discovery Coast Community.

There is no doubt that the Agnes Water Agency played a pivotal role in raising local awareness of the pending **Community Bank**<sup>®</sup> branch. Increasing confidence of the local community to do their banking with Bendigo Bank meant that when the agency closed, total banking business (loans and deposits) of \$10.5 million was transferred to the new branch. This has given the Agnes Water/1770 **Community Bank**<sup>®</sup> Branch a tremendous start.

I acknowledge my Board colleagues. Their voluntary contribution and commitment throughout the year has been a source of stability for the establishment and development of our **Community Bank**<sup>®</sup> branch.

I would like to thank Penne Millar, our Branch Manager for her flexibility and strength throughout this initial phase, and she is supported by a wonderful team both within the **Community Bank**<sup>®</sup> branch and from Bendigo Bank. The staff have successfully seen through the initial rush of account openings and are looking forward to assisting you and your friends and colleagues in opening new accounts.

The Agnes Water/1770 **Community Bank**<sup>®</sup> Branch is a major infrastructure milestone for the community. It is the first bank branch in the area, and the structure of our business ensures that we are able to secure cost efficiencies and deliver consistently high quality, full banking services that meet customers' needs.

I thank all shareholders for their tremendous support, belief and confidence in the Agnes Water/1770 **Community Bank**<sup>®</sup> Branch of Bendigo Bank. Your banking is important to the ongoing strength and success of the business, because through your investment in our branch we will reach profitability sooner, allowing us to put money back into the community by way of grants for much needed community projects and events as well as providing you a dividend.

## Chairman's report continued

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Looking to the future, the Board is focused on the **Community Bank**<sup>®</sup> Company's performance, developing strategies focusing on growth opportunities and ensuring efficient operating practices.

If you haven't opened an account yourself, we urge to you to consider the benefits of an account with your Agnes Water/1770 **Community Bank**<sup>®</sup> Branch.

A handwritten signature in dark ink, appearing to read 'S. Skippen', with a stylized flourish at the end.

**Sam Skippen**

**Chairman**

# Manager's report

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For year ending 30 June 2008

I am pleased to report to the Board and Shareholders on our first year in our new format as the Agnes Water/1770 **Community Bank**<sup>®</sup> Branch.

Branch operations commenced 16 June 2008 at our new premises at Shop 17 Endeavour Plaza, Agnes Street, Agnes Water.

As at close of business 30 June 2008, a total of 351 accounts were held, the majority of savings to loans, with a book value of \$10,509,629.

The staff priority is to provide excellence in customer service. This is not only by having a friendly approach, but with the focus on building customer numbers through building sustainable relationships within our community.

We have undertaken the development of community sponsorship policies with the aim of becoming involved in supporting community events, sporting days, youth development and our essential emergency services.

Local donations to date have included funds towards the Agnes Water Ambulance purchase of vital life saving defibrillator equipment, and supporting the distribution of Piggy Account certificates to over five local schools and 32 students. Significantly, as our business continues to grow, our **Community Bank**<sup>®</sup> Company's ability to contribute much more back into community groups and projects will become even greater.

I would like to congratulate the community Company shareholders for their vision and support, and extend my thanks to the Board of Directors who have contributed their valuable time and continued voluntary services over the previous three years to have our **Community Bank**<sup>®</sup> branch become a reality.

I would like to acknowledge our small but dedicated branch team, who are shining in their responsibilities and delivery of effective personalised service.

We look forward to continued growth of the Agnes Water/1770 **Community Bank**<sup>®</sup> Branch with the support of all our shareholders and community members.

I encourage those in the community who currently do not have a banking relationship with Agnes Water/1770 **Community Bank**<sup>®</sup> Branch to talk with us to gain an understanding of the many products and services available locally, and of the benefits of doing something good every day for your community, simply by doing your banking in your local community.

Your **Community Bank**<sup>®</sup> branch is about so much more than just banking. Come and discover all of the services and benefits that this wonderful team can offer.



**Penne Millar**

**Branch Manager**

# Bendigo Bank Ltd report

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## Celebrating 10 years of the Community Bank® Network

### A message from Bendigo Bank

June 2008 marks ten years since Bendigo Bank and the people of Rupanyup and Minyip unveiled the first **Community Bank®** branches in Australia, marking a turning point not only for the two small Victorian wheat belt towns, but for the Bendigo as well.

Today, these two towns have been joined by more than 210 communities to form Australia's fastest growing banking network – community banking.

It is a significant milestone for Bendigo Bank and our **Community Bank®** partners.

The number of **Community Bank®** branches has doubled in the last four years and in the same time frame, customers have tripled their commitment of banking business to the community network, increasing it to more than \$11 billion.

More importantly, in excess of \$18 million in **Community Bank®** branch profits have been returned to community projects and \$12 million has been paid in dividends to more than 50,000 local shareholders.

Behind those numbers are hundreds of stories of **Community Bank®** branches making a real difference to the lives of local people.

Whether it's building a community hall, sponsoring an art prize or even buying new footy jumpers for the local side – these **Community Bank®** branches are helping improve the economic and social prospects of their local communities.

Add to those contributions the employment of more than 1000 staff members and daily expenses in the local economy and you have a truly meaningful contribution to those communities and to local prosperity.

As we reflect on the past 10 years, it's with a feeling of great pride and accomplishment for what has been achieved in partnership between our team at the Bendigo and our community partners.

The landscape of banking has changed dramatically, but more importantly – so have the communities we partner and our own organisation.

Our partners have taken charge of outcomes locally that will impact positively for many years to come. Likewise, our organisation has built on our community focussed heritage and evolved to become a true partner to community.

Your commitment, enthusiasm and belief in the **Community Bank®** model has been instrumental, and for that we thank you.

And here we are, only 10 years into this wonderful journey. Who knows what positive outcomes we'll be talking about in 10 years time, as the **Community Bank®** network matures?

It's an exciting prospect – and we are very proud of what our team and the communities we partner have achieved together.

**Russell Jenkins**

**Chief General Manager**

**Retail & Distribution**

# Directors' report

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For year ending 30 June 2008

Your Directors present their report on the Company for the 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 are:

### **Samantha Jane Skippen**

Chairman

Age: 40

Business Owner

Interests in shares: 20,001

### **John Charles Cook**

Secretary

Age: 50

Power Station Operator

Interests in shares: 5,001

### **Dr Peter John Hoffmann**

Treasurer/Deputy Chairman

Age: 62

Investment Advisor

Interests in shares: 62,002

### **Glen Douglas Smart**

Director

Age: 66

Business Owner

Interests in shares: 10,001

### **Sheryl Anne Valentine**

Director (Appointed 21 July 2008)

Age: 57

Business Proprietor

Interests in shares: 38,500

### **Frederick Donald Moore**

Director (Resigned 21 July 2008)

Age: 67

Semi Retired

Interests in shares: 2,001

### **Mark Andrew Williams**

Director (Resigned 15 February 2008)

Age: 33

Accountant

Interests in shares: Nil

### **Sharon Lesley Mahon**

Director (Resigned 26 July 2007)

Age: 32

Business owner

Interests in shares: 1,001

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 John Charles Cook. John was appointed to the position of Secretary on 8 December 2006. John has worked in the Power industry for over 30 years. Educated in Brisbane John started an Electrical apprenticeship there with the Southern Electrical Authority of Queensland in 1976. While working as an Electrician at Tennyson Power Station John trained in the operation of boilers and turbines. With certification and the imminent closure of the Station he transferred in 1984 to Gladstone Power Station as a Power Station Operator. Since moving to Gladstone he has been a regular visitor to Agnes Water/1770 and in 2002 bought an apartment where he now resides. The shiftwork nature of his job allows him to live in

# Directors' report continued

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Agnes Water and work in Gladstone. John became a Justice of the Peace in 1991 and a Justice of the Peace Qualified in 1994.

## 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.

## 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:

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Year ended 30 June 2008	Year ended 30 June 2007
\$	\$
(98,772)	(2,396)

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## 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.

## 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

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## 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.

## Remuneration report

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.

## 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
Samantha Jane Skippen	24	22
John Charles Cook	24	13
Dr Peter John Hoffmann	24	20
Glen Douglas Smart	24	23
Sheryl Anne Valentine (Appointed 21 July 2008)	-	-
Frederick Donald Moore (Resigned 21 July 2008)	24	24
Mark Andrew Williams (Resigned 15 February 2008)	15	14
Sharon Lesley Mahon (Resigned 2 July 2007)	-	-

## 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;

## Directors' report continued

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- 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 Agnes Water, Queensland on 25 September 2008.



**Samantha Jane Skippen, Chairman**



**Dr Peter John Hoffman, Treasurer**

# Auditor's independence declaration

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## **Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Agnes Water/1770 Community Enterprises 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.

A handwritten signature in black ink, appearing to read 'David Hutchings', is written over the text area.

**David Hutchings**  
**Auditor**

**Andrew Frewin & Stewart**  
Bendigo, Victoria

Dated this 25<sup>th</sup> day of September 2008

# Financial statements

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## Income statement For year ending 30 June 2008

	Notes	2008 \$	2007 \$
Revenues from ordinary activities	3	28,247	9
Salaries and employee benefits expense		(139,672)	-
Advertising and promotion expenses		(1,663)	(48)
Occupancy and associated costs		(7,609)	-
Depreciation and amortisation expense	4	(556)	-
General administration expenses		(23,628)	(3,871)
<b>Loss before income tax credit</b>		<b>(144,881)</b>	<b>(3,910)</b>
Income tax credit	5	46,109	1,514
<b>Loss for the period</b>		<b>(98,772)</b>	<b>(2,396)</b>
<b>Loss attributable to members of the entity</b>		<b>(98,772)</b>	<b>(2,396)</b>
<b>Earnings per share (cents per share)</b>		<b>c</b>	<b>c</b>
- basic for profit for the year	20	(25.97)	N/A

The accompanying notes form part of these financial statements.

## Financial statements continued

### Balance sheet As at 30 June 2008

	Notes	2008 \$	2007 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash assets	6	533,690	10,569
Trade and other receivables	7	29,121	1,192
<b>Total current assets</b>		<b>562,811</b>	<b>11,761</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	71,822	-
Intangible assets	9	9,833	-
Deferred tax assets	10	47,623	1,514
<b>Total non-current assets</b>		<b>129,278</b>	<b>1,514</b>
<b>Total assets</b>		<b>692,089</b>	<b>13,275</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	36,735	2,000
Loan - Directors	12	-	19,350
Provisions	13	1,459	-
<b>Total current liabilities</b>		<b>38,194</b>	<b>21,350</b>
<b>Total liabilities</b>		<b>38,194</b>	<b>21,350</b>
<b>Net assets</b>			
<b>Net assets</b>		<b>653,895</b>	<b>(8,075)</b>
Issued capital	14	755,063	(5,679)
Accumulated losses	15	(101,168)	(2,396)
<b>Total equity</b>		<b>653,895</b>	<b>(8,075)</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of cash flows As at 30 June 2008

	Notes	2008 \$	2007 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		250	-
Payments to suppliers and employees		(166,348)	(3,111)
Interest received		20,932	9
<b>Net cash used in operating activities</b>	16	<b>(145,166)</b>	<b>(3,102)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(63,105)	-
Payments for intangible assets		(10,000)	-
<b>Net cash used in investing activities</b>		<b>(73,105)</b>	-
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		779,999	7
Proceeds from loans from Directors		-	19,350
Repayment of Directors' loans		(19,350)	-
Payment of share issue costs		(19,257)	(5,686)
<b>Net cash provided by financing activities</b>		<b>741,392</b>	<b>13,671</b>
<b>Net increase in cash held</b>		<b>523,121</b>	<b>10,569</b>
Cash at the beginning of the financial year		10,569	-
<b>Cash at the end of the financial year</b>	6(a)	<b>533,690</b>	<b>10,569</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

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### Statement of changes in equity As at 30 June 2008

	Note	2008 \$	2007 \$
Total equity at the beginning of the period		(8,075)	-
Net loss for the period		(98,772)	(2,396)
Net income/expense recognised directly in equity		-	-
Dividends provided for or paid		-	-
Shares issued during period		779,999	7
Costs in issuing shares		(19,257)	(5,686)
<b>Total equity at the end of the period</b>		<b>653,895</b>	<b>(8,075)</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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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 (including the Australian Accounting 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.

### **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.



# Notes to the financial statements continued

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## Note 1. Summary of significant accounting policies (continued)

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.

### **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.

# Notes to the financial statements continued

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## Note 1. Summary of significant accounting policies (continued)

### **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

### **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.

# Notes to the financial statements continued

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## Note 1. Summary of significant accounting policies (continued)

### **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.

## 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.

# Notes to the financial statements continued

## Note 1. Summary of significant accounting policies (continued)

### (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.

	2008	2007
	\$	\$

## Note 3. Revenue from ordinary activities

### Operating activities

- services commissions	4,047	-
- other revenue	250	-
<b>Total revenue from operating activities</b>	<b>4,297</b>	<b>-</b>

### Non-operating activities

- interest received	23,950	9
<b>Total revenue from non-operating activities</b>	<b>23,950</b>	<b>9</b>
<b>Total revenues from ordinary activities</b>	<b>28,247</b>	<b>9</b>

## Note 4. Expenses

### Depreciation of non-current assets:

- plant and equipment	149	-
- leasehold improvements	240	-

## Notes to the financial statements continued

	2008 \$	2007 \$
Note 4. Expenses (continued)		
<b>Amortisation of non-current assets:</b>		
- franchise agreement	167	-
	<b>556</b>	-

### Note 5. Income tax expense

The components of tax expense comprise:

- Current tax	-	-
- Deferred tax on provisions	468	-
- Future income tax benefit attributable to losses	(46,577)	(1,514)
	<b>(46,109)</b>	<b>(1,514)</b>

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

Operating loss	(144,881)	(3,910)
Prima facie tax on loss from ordinary activities at 30%	(43,464)	(1,173)
Add tax effect of:		
- non-deductible expenses	50	-
- timing difference expenses	(468)	-
- other deductible expenses	(2,695)	(341)
Current tax	(46,577)	(1,514)
Movement in deferred tax	10. 468	-
	<b>(46,109)</b>	<b>(1,514)</b>

### Note 6. Cash assets

Cash at bank and on hand	533,690	10,569
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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	533,690	10,569
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## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 7. Trade and other receivables</b>		
Trade receivables	21,930	1,192
Prepayments & other	7,191	-
	<b>29,121</b>	<b>1,192</b>

## Note 8. Property, plant and equipment

### Plant and equipment

At cost	18,859	-
Less accumulated depreciation	(149)	-
	<b>18,710</b>	-

### Leasehold improvements

At cost	53,352	-
Less accumulated depreciation	(240)	-
	<b>53,112</b>	-

<b>Total written down amount</b>	<b>71,822</b>	-
----------------------------------	---------------	---

### Movements in carrying amounts:

#### Plant and equipment

Carrying amount at beginning	-	-
Additions	18,859	-
Disposals	-	-
Less: depreciation expense	(149)	-
<b>Carrying amount at end</b>	<b>18,710</b>	-

#### Leasehold improvements

Carrying amount at beginning	-	-
Additions	53,352	-
Disposals	-	-
Less: depreciation expense	(240)	-
<b>Carrying amount at end</b>	<b>53,112</b>	-
<b>Total written down amount</b>	<b>71,822</b>	-

## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 9. Intangible assets</b>		
<b>Franchise Fee</b>		
At cost	10,000	-
Less: accumulated amortisation	(167)	-
	<b>9,833</b>	<b>-</b>

## Note 10. Deferred tax

<b>Deferred Tax Asset</b>		
<b>- Opening Balance</b>	<b>1,514</b>	<b>-</b>
Future income tax benefits attributable to losses	46,577	1,514
Recoupment of prior year tax losses	-	-
Deferred tax on accrued income	(468)	-
Under/over provision in relation to prior years	-	-
<b>- Closing Balance</b>	<b>47,623</b>	<b>1,514</b>

## Note 11. Trade and other payables

Trade creditors	34,735	-
Other creditors & accruals	2,000	2,000
	<b>36,735</b>	<b>2,000</b>

## Note 12. Loans - Directors

Loans - Directors	-	19,350
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Note: Loans from Directors were re-imbursed in full upon the entity reaching the minimum share allotment.

## Note 13. Provisions

Employee provisions	1,459	-
Number of employees at year end	3	-

## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 14. Contributed equity</b>		
780,006 Ordinary shares fully paid of \$1 each (2007: 7)	780,006	7
Less: equity raising expenses	(24,943)	(5,686)
	<b>755,063</b>	<b>(5,679)</b>

## Note 15. Accumulated losses

<b>Balance at the beginning of the financial year</b>	<b>(2,396)</b>	-
Net loss from ordinary activities after income tax	(98,772)	(2,396)
Dividends paid	-	-
<b>Balance at the end of the financial year</b>	<b>(101,168)</b>	<b>(2,396)</b>

## Note 16. Statement of cashflows

Reconciliation of loss from ordinary activities after tax to net cash provided by operating activities

Loss from ordinary activities after income tax	(98,772)	(2,396)
<b>Non cash items:</b>		
- depreciation	389	-
- amortisation	167	-
<b>Changes in assets and liabilities:</b>		
- increase in receivables	(27,929)	(1,192)
- increase in other assets	(46,109)	(1,514)
- increase in payables	25,629	2,000
-increase in provisions	1,459	-
<b>Net cashflows used in operating activities</b>	<b>(145,166)</b>	<b>(3,102)</b>

## Note 17. Auditors' remuneration

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

- audit & review services	3,000	800
- non audit services	1,799	11,310
	<b>4,799</b>	<b>12,110</b>



## Notes to the financial statements continued

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### Note 18. Director and related party disclosures

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

Samantha Jane Skippen

John Charles Cook

Dr Peter John Hoffmann

Glen Douglas Smart

Sheryl Anne Valentine (Appointed 21 July 2008)

Frederick Donald Moore (Resigned 21 July 2008)

Mark Andrew Williams (Resigned 15 February 2008)

Sharon Lesley Mahon (Resigned 2 July 2007)

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.

<b>Directors shareholdings</b>	<b>2008</b>	<b>2007</b>
Samantha Jane Skippen	20,001	1
John Charles Cook	5,001	1
Dr Peter John Hoffmann	62,002	1
Glen Douglas Smart	10,001	1
Sheryl Anne Valentine (Appointed 21 July 2008)	43,500	-
Frederick Donald Moore (Resigned 21 July 2008)	2,001	1
Mark Andrew Williams (Resigned 15 February 2008)	-	-
Sharon Lesley Mahon (Resigned 2 July 2007)	1,001	1

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

### Note 19. Key management personnel disclosures

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.

## Notes to the financial statements continued

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>Note 20. Earnings per share</b>		
(a) Profit attributable to the ordinary equity holders of the		
Company used in calculating earnings per share	(98,772)	(2,396)
<hr/>		
	<b>2008</b>	<b>2007</b>
	<b>Number</b>	<b>Number</b>
<hr/>		
(b) Weighted average number of ordinary shares used as the		
denominator in calculating basic earnings per share	380,371	7

### Note 21. 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 22. Contingent liabilities

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

### Note 23. Segment reporting

The economic entity will operate 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 the towns of Agnes Water and 1770 and their surrounding districts of Queensland.

### Note 24. Registered office/Principal place of business

The registered office and principal place of business is:

<b>Registered office</b>	<b>Principal place of business</b>
Shop 17	Shop 17
Endeavour Plaza Shopping Centre	Endeavour Plaza Shopping Centre
Captain Cook Drive	Captain Cook Drive
Agnes Water QLD 4677	Agnes Water QLD 4677

## Notes to the financial statements continued

### 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.

#### 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	533,690	10,562	-	-	-	-	-	-	-	7	5.67	0.05
Receivables	-	-	-	-	-	-	-	-	29,121	1,192	N/A	N/A

#### Financial liabilities

Interest bearing liabilities	-	-	-	-	-	-	-	-	36,735	2,000	N/A	N/A
Payables	-	-	-	-	-	-	-	-	-	19,350	N/A	Nil

# Director's declaration

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In accordance with a resolution of the Directors of Agnes Water/1770 Community Enterprises 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.



**Samantha Jane Skippen, Chairman**



**Dr Peter John Hoffman, Treasurer**

Signed on the 25th of September 2008.

# Independent audit report

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ABN 51 061 795 337

## INDEPENDENT AUDITOR'S REPORT

To the members of Agnes Water/1770 Community Enterprises Limited

We have audited the accompanying financial report of Agnes Water/1770 Community Enterprises 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 directors' 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

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## 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 directors' 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 Agnes Water/1770 Community Enterprises 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 directors' report comply with Accounting Standards AASB 124 Related Party Disclosures.



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

Dated this 25<sup>th</sup> day of September 2008

Agnes Water/1770 **Community Bank**<sup>®</sup> Branch  
Shop 17 Endeavour Plaza, Agnes Water QLD 4677  
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Franchisee: Agnes Water/1770 Community Enterprises Limited  
Shop 17 Endeavour Plaza, Agnes Water QLD 4677  
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ABN 46 123 046 677

[www.bendigobank.com.au/agnes\\_water](http://www.bendigobank.com.au/agnes_water)

Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550  
ABN 11 068 049 178. AFSL 237879. (KKQAR8016) (09/08)

