Bayswater Community
Financial Services Limited
ABN 60 092 770 593

2008 annual report


Contents

Chairman's report

For year ending 30 June 2008

This has been another great year for our **Community Bank®** branches, with the highlight being the return of $140,000 in cash grants back to our community. What a great way of showing that our **Community Bank®** branches are helping build a better community. The implementation of a Community Grants program was a result of our initial strategic plan workshop, and is in line with our Company policy to distribute 40% of profits to shareholders, 40% of profits to our community and retain 20% of profit for future growth.

It must be said that the next financial year will see challenges in our economic environment. Like all financial services we are not immune from the loss of confidence in the market place. While our bank book is exceptionally strong, our growth targets may not be as prosperous as in the past two years. Only time will tell.

Never the less, our Company is in a strong position to take advantage of any market up swing. To show this our Board has moved to extend the size of our Bayswater **Community Bank®** Branch and we hope to finish extensions by September 2009.

The Board also plans to investigate the need for a third branch depending upon the economic conditions and the demand for our service. The Marketing Sub Committee have been researching and implementing methods to build community awareness and increase business enquiries.

To the members of the Board I say thank you. Since our Company was established, the Board has worked on a voluntary basis giving up many hours of their free time.

However, as an organisation with almost $200 million of funds under management, the Board of Directors are required to work longer and harder to run the Company. The time has come to investigate Director's fees. We are one the largest companies in the **Community Bank®** network and remain unique compared to other similar sized companies that we do not give some type of remuneration to our Board members for their many hours of service.

To our 752 shareholders, a special thank you. Your support is greatly appreciated by our Board and it is with much please that we could reward your faith in community banking by providing you with a 12.5 cents fully franked dividend return on your investment for 2008. As always the Board will continue to reward shareholders who have faith in the community bank model and we hope the new financial year will be no exception.

Many of our customers continue to comment on the friendly and professional service given by our staff. I again pay tribute to our great staff lead by Sean Kay for this.

2009 holds many challenges for our Board, staff and customers. I know that our **Community Bank®** branches will continue to provide excellent service and that our Board will provide the excellent financial direction that our community has come to expect.

Barry McKenna

Barry McKenna

Chairman

Manager's report

For year ending 30 June 2008

I am pleased to report to the Board of Directors and our valued shareholders on yet another successful and profitable year's trading at both Bayswater and Noranda **Community Bank®** branches.

Our business at both branches as at 30 June 2008 has now grown to a combined total as follows:

12,800 active accounts, an increase of 5% on 2007.

$104 million of deposit funds, an increase of 12% on 2007.

$66.8 million of loans, an increase of 28% on 2007.

Once again these are fantastic results and also proof that the **Community Bank®** model is not only sustainable but continues to be relevant and trusted by our clients. These results have been achieved due to the hard work of all of our staff during the past 12 months. It is especially pleasing to see that we have many staff that have now been with us for four4 years and above. This in itself is a fantastic achievement for our Company in these times of high staff turnover across many sectors of the economy.

We are fortunate to continue to retain a loyal, well trained and dedicated group of staff and I acknowledge the support of the Board of Directors in implementing innovative staff benefit schemes to ensure that we continue to be an employer of choice to our staff.

It is hoped that this advocacy approach can be further enhanced by our shareholders and Directors. I would strongly urge both shareholders and Directors to be proud of our achievements and to ensure that you pass on any positive experiences of our banking approach to your friends or colleagues. In doing so, you will be ensuring the continued growth and strength of your Company.

2008 was an exciting year with solid growth and many successes. We successfully tendered for the provision of banking services to the City of Bayswater. We have grown our loan portfolio by 28%. We have commenced plans to add additional interview rooms at Bayswater branch which will enable us to provide more enquiries and information focussed discussions with our clients.

Finally, I would like to thank all of our Board of Directors for their continued support. Special mention needs to be given to our Chairman, Barry McKenna who gives tirelessly of his time and is supportive and innovative in all aspects of our business; Mike Anderton (Company Secretary) who has been pivotal in devising a staff certified agreement that balances the needs of both Bayswater Community Financial Services Limited and our staff and Ted Budzinski (Company Treasurer) who has become a Director on our Board after being one of the key architects of Bayswater Community Financial Services Limited since our inception.

All of our Board of Directors are unpaid and are involved with the **Community Bank®** Bank branches to continue to ensure that we fulfil our principles of returning capital and profits to our community as well a valuable and exceptional service to all of our customers.

Sean Kay

Branch Manager

Bendigo Bank Ltd report

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 – the **Community Bank®** network.

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

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:

Barry Anthony McKenna
Chairman
School teacher - Councillor
Currently a Councillor for the City of Bayswater for 17 years and Chairperson of the Finance & Personnel Committee since 1994.

8,019 shares

Denise Gail Beer, B. Bus
Deputy Chairperson
Finance administrator
Resident of Morley for 31 years. Over 16 years experience in the not for profit sector and currently employed as Assistant Manager Sussex Street Community Law Service Inc for the past 3 year.

1,000 shares

Michael Stephen Anderton
Company Secretary
Clients relations Manager
Currently a Councillor for the City of Bayswater. Has been a resident of the City of Bayswater since 1989. Former Board member of Jobs Australia Morley-Midland and former Board member of the Junior Soccer Association for 9 years. His present position is to liaise between union and employer groups to provide income protection for industrial agreements. Justice of Peace.

2,000 shares

Ted Budzinski (Appointed 17 December 2007)
Treasurer
Director of finance
Currently Director of Finance, City of Bayswater, a role that he has held for the past 19 years. Ted has extended this role to be involved with the Aged Care facilities in the City of Bayswater in addition to the Child care facilities. Previous to his career at the City of Bayswater Ted held various roles specialising in the accountancy and financial management area.
Nil shares

Greg DaRui B.Pharm, MPS, MR PharmS, AACPA
Non-Executive Director
Pharmacist
Is the chairman for St Columbas School Board and the Chairman of the Bayswater Village Retails Traders Association, their representative for the City of Bayswater Traders Association Committee.

Nil shares

Steven James Brown
Non-Executive Director
Lawyer
Resident of the area for 25 years, worked as a lawyer for a local law firm for 12 years and now a Director of local law firm Lynn & Brown Lawyers, treasurer and immediate past President of the Central Eastern Business Association and Vice President of the Newman Knights Hockey Club.
1 share

David Kelly
Non-Executive Director
State Secretary
One of the residents who originally campaigned for the establishment of the Community Bank. State Secretary of the Liquor Hospitality and Miscellaneous Union.

276 shares

Ronald Edwin Gascoigne
Non-Executive Director
Business Manager
Formerly a Manager of ANZ Bank. Previously a resident of the City of Bayswater for 44 years. Now assisting his son manage a photo laboratory at Noranda. Committee member of the Bayswater Amateur Swimming and Lifesaving Club for over 37 years and president of the club for over 14 years.
1 share

Louie John Magro
Non-Executive Director
Business proprietor
Currently a Councillor of the City of Bayswater and is the Mayor of the City of Bayswater. Managing Director of a security firm for 18 years as well as Director of a further three security companies.
5,000 shares

Alan James Radford
Non-Executive Director
Self-funded retiree
Having retired from Telstra as a Principal Technical Officer after 33 years. Since retiring has served two terms as a councillor for the City of Bayswater during that time served as a Board member for City of Bayswater Child Care. Has always been involved in community activities, schools, little athletics, and football.
1,100 shares

Rodney(Rod) Francis Stonehouse
Non-Executive Director
Retired Manager
Obtained his training in engineering at the Railway Workshops and then worked for the State Engineering Works for 27 years, including 13 years as assistant Manager. Then entered the private sector as a works Manager and completed his working life in various engineering administrative roles. Has been involved in junior and senior sport as a player, coach and administrator.
1,000 shares

Lesley Ann Wilbraham (Resigned 19 November 2007)
Non-Executive Director
Real estate agent
City of Bayswater resident for 23 years. Real Estate agent and small business proprietor in Bayswater.

5,023 shares

Gary Clyde Warne (Resigned 27 August 2007)
Non-Executive Director
Real estate agent
Real Estate Agent and has been an active community member since 1981.
6,101 shares

Company Secretary

Michael Stephen Anderton

Directors' report continued

Directors meetings attended

During the financial year, 10 meetings of Directors were held. Attendances by each Director during the year were as follows:

Names of Directors	Directors' Meetings	
	Number eligible to attend	Number attended
Barry McKenna	10	9
Denise Gail Beer	10	9
Michael Stephen Anderton	10	10
Ted Budzinski	6	6
Steven James Brown	10	10
Greg DaRui	10	10
Ronald Edwin Gascoigne	10	8
David Kelly	10	7
Louie John Magro	10	7
Alan James Radford	10	10
Rodney Francis Stonehouse	10	9
Lesley Ann Wilbraham	4	1
Gary Clyde Warne	2	1

Principal activity and review of operations

The principal activity and focus of the Company's operations during the year was the operation of a Branch of Bendigo Bank, pursuant to a franchise agreement.

Operating results

The profit of the Company after providing for income tax amounted to $243,805

Dividends paid or recommended

The Company paid or declared for payment dividends of $143,119 during the year.

Financial position

The net assets of the Company at year end were $1,143,694, which is an improvement on prior year due to the improved operating performance of the Company.

The Directors believe the Company is in a stable financial position.

Significant changes in 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 these financial statements.

Directors' report continued

After balance date events

No matters or circumstances have arisen since the end of the financial year that 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 financial years.

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Remuneration report

This report details the nature and amount of remuneration for each key management person of the Company, and for the Executives receiving the highest remuneration.

Remuneration of Directors or Executives

No income was paid or was payable or otherwise made available, to the Directors or Executives of the Company during the years ended 30 June 2008 and 30 June 2007.

Remuneration policy

The remuneration policy of the Company has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between Directors, Executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), and superannuation.
- The Board reviews key management personnel packages annually by reference to the Company's performance, Executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each Executive and is based predominantly on the forecast growth of the Company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and bonuses, which must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals may have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed.

Performance-based remuneration

As part of each key management personnel's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each key management personnel is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Company expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Company's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, the Company bases the assessment on audited figures.

Company performance, shareholder wealth and Executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Executives. The method applied in achieving this aim is a performance based bonus based on key performance indicators. The Company believes this policy to have been effective in increasing shareholder wealth over the past years.

Key management personnel remuneration policy

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

The employment conditions of the key management personnel are formalised in contracts of employment. All Executives are permanent employees of the Company.

The employment contracts stipulate a resignation periods. The Company may terminate an employment contract without cause by providing appropriate written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Performance income as a proportion of total remuneration

Executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The Board has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the Company.

The Board will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit, to ensure use of the most cost effective and efficient methods.

Options

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

The Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

Indemnifying officers or Auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an officer, but not an Auditor, of the Company. The insurance contract prohibits disclosure of any details of the cover.

Share options

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

Environmental issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory.

Proceedings on behalf of Company

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

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

Corporate governance

The Company has implemented various corporate governance practices, which include:

a) Director approval of operating budgets and monitoring of progress against these budgets;

b) Ongoing Director training; and

c) Monthly Director meetings to discuss performance and strategic plans

Directors' report continued

The Company has not appointed a separate audit committee due to the size and nature of operations. The normal functions and responsibilities of an audit committee have been assumed by the Board.

Non-audit Services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2002. The Directors are satisfied that the services disclosed below did not compromise the external Auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided do not compromise the general principles relating to Auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external Auditors during the year ended 30 June 2008:

Taxation services:	$6,800

Auditor's Independence Declaration

A copy of the Auditor's independence declaration is included within the financial statements.

This report is signed in accordance with a resolution of the Board of Directors.

Director

Dated this 27th day of October. 2008

Auditor's independence declaration

RSM Bird Cameron Partners
Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Bayswater Community Financial Services Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall.

D J WALL
Partner

Perth, WA
Dated: 27 October 2008

Financial statements

Income statement
For year ending 30 June 2008

	Note	2008 $	2007 $
Revenue	2	1,823,621	1,499,239
Employee benefits expense		(799,493)	(576,294)
Depreciation and amortisation expense		(78,412)	(64,571)
Finance costs		(3)	(182)
Other expenses	3	(588,678)	(465,947)
Profit before income tax		**357,036**	**392,245**
Income tax expense	4	(113,231)	(119,192)
Profit attributable to members		**243,805**	**273,053**
Overall operations			
Basic profit per share (cents per share)		21.29	23.85
Diluted profit per share (cents per share)		21.29	23.85

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2008

	Note	2008 $	2007 $
Current assets			
Cash and cash equivalents	5	1,188,404	997,173
Trade and other receivables	6	172,154	152,402
Other current assets	7	6,280	10,865
Total current assets		**1,366,838**	**1,160,440**
Non-current assets			
Property, plant and equipment	8	128,330	143,968
Intangible assets	9	48,976	70,073
Other current assets	7	-	3,000
Deferred tax asset	22	22,502	14,585
Total non-current assets		**199,808**	**232,526**
Total assets		**1,566,646**	**1,392,966**
Current liabilities			
Trade and other payables	10	269,816	213,601
Financial liability	11	7,884	-
Short-term provisions	12	47,876	30,051
Current tax liability	22	48,383	83,102
Total current liabilities		**373,959**	**326,754**
Non-current liabilities			
Financial liability	11	21,857	-
Long-term provisions	12	27,136	18,566
Total non-current liabilities		**48,993**	**18,566**
Total liabilities		**422,952**	**345,320**
Net assets		**1,143,694**	**1,047,646**
Equity			
Issued capital	13	1,103,852	1,103,751
Retained profits/(Accumulated losses)		39,842	(56,105)
Total equity		**1,143,694**	**1,047,646**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2008

	Note	2008 $	2007 $
Cash flows from operating activities			
Receipts from customers		1,730,771	1,429,161
Payments to suppliers and employees		(1,319,996)	(1,076,396)
Interest received		73,098	47,453
Borrowing costs paid	(3)	(182)	-
Tax paid		(155,539)	-
Net cash provided by/(used in) operating activities	**14(a)**	**328,331**	**400,036**
Cash flows from investing activities			
Payments for plant and equipment		(40,774)	(29,558)
Payments for intangible assets (franchise fee)		-	(50,000)
Net cash provided by/(used in) investing activities		**(40,774)**	**(79,558)**
Cash flows from financing activities			
Repayment of borrowings		(9,654)	-
Proceeds from borrowings		39,394	-
Dividends paid		(126,067)	(57,247)
Net cash provided by/(used) in financing activities		(96,327)	(57,247)
Net increase/(decrease) in cash held		191,231	263,231
Cash held at the beginning of the financial year		997,173	733,942
Cash held at the end of the financial year	**5**	**1,188,404**	**997,173**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2008

	Share Capital (Ordinary shares)	Retained profits/ (Accumulated losses) $	Total $
Balance at 1 July 2006	**1,103,751**	**(144,980)**	**958,771**
Profit attributable to the members of the Company	-	273,053	273,053
Dividends paid or provided	-	(184,178)	(184,178)
Balance at 30 June 2007	**1,103,751**	**(56,105)**	**1,047,646**
Balance at 1 July 2007	**1,103,751**	**(56,105)**	**1,047,646**
Profit attributable to the members of the Company	-	243,805	243,805
Dividends paid or provided	-	(143,119)	(143,119)
Dividends previously under-provided for	-	(4,739)	(4,739)
Shares reconciliation	101	-	101
Balance at 30 June 2008	**1,103,852**	**39,842**	**1,143,694**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Statement of significant accounting policies

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

The financial report covers Bayswater Community Financial Services Limited as an individual entity. Bayswater Community Financial Services Limited is a public Company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(a) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted

Note 1. Statement of significant accounting policies (continued)

at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Note 1. Statement of significant accounting policies (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Classification and subsequent measurement

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

The Company does not hold any derivative instruments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all un securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial

Note 1. Statement of significant accounting policies (continued)

instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the Company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The Company has not issued any financial guarantees.

(e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

- Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs

(f) Intangibles

Franchise fee

The franchise fee paid by the Company pursuant to a Franchise Agreement with Bendigo Bank is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Employee benefits

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.

(h) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Note 1. Statement of significant accounting policies (continued)

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(j) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative figures

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

(n) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Note 1. Statement of significant accounting policies (continued)

No impairment has been recognised in respect of intangibles for the year ended 30 June 2008. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2008 amounting to $48,976.

(o) Authorisation for financial report

The financial report was authorised for issue on 27 October 2008 by the Board of Directors.

	2008 $	2007 $
Note 2. Revenue		
Franchise margin income	1,748,605	1,451,786
Interest revenue	75,016	47,453
	1,823,621	**1,499,239**
Note 3. Expenses		
Advertising and Marketing	16,227	6,283
ATM leasing and Running costs	31,087	28,419
Bad debts	909	1,217
Community Sponsorship and donations	145,870	18,676
Freight and Postage	17,669	16,784
Insurance	23,374	21,583
IT leasing and running costs	55,985	57,222
Occupancy running costs	56,642	81,368
Printing and Stationary	37,747	35,021
Rental on operating lease	56,339	47,339
Other operating expenses	146,828	152,035
	588,677	**465,947**
Remuneration of the Auditors of the Company		
Audit services	7,500	4,190
Other Services	6,800	5,885
	14,300	**10,075**

Notes to the financial statements continued

	2008 $	2007 $

Note 4. Income tax expense

	2008 $	2007 $
a. The components of tax expense comprise:		
Current tax	121,150	121,771
Deferred tax (Note 22)	(7,919)	(2,579)
	113,231	**119,192**
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 30% (2007: 30%)	107,111	117,674
Add:		
Tax effect of:		
- non-deductible depreciation and amortisation	6,600	5,408
- other non-allowable items	3,445	10
Less:		
Tax effect of:		
- other allowable items	(3,925)	(3,900)
Income tax attributable to the Company	**113,231**	**119,192**

Note 5. Cash and cash equivalents

	2008 $	2007 $
Cash at bank and in hand	84,483	14,559
Short-term bank deposits	1,103,921	982,614
	1,188,404	**997,173**

Note 6. Trade and other receivables

	2008 $	2007 $
Trade debtors	165,647	147,813
Accrued income	6,507	4,589
	172,154	**152,402**

Notes to the financial statements continued

	2008 $	2007 $

Note 7. Other assets

Current		
Prepayments	6,280	10,865
Non current		
Prepayments	-	3,000

Note 8. Property, plant and equipment

Plant and Equipment		
Cost	431,678	390,904
Accumulated depreciation	(303,348)	(246,936)
	128,330	**143,968**
Movement in carrying amount		
Balance at the beginning of the year	**143,968**	**160,954**
Additions	40,774	29,558
Depreciation expense	(56,412)	(46,544)
Carrying amount at the end of the year	**128,330**	**143,968**

Note 9. Intangible assets

Franchise fee		
Cost	160,000	160,000
Accumulated amortisation	(111,024)	(89,027)
	48,976	**70,973**

Pursuant to a five year franchise agreement with Bendigo Bank, the Company operates a branch of Bendigo Bank, providing a core range of banking products and services.

Note 10. Trade and other payables

Trade creditors and accruals	87,564	59,406
GST payable	33,531	27,264
Dividend payable	148,721	126,931
	269,816	**213,601**

Notes to the financial statements continued

	2008 $	2007 $

Note 11. Financial liabilities

Current		
Chattel mortgage	7,884	-
Non current		
Chattel mortgage	21,857	-

Security:

The mortgage loan is secured by a floating charge over the Company's assets.

Note 12. Provisions

Current		
Provision for employee entitlements	47,876	30,051
Non current		
Provision for employee entitlements	27,136	18,566
Number of employees at year end	**13**	**12**

Note 13. Equity

1,144,952 (2007: 1,144,851) fully paid ordinary shares	**1,144,952**	**1,144,851**
Cost of rasing equity	(6,100)	(6,100)
Return of capital	(35,000)	(35,000)
	1,103,852	**1,103,751**

Note 14. Cash flow information

a. Reconciliation of cash flow from operations with profit after tax

Profit after tax	243,805	273,053
Depreciation and amortisation	78,412	64,571
Movement in assets and liabilities		
Receivables	19,752	(22,625)
Other assets	(7,585)	(4,271)
Deferred tax asset	7,917	(2,579)
Payables	(22,294)	(15,767)

Notes to the financial statements continued

	2008 $	2007 $

Note 14. Cash flow information (continued)

	2008 $	2007 $
Provisions	(26,395)	76,120
Current tax liability	34,719	-
Net cash provided by operating Activities	**328,331**	**400,036**

b. Credit Standby Arrangement and Loan Facilities

The Company does not operate a bank overdraft facility or have any loan facilities at present.

Note 15. Related party transactions

The related parties have not entered into a transaction with the Company during the financial years ended 30 June 2008 and 30 June 2007.

Note 16. Leasing commitments

Non cancellable operating lease commitment contracted or but not capitalised in the financial statements

Payable

	2008 $	2007 $
Not longer than 1 year	40,000	40,000
Longer than 1 year but not longer than 5 years	80,000	120,000
	120,000	**160,000**

Note 17. Dividends

Distributions paid

	2008 $	2007 $
Final franked ordinary dividend paid of (2007: 5) cents per share franked at the tax rate of 30% (2006: 0%)	-	57,247
Franked ordinary dividend declared in May 2008 of 12.5 (2007: 11.5) cents per share franked at the tax rate of 30% (2007: 30%)	143,119	126,931
	143,119	**184,178**

Note 18. Financial instruments

a. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and leases.

The Directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

The Company does not have any derivative instruments at 30 June 2008.

b. Financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

i. *Interest rate risk*

Interest rate risk is managed with a mixture of fixed and floating rate debt.

ii. *Foreign currency risk*

The Company is not exposed to fluctuations in foreign currencies.

Iii. *Liquidity risk*

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

iv. *Credit risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2008.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Credit risk is managed reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the Company's strict credit policies may only purchase in cash or using recognised credit cards.

Note 18. Financial instruments (continued)

The trade receivables balances at 30 June 2008 and 30 June 2007 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

v. *Price risk*

The Company is not exposed to any material commodity price risk.

c. Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

2008

		Variable	Fixed			
	Weighted Average Effective Interest Rate	**Floating Interest Rate**	**Within 1 Year**	**Within 1 to 5 Years**	**Non Interest Bearing**	**Total**
Financial Assets						
Cash and cash equivalents	6.86%	84,257	-	-	226	84,483
Short term deposits	8.00%	-	1,103,921	-	-	1,103,921
Loans and receivables		-	-		172,154	172,154
Total Financial Assets		84,257	1,103,921	-	172,380	1,360,558
Financial Liability						
Bank loan secured		-	7,884	21,857	-	29,741
Trade and other payables		-	-	-	269,816	269,816
Total Financial Liabilities		-	7,884	21,857	269,816	299,557

Note 18. Financial instruments (continued)

2007

		Variable	Fixed			
	Weighted Average Effective Interest Rate	**Floating Interest Rate**	**Within 1 Year**	**Within 1 to 5 Years**	**Non Interest Bearing**	**Total**
Financial Assets						
Cash and cash equivalents	6.09%	13,780	13,780	-	779	14,559
Short term deposits	7.00%	-	982,614	-	-	982,614
Loans and receivables		-	-	-	152,402	152,402
Total Financial Assets		13,780	982,614	-	153,181	1,149,575
Financial Liability						
Trade and other payables		-	-	-	213,601	213,601
Total Financial Liabilities		-	-	-	213,601	213,601

	2008 $	2007 $
Trade and sundry payables are expected to be paid as followed:		
Less than 6 months	269,816	213,601

d. Net fair values

The net fair values of investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Fair values are materially in line with carrying values.

Note 18. Financial instruments (continued)

e. Sensitivity analysis

i. Interest rate risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

ii. Interest rate sensitivity analysis

At 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

2008

		-2 %	+ 2%		
	Carrying Amount $	**Profit $**	**Equity $**	**Profit $**	**Equity $**
Financial Assets					
Cash and cash equivalents	84,257	(1,685)	(1,685)	1,685	1,685

2007

		-2 %	+ 2%		
	Carrying Amount $	**Profit $**	**Equity $**	**Profit $**	**Equity $**
Financial Assets					
Cash and cash equivalents	13,780	(276)	(276)	276	276

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The Company has no exposure to fluctuations in foreign currency.

Note 19. Segment reporting

The Company operates in the financial services sector as a branch of Bendigo Bank in Western Australia.

Note 20. Events after the balance sheet date

No matters or circumstances have arisen since the end of the financial year that 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 subsequent financial years.

Note 21. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at the reporting date.

Notes to the financial statements continued

	2008 $	2007 $

Note 22. Tax

a. Liability

Current

Income tax	48,383	83,102

b. Assets

Deferred tax assets comprise:

Provisions	22,502	14,585

c. Reconciliations

i. Gross Movements The overall movement in the deferred tax account is as follows:		
Opening balance	14,585	12,006
Charge/(credit) to income statement	7,917	2,579
Closing balance	22,502	14,585
ii. Deferred Tax Assets The movement in deferred tax assets for each temporary difference during the year is as follows:		
Provisions		
Opening balance	14,585	12,006
Credited to the income statement	7,917	2,579
Closing balance	22,502	14,585

Note 23. Key management personnel compensation

a. Names and positions

Name	**Position**
Barry McKenna	Chairman
Denise Gail Beer	Deputy Chairman
Michael Stephen Anderton	Company Secretary
Ted Budzinski	Company Treasurer

Note 23. Key management personnel compensation (continued)

Steven James Brown	Non-Executive Director
Greg DaRui	Non-Executive Director
Ronald Edwin Gascoigne	Non-Executive Director
David Kelly	Non-Executive Director
Louie John Magro	Non-Executive Director
Alan James Radford	Non-Executive Director
Rodney Francis Stonehouse	Non-Executive Director
Lesley Ann Wilbraham	Non-Executive Director
Gary Clyde Warne	Non-Executive Director

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

b. Options provided as remuneration and shares issued on exercise of such options

No options were provided as remuneration or shares issued on exercise of options.

c. Option holdings

No options over ordinary shares in the Company are held by any Director of the Company or other key management personnel, including their personally related parties.

d. Shareholdings

Number of ordinary shares held by key management personnel:

Directors	**Balance at beginning of period**	**Purchased during the period**	**Other changes**	**Balance at end of period**
Barry McKenna	8,019	-	-	8,019
Denise Gail Beer	1,000	-	-	1,000
Michael Stephen Anderton	1,000	1,000		2,000
Ted Budzinski	-	-	-	-
Steven James Brown	1	-	-	1
Greg DaRui	-	-	-	-
Ronald Edwin Gascoigne	1	-	-	1
David Kelly	276	-	-	276
Louie John Magro	10,045	-	(5,023)	5,022
Alan James Radford	-	1,100	-	1,100
Rodney Francis Stonehouse	2,000	-	-	2,000
Lesley Ann Wilbraham	7,223	-	(2,200)	5,023
Gary Clyde Warne	6,101	-	-	6,101
	35,666	2,100	(7,223)	30,543

Notes to the financial statements continued

Note 24. Changes in accounting policy

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	**Standards Affected**	**Outline of Amendment**	**Application Date of Standard**	**Application Date for Group**	
AASB 2007–3 Amendments to Australian Accounting Standards	AASB 5	Non-current Assets Held for Sale and Discontinued Operations	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report	1.1.2009	1.7.2009
	AASB 6	Exploration for and Evaluation of Mineral			
	AASB 102	Inventories			
	AASB 107	Cash Flow Statements			
	AASB 119	Employee Benefits			
	AASB 127	Consolidated and Separate Financial Statements			
	AASB 134	Interim Financial Reporting			
	AASB 136	Impairment of Assets			
	AASB 1023	General Insurance Contracts			
	AASB 1038	Life Insurance Contracts			

Note 24. Changes in accounting policy (continued)

AASB 8 Operating Segments	AASB 114	Segment Reporting	As above	1.1.2009	1.7.2009
AASB 2007–6 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as they already capitalise borrowing costs related to qualifying assets.	1.1.2009	1.7.2009
	AASB 101	Presentation of Financial Statements			
	AASB 107	Cash Flow Statements			
	AASB 111	Construction Contracts			
	AASB 116	Property, Plant and Equipment			
	AASB 138	Intangible Assets			
AASB 123 Borrowing Costs	AASB 123	Borrowing Costs	As above	1.1.2009	1.7.2009
AASB 2007–8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements			

Note 24. Changes in accounting policy (continued)

	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income.	1.1.2009	1.7.2009		
AASB 101	AASB 101	Presentation of Financial Statements	As above	1.1.2009	1.7.2009

Note 25. Company details

The registered office of the Company is:

14 King William Street

Bayswater WA 6053

The principal places of business are:

14 King William Street

Bayswater WA 6053

Shop 13 & 14 Noranda Village Shopping Centre

Benara Road

Noranda WA 6062

Director’s declaration

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:

    a. comply with Accounting Standard and the Corporations Regulations 2001; and

    b. give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company

2. in the Directors’ opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable:

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

Director Barry McKee

Dated this 27 day of OCTOBER . 2008

Independent audit report

RSM! Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
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T +61 8 9261 9100 F +61 8 9261 9111
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

BAYSWATER COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Bayswater Community Financial Services Limited ("the company"), 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 ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company 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 establishing and maintaining internal control 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 compliance with the Australian Accounting Standards ensures that the financial statements and notes, comply with International Financial Reporting Standards.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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, the auditor considers internal control 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.

Independent audit report continued

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 complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Bayswater Community Financial Services Limited is 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 year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Bayswater Community Financial Services Limited for the financial year ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J WALL
Partner

Perth, WA
Dated: 27 October 2008

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Bendigo Bank