

Balmain / Rozelle
Financial Services Limited



Annual Report

2007 – 2008

1/597 Darling Street, Rozelle NSW 2039
PO Box 1295, Rozelle NSW 2039 Phone 02 9555 7443 Fax 02 9555 8773 ABN 95 112 711 654
Franchisee of Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL 237879

C015LHb CB371 (71652-v1) (30/09/2008)

www.bendigobank.com.au

Chairman's Report

For year ending 30 June 2008

The Balmain/Rozelle **Community Bank**[®] Branch of Bendigo Bank opened on 23 August 2005. Consequently, this Annual Report to 30 June 2008, refers to our second full year of trading. We have been in operation for nearly three years and continue to become more and more an integral part of the Balmain and Rozelle community.

Throughout the year we have increased the branches profile by:

- supporting community events such as the Birchgrove School Fete, the 'Dawny to Cockatoo Swim', and local school fundraisers
- conducting speaking engagements e.g. numerous Rotary Clubs, the students at Balmain High
- promoting the bank on Saturday mornings with an information table in front of the bank and at the local markets
- producing and distributing newsletters
- participating in forums such as promoting Solar Water Heaters at the Eco Living Centre in Gladesville (we would provide the loans)
- providing sponsorship for the SSROC Finance Managers' Meeting
- holding a breakfast each quarter to introduce local business people to the bank - fondly known as The Ripple Club
- celebrating our third birthday on 23 August with a sausage sizzle in front of the bank

As a result, by September 2008, we have almost 1,750 customers (1,400 in September 2007) and more than \$40 million in balances. This is an increase of more than \$10 million in one year.

As promised, when we have \$40 million or more consistently in balances, we will return \$20,000 to the community over the following year.

We ask each of you to consider transferring your banking and insurance business to the Balmain/Rozelle Community Bank[®] Branch— your bank.

For those of you who have accounts don't forget that 'word of mouth' is the best way to grow our business. Please talk to your family, friends and colleagues and let them know of your experience with our **Community Bank[®]** branch.

We look forward to the day when we can be making regular contributions to the local community and rewarding you, our shareholders, for your support.

Regards,



Richard Ware
Chairman

Balmain / Rozelle
Financial Services Limited



Balmain/Rozelle

Financial Services Limited

Financial Statements

as at

30 June 2008

1/597 Darling Street, Rozelle NSW 2039
PO Box 1295, Rozelle NSW 2039 Phone 02 9555 7443 Fax 02 9555 8773 ABN 95 112 711 654
Franchisee of Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL 237879

C015LHb C8371 (71652-v1) (30/09/2008)

www.bendigobank.com.au

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
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:

Richard James Ware

Chairman
Age: 58

Occupation: Retired real estate company director
Richard worked in the Glebe and Balmain area since 1980 as a real estate agent, valuer and property manager until he sold the business in 2005 to spend more time with his wife and four daughters. Richard is a director of the company that runs the Simpson Desert Cycle Challenge. He is a life member of the Freshwater Surf Life Saving Club and a member of the Glebe Chamber of Commerce of which he was a founding Vice President.

- Member, Human Resources
Interest in shares 20,000

Cynthia Marica Nadai

Secretary
Age: 53
Occupation: Consultant

Cynthia is a former Consultant and Professional Development Officer with St James Ethics Centre. She is also a Director of Charities Aid Foundation (CAF) Australia, a not-for-profit working to increase the flow of funds to the community sector. Locally, Cynthia works with the community regarding the ongoing use and management of Callan Park. She has lived in Lilyfield for 11 years. Prior to coming to Sydney, Cynthia served as Vice President of Trust Services and Manager of Customer Service for a Boston bank.

- Member, Governance
- Member, Sponsorship
Interest in shares 11,451

E Paul Doughty

Director
Age: 70
Occupation: Retailer

Paul has a Balmain based retail photo shop. The shop has been in the business for over 20 years in the same location. He was instrumental in gaining support for the establishment of the Community Bank in the area and has contributed to the Balmain community through his association with Balmain Tourism, Community Rewards Program, Balmain Hospital, Chamber of Commerce (Executive), Balmain Rotary (President and Executive), Balmain Water Polo Club and Balmain Sailing Club.

- Member, Human Resources
- Member, Governance
Interest in shares 20,001

Pauline Keitha McAlinden

Treasurer
Age: 56

Occupation: Managing Director
Pauline provides advice re training, marketing, sales, human resource, location etc to small businesses primarily in the Balmain area. She owns Maid and Balmain - a cleaning and maintenance company. She has been in business and lived in Balmain for the past 33 years and has been associated with many local organisations including the Chamber of Commerce, the Arts and Craft Festival, Balmain Historical Society and the Film Festival. As a consultant to Pin Point, she was instrumental in establishing the Community Rewards Program in Balmain Rozelle. This was the first community rewards program in Australia.

- Member, Governance
- Member, Audit
Interest in shares 1,001

Lars Wladik Brander

Treasurer (Resigned 28 November 2007)
Age: 62

Occupation: Importer
Lars has been in the business of importing and distributing Dr Hauscha Skin Care and Wala medicines. Prior to this work, Lars was a teacher at Lorien Novalis School for Rudolf Steiner Education for 12 years.

- Member, Audit
- Member, Sponsorship
Interest in shares 6,001

Elio Cacciotti

Director
Age: 72
Occupation: Retired

He has been in business and resided in Balmain for the past 50 years. He owned a food market for 15 years on Darling Street, Balmain and has invested in a number of properties in the same area. Elio has been a consistent and major contributor to the community through organisations such as the Balmain Rotary (President and Executive), Chamber of Commerce, Innerwheel International, Art and Craft Balmain and the local hospital.

Member, Audit
Interest in shares 10,901

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Directors' Report

Michelle Anne Ronan

Director

Age: 37

Occupation: Retailer

Michelle has a background in retail management and function styling. She has successfully run her function decorating company and retail store in Rozelle since 2000. Since her arrival in 2000 she has been actively involved in promoting local business through the Balmain & Rozelle Chamber of Commerce and the Inner West Networking Group.

- Member, Sponsorship

Interest in shares 6,001

Ian Richard Crichton-Browne

Director

Age: 66

Occupation: Solicitor

Ian is a partner in a legal practice conducted in Balmain for the past 22 years. A current member of the Balmain/Rozelle Chamber of Commerce where he held many positions. Ian relies on the knowledge and experience gained over 42 years in the legal profession during which time he has been self-employed or in partnership.

- Member, Governance

Interest in shares 1,100

John Anthony Civitarese

Director (Appointed 28 November 2007)

Age: 56

Occupation: Business Consultant and Property Investor

John has 37 years experience as an owner/operator in business including liquor retailing, hotels, restaurants and health food retailing. He is also involved in property development, investment and management. John is involved in the Chamber of Commerce and the Rotary Club of Haberfield including three terms as president.

- Chairman, Marketing

- Chairman, Community funds distribution

Interest in shares Nil

Barry William Bidwell

Director

Age: 67

Occupation: Retired

Barry has lived in the Balmain area with his wife for over 35 years. Barry has wide management experience gained mainly in working for many years for a large multi-national company. Immediately before retirement, he worked as a consultant.

- Member, Human Resources

- Member, Governance

-Member, Audit

Interest in shares 3,501

Peter Cho Yim Wu

Director (Appointed 28 November 2007)

Age: 48

Occupation: Business Proprietor

Peter has been running a business and residing in Rozelle since 1994. He is the proprietor of business producing graphics and signs. He is also the owner of business called Pure Audio in Rozelle.

- Member, Marketing

Interest in shares 2,500

Susan Margaret Tayler

Director (Appointed 23 January 2008)

Age: 51

Occupation: Accountant

Susan is the treasurer of the Balmain/Rozelle Chamber of Commerce. She was a member of the steering committee for the Balmain/Rozelle Community Bank. Susan has been a Rozelle resident for 16 years and operates a bookkeeping and business services company in Rozelle.

- Member, Budget

Interests in shares 1,000

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

Except for Paul Doughty and Peter Wu, no Directors have material interests in contracts or proposed contracts with the company. See Note 18 to the financial statements 'Directors and Related Party Disclosures' for further details.

Company Secretary

The company secretary is Cynthia Marcia Nadai. Cynthia was appointed to the position of secretary on 31 January 2005. She works as a consultant for not-for-profit organisations and has experience within the banking sector.

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.

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Directors' Report

Operating Results

Operations have performed 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
\$	\$
(83,522)	(218,073)

Remuneration Report

No director of the company receives any remuneration for services provided as director to the company.

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

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

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 18 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.

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Directors' Report

Directors Meetings

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

	<u>Number of Board Meetings eligible to attend</u>	<u>Number attended</u>
Richard James Ware	10	10
Barry William Bidwell	10	8
Cynthia Marica Nadai	10	6
Lars Wladik Brander (Resigned 28 November 2007)	5	0
E Paul Doughty	10	10
Elio Cacciotti	10	7
Michelle Anne Ronan	10	10
Pauline Keitha McAlinden	10	7
Ian Richard Crichton-Browne	10	9
Peter Cho Yim Wu (Appointed 28 November 2007)	5	4
John Anthony Civitarese (Appointed 28 November 2007)	5	4
Susan Margaret Tayler (Appointed 23 January 2008)	4	3

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;

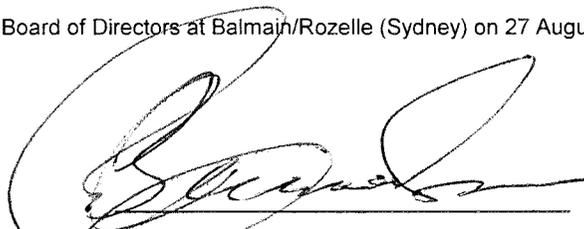
none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing 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 5.

Signed in accordance with a resolution of the Board of Directors at Balmain/Rozelle (Sydney) on 27 August 2008.


Cynthia Nadai, Director and Secretary


Ian Crichton-Browne, Director

**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001
to the directors of Balmain/Rozelle 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 27th day of August 2008

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Income Statement
for the year ended 30 June 2008

	<u>Notes</u>	2008 \$	2007 \$
Revenues from ordinary activities	3	362,462	241,345
Salaries and employee benefits expense		(239,351)	(228,341)
Advertising and promotion expenses		(3,900)	(10,998)
Occupancy and associated costs		(87,582)	(75,928)
Systems costs		(19,634)	(19,878)
Depreciation and amortisation expense	4	(9,968)	(26,616)
General administration expenses		(85,548)	(97,657)
Loss before income tax expense		(83,522)	(218,073)
Income tax expense	5	-	-
Loss for the period		(83,522)	(218,073)
Loss attributable to members of the entity		(83,522)	(218,073)
Earnings per share (cents per share)		c	c
- basic for profit for the year	20	(9.28)	(24.23)

The accompanying notes form part of these financial statements

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Balance Sheet
as at 30 June 2008

	<u>Notes</u>	2008 \$	2007 \$
ASSETS			
Current Assets			
Cash assets	6	15,227	29,699
Trade and other receivables	7	31,662	15,846
Total Current Assets		<u>46,889</u>	<u>45,545</u>
Non-Current Assets			
Property, plant and equipment	8	187,658	179,057
Intangible assets	9	24,000	36,000
Deferred tax assets	10	115,973	115,973
Total Non-Current Assets		<u>327,631</u>	<u>331,030</u>
Total Assets		<u>374,520</u>	<u>376,575</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	11	19,618	11,949
Borrowings	12	72,542	-
Provisions	13	7,756	6,499
Total Current Liabilities		<u>99,915</u>	<u>18,448</u>
Total Liabilities		<u>99,915</u>	<u>18,448</u>
Net Assets		<u>274,604</u>	<u>358,127</u>
Equity			
Issued capital	14	863,146	863,146
Accumulated losses	15	(588,542)	(505,020)
Total Equity		<u>274,604</u>	<u>358,127</u>

The accompanying notes form part of these financial statements

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Statement of changes in equity
for the year ended 30 June 2008

	2008	2007
	\$	\$
Total equity at the beginning of the period	358,127	576,200
Net loss for the period	(83,522)	(218,073)
Net income/expense recognised directly in equity	-	-
Dividends provided for or paid	-	-
Shares issued during period	-	-
Total equity at the end of the period	<u><u>274,604</u></u>	<u><u>358,127</u></u>

The accompanying notes form part of these financial statements

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Statement of Cashflows
for the year ended 30 June 2008

	<u>Notes</u>	2008 \$	2007 \$
Cash Flows From Operating Activities			
Receipts from customers		395,309	269,821
Payments to suppliers and employees		(474,638)	(481,142)
Interest paid		(1,420)	(1)
Interest received		305	5,621
Net cash used in operating activities	16	<u>(80,445)</u>	<u>(205,701)</u>
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(6,569)	-
Net cash used in investing activities		<u>(6,569)</u>	<u>-</u>
Net decrease in cash held		(87,014)	(205,701)
Cash at the beginning of the financial year		29,699	235,400
Cash at the end of the year	6(a)	<u>(57,315)</u>	<u>29,699</u>

The accompanying notes form part of these financial statements

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Notes to the Financial Statements
for the year ended 30 June 2008

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.

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).

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Notes to the Financial Statements
for the year ended 30 June 2008

1. Summary of significant accounting policies (continued)

Income tax (continued)

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

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

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

Intangibles

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

Cash

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

Comparative figures

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

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Notes to the Financial Statements
for the year ended 30 June 2008

1. Summary of significant accounting policies (continued)

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.

Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Notes to the Financial Statements
for the year ended 30 June 2008

1. Summary of significant accounting policies (continued)

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.

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Notes to the Financial Statements
for the year ended 30 June 2008

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.

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Notes to the Financial Statements
for the year ended 30 June 2008

	2008	2007
	\$	\$
3. Revenue from ordinary activities		
Operating activities:		
- services commissions	284,962	169,493
- other revenue	77,194	64,131
Total revenue from operating activities	<u>362,156</u>	<u>233,624</u>
Non-operating activities:		
- interest received	305	5,621
- donation	-	2,100
Total revenue from non-operating activities	<u>305</u>	<u>7,721</u>
Total revenues from ordinary activities	<u><u>362,462</u></u>	<u><u>241,345</u></u>
 4. Expenses		
Depreciation of non-current assets:		
- plant and equipment	(5,108)	14,547
- leasehold improvements	3,076	69
Amortisation of non-current assets:		
- franchise agreement	12,000	12,000
	<u>9,968</u>	<u>26,616</u>
Finance costs:		
- interest paid	<u>1,420</u>	<u>1</u>
Bad debts	<u>1,225</u>	<u>724</u>
 5. Income tax expense		
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Operating loss	(83,522)	(218,073)
Prima facie tax on loss from ordinary activities at 30%	(25,057)	(65,422)
Add tax effect of:		
- non-deductible expenses	3,651	3,623
Less tax effect of:		
- timing difference expenses	2,708	(726)
- non-assessable income	-	(630)
- black hole expenses	(1,574)	(1,574)
Deferred tax asset not brought to account	<u>20,272</u>	<u>64,729</u>
Income tax losses:		
Future income tax benefits arising from tax losses are not recognised at reporting date as realisation of the benefit is not regarded as virtually certain.		
Future income tax benefit carried forward is:	<u><u>200,975</u></u>	<u><u>180,703</u></u>

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Notes to the Financial Statements
for the year ended 30 June 2008

6. Cash assets	2008	2007
	\$	\$
Cash at bank and on hand	183	29,699
Term Deposits	15,044	-
	<u>15,227</u>	<u>29,699</u>

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	183	29,669
Bank overdraft	(72,542)	-
Term deposit	15,044	-
	<u>(57,315)</u>	<u>29,669</u>

7. Trade and other receivables

Trade receivables	23,028	-
Other receivables	36	11,281
Prepayments	8,598	4,565
	<u>31,662</u>	<u>15,846</u>

8. Property, plant and equipment

Plant and equipment

At cost	88,329	204,402
Less accumulated depreciation	(17,502)	(28,024)
	<u>70,827</u>	<u>176,378</u>

Leasehold improvements

At cost	125,449	2,807
Less accumulated depreciation	(8,618)	(128)
	<u>116,831</u>	<u>2,679</u>

Total written down amount	<u>187,658</u>	<u>179,057</u>
---------------------------	----------------	----------------

Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning	176,378	190,925
Reallocated to leasehold improvements	(110,659)	-
Depreciation written back	11,251	-
Less: depreciation expense	(6,143)	(14,547)
Carrying amount at end	<u>70,827</u>	<u>176,378</u>

Leasehold improvements

Carrying amount at beginning	2,679	2,748
Additions	6,569	-
Reallocated from plant & equipment	110,659	-
Less: depreciation expense	(3,076)	(69)
Carrying amount at end	<u>116,831</u>	<u>2,679</u>
Total written down amount	<u>187,658</u>	<u>179,057</u>

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Notes to the Financial Statements
for the year ended 30 June 2008

	2008	2007
	\$	\$
9. Intangible assets		
<i>Franchise Fee</i>		
At cost	60,000	60,000
Less: accumulated amortisation	(36,000)	(24,000)
	<u>24,000</u>	<u>36,000</u>
10. Deferred Tax		
Deferred Tax Asset		
Tax losses - revenue	<u>115,973</u>	<u>115,973</u>
11. Trade and other payables		
Trade Creditors	2,793	7,905
Other creditors & accruals	16,825	4,044
	<u>19,618</u>	<u>11,949</u>
12. Borrowings		
Bank overdraft	<u>72,542</u>	<u>-</u>
The approved overdraft facility provided by Bendigo Bank Limited is interest free for the first six months until 15 August 2008 at which time the interest rate will revert to the Business Solutions Non-Residential Security Interest Rate (currently 11.80%) The overdraft is secured by a registered first company debenture charge.		
13. Provisions		
Employee provisions	<u>7,756</u>	<u>6,499</u>
Number of employees at year end	<u>2.6</u>	<u>3</u>
14. Contributed equity		
900,011 Ordinary shares fully paid of \$1 each (2007: 900,011)	900,011	900,011
Less: equity raising expenses	(36,864)	(36,864)
	<u>863,147</u>	<u>863,147</u>
15. Accumulated losses		
Balance at the beginning of the financial year	(505,020)	(286,947)
Net loss from ordinary activities after income tax	(83,522)	(218,073)
	<u>(588,542)</u>	<u>(505,020)</u>

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Notes to the Financial Statements
for the year ended 30 June 2008

16. Statement of cashflows	2008	2007
	£	£
<i>Reconciliation of loss from ordinary activities after tax to net cash used in operating activities</i>		
Loss from ordinary activities after income tax	(83,522)	(218,073)
Non cash items:		
- depreciation	(2,032)	14,616
- amortisation	12,000	12,000
Changes in assets and liabilities:		
- increase in receivables	(15,816)	(11,398)
- increase/(decrease) in payables	7,668	(7,895)
-increase in provisions	1,257	5,049
Net cashflows used in operating activities	<u>(80,445)</u>	<u>(205,701)</u>

17. Auditors' remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit & review services	4,000	3,968
- non audit services	150	
	<u>4,150</u>	<u>3,968</u>

18. Director and Related party disclosures

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

Richard James Ware
 Barry William Bidwell
 Cynthia Marica Nadai
 Lars Wladik Brander (Resigned 28 November 2007)
 E Paul Doughty
 Elio Cacciotti
 Michelle Anne Ronan
 Pauline Keitha McAlinden
 Ian Richard Crichton-Browne
 Peter Cho Yim Wu (Appointed 28 November 2007)
 John Anthony Civitarese (Appointed 28 November 2007)
 Susan Margaret Tayler (Appointed 23 January 2008)

Paul Doughty is the owner of a business, Photel Pty Ltd, that provided Balmain/Rozelle Financial Services Ltd with photocopying services to the value of \$315.80 (\$203 in 2007) during the financial year.

Peter Wu is the owner of a business, Peter's Graphics Pty Ltd that provided the company with services to the value of \$330 during the year.

No Director's fees have been paid as the positions are held on a voluntary basis.

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Notes to the Financial Statements
for the year ended 30 June 2008

18. Director and Related party disclosures (continued)

Directors shareholdings	<u>2008</u>	<u>2007</u>
Richard James Ware	20,000	20,000
Barry William Bidwell	3,501	3,501
Cynthia Marica Nadai	11,201	11,201
Lars Wladik Brander (Resigned 28 November 2007)	8,001	8,001
E Paul Doughty	10,901	10,901
Elio Cacciotti	10,001	10,001
Michelle Anne Ronan	6,001	6,001
Pauline Keitha McAlinden	1,001	1,001
Ian Richard Crichton-Browne	1,100	1,100
Peter Cho Yim Wu (Appointed 28 November 2007)	2,500	
John Anthony Civitarese (Appointed 28 November 2007)	-	
Susan Margaret Tayler (Appointed 23 January 2008)	1,000	

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

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.

20. Earnings per Share

	<u>2008</u>	<u>2007</u>
	<u>\$</u>	<u>\$</u>
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	(83,522)	(218,073)
	<u>2008</u>	<u>2007</u>
	<u>Number</u>	<u>Number</u>
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	900,011	900,011

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Notes to the Financial Statements
for the year ended 30 June 2008

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.

22. Contingent liabilities

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

23. 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 the Balmain/Rozelle district, Sydney.

24. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office
87-91 Lyons Road
Drummoyne NSW 2047

Principal place of business
597 Darling Street
Rozelle NSW 2039

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Notes to the Financial Statements for the year ended 30 June 2008

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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
Financial assets													
Cash assets	15,044	29,669	-	-	-	-	-	-	-	-	-	3.40	4.24
Receivables	-	-	-	-	-	-	-	-	31,662	15,846	N/A	N/A	
Financial liabilities													
Interest bearing liabilities	72,542	-	-	-	-	-	-	-	-	-	10.90	-	
Payables	-	-	-	-	-	-	-	-	19,617	11,949	N/A	N/A	

See note 12 regarding interest on the overdraft

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Directors' Declaration

In accordance with a resolution of the directors of Balmain/Rozelle Financial Services Limited, we state that:

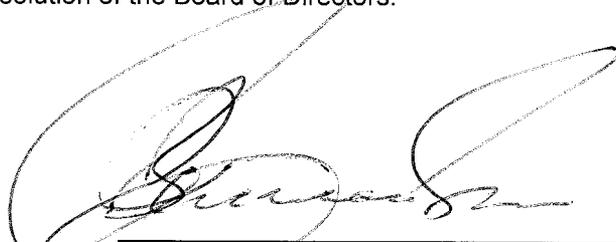
In the opinion of the directors:

- (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*.

The directors are of the opinion that there is no executives of the company performing the role of Chief Executive Officer or Chief Financial Officer and therefore declarations as required by section 295A of the *Corporations Act* are not appropriate.

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



Cynthia Nadai

Ian Crichton-Browne

Signed on the 27th of August 2008.

INDEPENDENT AUDITOR'S REPORT

To the members of Balmain/Rozelle Financial Services Limited

We have audited the accompanying financial report of Balmain/Rozelle 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.

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 Balmain/Rozelle 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 27th day of August 2008

Bendigo Stock Exchange (BSX) Report

Additional information required by the Bendigo Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 30 September 2008.

A. Corporate Governance Statement

The Company is committed to the highest standards of corporate governance. This commitment applies to its dealings with shareholders, customers, employees, suppliers, regulators and the community. The Company has established corporate governance practices, which include:

- 1) A Code of Conduct
- 2) An Audit Committee which oversees procedures and controls, meets regularly and reports to the Board.
- 3) A Governance Committee which oversees the governance of the Company including compliance with ASIC and BSX requirements and the Company's governance standards.
- 4) A budgeting process with Directors' approval of operating budgets with monthly monitoring and review of progress against these budgets.
- 5) Monthly review of performance and strategic plans – in particular how to increase the customer base.

B. Substantial Shareholders – Ten Largest Shareholders

Shareholder	Number of Ordinary Shares
Mr Ross Cattan	20,000
Clapsy Pty Ltd	20,000
Mrs Elizabeth Cureton	20,000
Depofo Pty Ltd	20,000
Maeve Marine Pty Ltd	20,000
Mrs Nitaya Morris	20,000
Mr John George Morris	20,000
MNM Pty Ltd	20,000
Dr Anita Zeman	20,000
Winpar Holdings Ltd.	17,000

There are no other classes of equity securities.

C. Voting Rights

Each shareholder has one vote.

D. Distribution of Shareholders

The number of shareholders by size of holding is:

<u>Number of shares</u>	<u>No of holders</u>
1 – 1,000	194
1,001 – 5,000	77
5,001 – 10,000	28
10,001 – 100,000	16
100,001 and over	nil
Total = 900,011 shares	315

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

E. Monitoring of the Board's Performance and Communication to Shareholders

In order to ensure that the Board continues to discharge its responsibilities in an appropriate way the performance of the Chairman and the Directors together with the effectiveness of the Board Meetings will be continually assessed.

F. Address, Telephone Number and Email Address of the Office Where the Security Register is Kept

Computer Investor Services
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067

Telephone 1300 137 328
essential.registry@comutershare.com.au