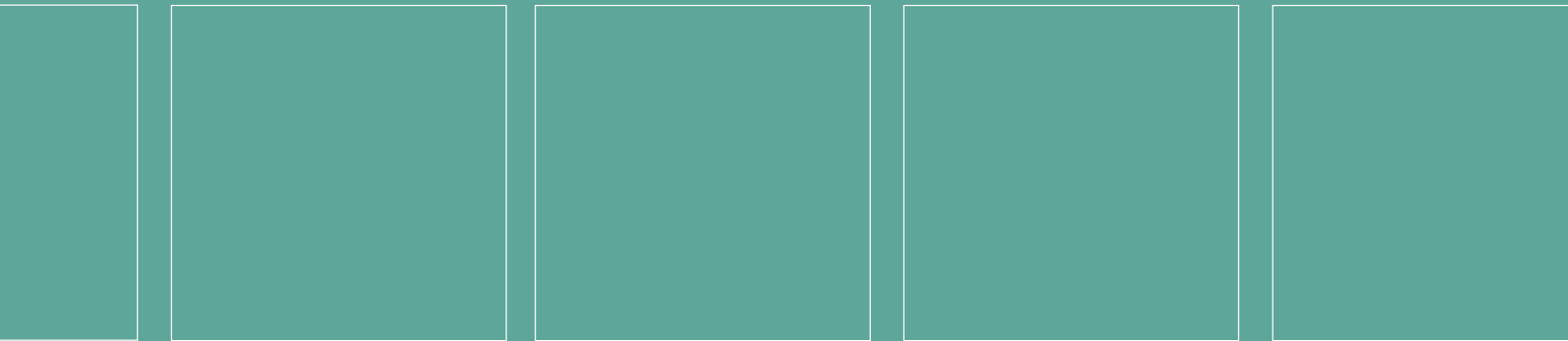


2008
annualreport



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Chairman's report

For year ending 30 June 2008

I am again pleased to report on a year in which we have delivered a sustainable profit and maintained the dividend level to shareholders whilst retaining significant funds to ensure we are well placed to continue to do so into the future, whilst providing sizeable benefits to the community.

This year we committed to significant donations to the Carrum Downs CFA funding a new vehicle and the Frankston SES donating a Heavy Duty Rescue Vehicle, these together with many other smaller donations to schools, community groups and other worthy projects: Total Donations of \$129,980 were made plus sponsorships of \$14,150. We have also decided not to proceed with the Charitable Trust as the restrictions on who we could donate to be too narrow and the tax benefits were minimal.

We have again maintained the growth patterns of the past number of years which has seen our total book grow and we have surpassed the \$96 million mark heading for the next milestone.

We again owe the performance of the business to the dedicated staff, including our Manager Mick Spruhan, and the girls behind the counter... Liz Dawe, Belinda Wood, Teresa Winton, Julianne Fagan, Kathryn Churchill, Anne Johnston & Lesley Kennedy.

Last AGM we advised that we to seek listing on the BSX the Board has reviewed that decision and decided not to continue with the listing.

I once again pay tribute to my fellow Directors who have continued to perform their duties with diligence and maintain their commitment to the ongoing success of CDFS Ltd.



Gary J Rowe
Chairman.

Manager's report

For year ending 30 June 2008

The financial year of 2008 saw our **Community Bank**[®] branch experience significant growth given it has been operating since October 1999.

We commenced the year with total book balances of \$82.670 million and 10266 accounts and finished with book balances of \$96.994 million and 10579 accounts.

Therefore we grew our book by \$14.324 million for the financial year.

During this period we have increased our staffing numbers to assist the staff cope with the increased workload, planned for a new ATM to be installed at the Carrum Downs Plaza shopping centre and continued to provide significant support to our local community via sponsorship and donations.

Our involvement in the local community underpins our growth and expansion as more and more local businesses and residents come in contact with the Bendigo way of banking. What is also extremely pleasing is the number of new customers who have been referred to us by existing customers, who are obviously more than satisfied with the service they receive.

As in previous years, I commend the branch staff for the standard of service they provide. I believe their service is what sets us apart from "the others" in very real terms and I would simply say "thankyou" for a job very well done.

Looking forward, the 2009 financial year will have its challenges, as we strive to break the magic \$100 million barrier, continue to provide the standard of service that customers are looking for and continue to be relevant in our local community.

Your continued support and encouragement of others to convert to the "Bendigo way of banking" will assist us reach our goals in this coming financial year.



Mick Spruhan
Branch Manager

Directors' report

For year ending 30 June 2008

Since the start of the financial year there has been no change in Directors. The number of Directors meetings attended by each of the Directors of the Company during the period were:

Number of meetings held	no.
Directors meeting	12
Number of meetings attended	
Gary Rowe	12
Lindsay Wells	11
Jason Pater	10
Christine Grayland	11
Debbie Taylor (Company Secretary Only)	12
Greg Sugars	8
Trevor Collins	9

The profit of the Company for the period after providing for income tax amounted to \$276,096.97.

A review of the operations of the Company during the financial year and the results of those operations are as follows:-

The principal activities of the Company during the financial year were: - Operation of **Community Bank**[®] Franchise in Carrum Downs.

No significant change in the nature of these activities occurred during the year. The Company will continue with its policy of providing banking services to the community.

A dividend of \$0.22 per share has been paid.

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.

No indemnities have been given, but insurance premiums have been paid, during or since the end of the financial year, for any person who is or has been an officer of the Company.

Signed in accordance with a resolution of the Board of Directors:



Gary Rowe
Director



Lindsay Wells
Director

Dated: 4 September 2008

Financial statements

Detailed statement of financial performance For year ending 30 June 2008

	2008 \$	2007 \$
Income		
Commissions received	147,417.31	127,058.26
Gross margin income	820,826.92	701,323.66
ATM revenue	69,474.09	93,469.80
Interest received	42,108.00	27,855.86
Other income	213,564.05	193,765.76
Marketing development fund	50,000.09	50,000.08
Total income	1,343,390.46	1,193,473.42
Expenses		
Accountancy	20,542.49	16,694.00
Advertising and promotion	5,131.07	6,555.93
Agency fees	32.18	
Audit fees	5,330.80	4,250.00
Bad debts	3,027.01	2,755.86
Bank fees and charges	2,013.10	4,998.79
Cash delivery		413.08
ATM - cash delivery	21,317.81	21,022.39
Cleaning/rubbish removal	8,316.00	8,273.00
Computer equipment running cost	14,237.08	6,711.43
Computer equipment support cost	6,642.99	6,374.36
Consultants fees		10,000.00
Delivery	8,453.76	8,447.68
Depreciation - plant	25,595.49	21,874.51
Directors fees	100,298.80	62,010.00
Donations	129,980.98	20,156.38
Electricity	2,436.27	2,573.22

The accompanying notes form part of these financial statements.

Financial statements continued

Detailed statement of financial performance For year ending 30 June 2008

	2008 \$	2007 \$
Filing fees	968.18	1,270.00
General expenses	721.90	5,235.14
ATM - discrepancies	8,286.36	(922.72)
Insurance	14,924.19	13,081.69
Insurance - Workcover	2,052.00	1,690.57
Interest - Australia	153.77	4.56
Journals & periodicals	188.78	
Lease payments	10,510.92	11,418.19
ATM leasing	6,498.38	7,749.97
Legal fees	1,447.26	4,014.00
Postage	3,702.17	3,753.10
Printing & stationery	14,486.90	14,969.97
ATM consumables	255.93	339.10
Procedural errors	(225.90)	
Rent on land & buildings	60,325.90	57,784.62
Repairs & maintenance	720.07	1,376.32
ATM maintenance	2,532.19	2,506.71
Salaries - ordinary	359,822.06	337,023.79
Search fees & credit checks	2,211.69	2,340.60
Security	2,927.36	5,708.06
Secretary fees	1,454.55	
Share registry	742.00	
Sponsorship	14,150.00	28,969.99
Staff amenities	1,120.51	1,493.04
Staff training	17,120.54	11,700.00
Subscriptions	2,024.99	1,815.00

Financial statements continued

Detailed statement of financial performance For year ending 30 June 2008

	2008	2007
	\$	\$
Superannuation	39,649.57	50,047.43
Switching fees - ATM	13,873.50	14,456.60
Telephone	8,898.11	8,854.43
Travel, accom & conference	3,375.53	1,497.36
Total expenses	948,243.06	791,320.33
Profit from ordinary activities before income tax	395,147.40	402,153.09

Financial statements continued

Statement of financial performance - by nature For year ending 30 June 2008

	Note	2008 \$	2007 \$
Classification of expenses by nature			
Revenues from ordinary activities	2	1,343,390.46	1,193,473.42
Borrowing costs expense	3	(17,163.07)	(19,172.72)
Depreciation and amortisation expenses	3	(25,595.49)	(21,874.51)
Other expenses from ordinary activities		(905,484.50)	(750,273.10)
Profit from ordinary activities before income tax	3	395,147.40	402,153.09
Income tax expense relating to ordinary activities	4	(119,050.43)	(122,715.19)
Net profit attributable to members of the Company		276,096.97	279,437.90
Total changes in equity other than those resulting from transactions with owners as owners			
		276,096.97	279,437.90
Opening retained profits		423,459.39	226,948.89
Net profit attributable to members of the Company		276,096.97	279,437.90
Dividends recognised as a liability or paid if not previously recognised as a liability		(76,012.20)	(82,927.40)
Closing retained profits	5	623,544.16	423,459.39

The accompanying notes form part of these financial statements.

Financial statements continued

Balance Sheet As at 30 June 2008

	Note	2008 \$	2007 \$
Current assets			
Cash assets	6	877,145.58	624,572.07
Receivables	7	109,806.26	96,297.38
Total current assets		986,951.84	720,869.45
Non-current assets			
Property, plant and equipment	8	131,988.38	140,135.76
Total non-current assets		131,988.38	140,135.76
Total assets		1,118,940.22	861,005.21
Current liabilities			
Payables	9	35,218.80	2,400.00
Current tax liabilities	10	113,991.86	83,920.42
Provisions	11	675.40	5,715.40
Total current liabilities		149,886.06	92,035.82
Total liabilities		149,886.06	92,035.82
Net assets		969,054.16	768,969.39
Equity			
Contributed equity	12	345,510.00	345,510.00
Retained profits		623,544.16	423,459.39
Total equity		969,054.16	768,969.39

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	Note	2008 \$	2007 \$
Cash flow from operating activities			
Receipts from customers		1,284,746.57	1,163,021.96
Payments to suppliers and employees		(866,436.49)	(901,676.43)
Interest received		42,108.00	27,855.86
Interest and other costs of finance		(17,163.07)	(19,172.72)
Income tax paid		(97,581.19)	(101,138.98)
Net cash provided by (used in) operating activities (note 2)		345,673.82	168,889.69
Cash flow from investing activities			
Payment for:			
Payments for property, plant and equipment		(17,448.11)	14,115.72
Net cash provided by (used in) investing activities		(17,448.11)	14,115.72
Cash flow from financing activities			
Dividends paid		(75,652.20)	(82,833.40)
Net cash provided by (used in) financing activities		(75,652.20)	(82,833.40)
Net increase (decrease) in cash held		252,573.51	100,172.01
Cash at the beginning of the year		624,572.07	524,400.06
Cash at the end of the year (note 1)		877,145.58	624,572.07

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	2008 \$	2007 \$
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Note 1. Reconciliation of 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.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash at bank	77,091.93	72,485.39
Investment account	800,000.00	551,986.18
Petty cash on hand	53.65	100.50
	877,145.58	624,572.07

Note 2. Reconciliation of net cash provided by/used in operating activities to net profit

Operating profit (loss) after tax	276,096.97	279,437.90
Depreciation	25,595.49	21,874.51
Amortisation		(127,468.45)
Increase/(decrease) in provision for dividends		
Increase/(decrease) in provision for income tax	21,469.24	21,576.21
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	(13,508.88)	160.26
Increase (decrease) in trade creditors and accruals	32,818.80	(38,800.00)
Increase (decrease) in employee entitlements	(5,400.00)	5,399.61
Increase (decrease) in sundry provisions	8,602.20	6,709.65
Net cash provided by operating activities	345,673.82	168,889.69

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

This financial report covers Carrum Downs Financial Services Ltd as an individual entity. Carrum Downs Financial Services Ltd is a Company limited by shares, incorporated and domiciled in Australia.

Basis of preparation

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

Australian Accounting Standards set out accounting policies that the 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 historic costs and does not take into account changing money values, or except where specifically stated, current valuations of non-current assets.

Accounting policies

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 (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax assets 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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Income tax (continued)

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 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.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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.

Financial instruments

Recognition and initial measurement

Financial instruments, incorporations financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered with in timeframes established by marketplae 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 our below.

Impairment of assets

At each 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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Impairment of assets (continued)

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

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.

Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method which, for floating rate financial assets is the rate inherent in the instrument.

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

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 Tax 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.

Comparative figures

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

Notes to the financial statements continued

	2008 \$	2007 \$
Note 2. Revenue		
Operating activities:		
Interest revenue*	42,108.00	27,855.86
Other operating revenue:		
Commissions received	147,417.31	127,058.26
Gross margin income	820,826.92	701,323.66
ATM revenue	69,474.09	93,469.80
Other income	213,564.05	193,765.76
Marketing development fund	50,000.09	50,000.08
	1,343,390.46	1,193,473.42
* Interest from:		
Bendigo Bank Limited	42,108.00	27,855.86

Note 3. Profit from ordinary activities

Profit (loss) from ordinary activities before income tax has been determined after:

Charging as expense:		
Bad and doubtful debts	3,027.01	2,755.86
Leasing costs		
- Bendigo Bank Limited	17,163.07	19,172.72
Total leasing costs	17,163.07	19,172.72
Depreciation of non-current assets:		
- Plant and equipment	25,595.49	21,874.51
Total depreciation expenses	25,595.49	21,874.51

Notes to the financial statements continued

	2008 \$	2007 \$
Note 4. Income tax		
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax as follows at 30%		
	118,544.22	120,645.93
Add:		
Tax effect of unpaid superannuation	-	1,620.00
Tax effect of entertainment	506.21	449.26
Income tax expense attributable to profit from ordinary activities	119,050.43	122,715.19

Note 5. Dividends

Dividends provided for or paid	76,012.20	82,927.40
	76,012.20	82,927.40

Note 6. Cash assets

Bank accounts:

Cash at bank	77,091.93	72,485.39
Investment account	800,000.00	551,986.18

Other cash items:

Petty cash on hand	53.65	100.50
	877,145.58	624,572.07

Reconciliation of cash:

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

- Cash	877,145.58	624,572.07
	877,145.58	624,572.07

Note 7. Receivables

Current

Trade debtors	109,806.26	96,297.38
	109,806.26	96,297.38

Notes to the financial statements continued

	2008 \$	2007 \$
Note 8. Property, plant and equipment		
Leasehold improvements:		
- At cost	75,136.31	74,909.95
- Less: accumulated depreciation	(49,846.34)	(42,267.35)
	25,289.97	32,642.60
Plant and equipment:		
- At cost	114,179.88	114,179.88
- Less: accumulated depreciation	(35,677.64)	(29,294.08)
	78,502.24	84,885.80
Other plant and equipment:		
- At cost	96,720.25	79,498.50
- Less: accumulated depreciation	(68,524.08)	(56,891.14)
	28,196.17	22,607.36
	131,988.38	140,135.76

Note 9. Payables

Unsecured:

- Trade creditors	35,218.80	2,400.00
	35,218.80	2,400.00

Note 10. Tax liabilities

Current

GST payable control account	36,541.43	32,625.23
Taxation	119,050.43	122,715.19
Pay as you go instalments paid	(52,632.00)	(77,766.00)
Amounts withheld from salary and wages	11,032.00	6,346.00
	113,991.86	83,920.42

Notes to the financial statements continued

	2008 \$	2007 \$
Note 11. Provisions		
Current		
Dividends	675.40	315.40
Employee entitlements*	-	5,400.00
	675.40	5,715.40
* Aggregate employee entitlements liability	-	5,400.00
There were 8 employees at the end of the year.		

Note 12. Contributed capital

345510 Ordinary shares at \$1.00 each fully paid	345,510.00	345,510.00
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Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Note 13. Remuneration & retirement benefits

Directors' remuneration

Number of Directors whose income from the Company or any related parties was within the following bands:

\$0.00 - \$15,000.00	No.	7
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The names of Directors of the Company who have held office during the financial year are:

Gary Rowe
Lindsay Wells
Debbie Taylor (Company Secretary only)
Christine Grayland
Jason Pater
Greg Sugars
Trevor Collins

Notes to the financial statements continued

Note 14. Superannuation commitments

The entity participated in various complying superannuation funds to provide benefits to employees on retirement, death or disability.

Defined contribution plan

Benefits provided under the plan are based on accumulated contributions and earnings for each employee.

Employees contribute various percentages of their gross income and the Company also contributes at the rate of 9%.

	2008	2007
	\$	\$

Note 15. Auditors' remuneration

Remuneration of the Auditor of the Company for:

Auditing or reviewing the financial report	5,330.80	4,250.00
	5,330.80	4,250.00

Note 16. Contingent liabilities

No contingent liabilities are known.

Note 17. Related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties: Tramic Pty. Ltd. receives monthly rental and monthly marketing levy, Malcolm Wells Accounting Solutions Pty. Ltd. receives fees for accountancy fees, for the preparation of mid year and end of year financial accounts, maintenance of Company Secretarial Affairs and for the preparation of fortnightly wages. Pater Family Trust receives a monthly fee for the preparation of monthly Treasury Reports. Debbie Taylor receives a monthly fee for Secretarial services.

Ultimate parent Company

Not applicable.

Associated companies

Not applicable.

Other related parties

Not applicable.

Notes to the financial statements continued

Note 17. Related parties (continued)

Director-related entities

Transactions with Director-related entities:

Tramic Pty. Ltd. receives monthly rental and monthly marketing levy. Malcolm Wells Accounting Solutions Pty. Ltd. for accountancy fees. Pater Family Trust for preparation of Treasury Reports and Debbie Taylor receives income for Secretarial services.

Directors

Transactions with Directors:

Not applicable.

Percentage of equity interest held by Directors, either directly or indirectly 29.52%

Other benefits derived:

Not applicable.

Identification of related parties

Not applicable.

Note 18. Events subsequent to reporting date

No events subsequent to the reporting date are known to the Directors.

The financial effects of the above have not been brought to account in the accounts at 30 June 2008.

Note 19. Effect of changes in accounting policy

The economic entity never changed its accounting policy during the reporting period.

Director's declaration

The Directors of the Company declare that:

1. The financial statements and notes, present fairly the Company's financial position as at 30 June 2008 and its performance for the year ended on that date in accordance with Accounting Standards and other mandatory professional reporting requirements;
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.



Gary Rowe
Director



Lindsay Wells
Director

Dated: 4 September 2008

Independent audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARRUM DOWNS FINANCIAL SERVICES LTD 088 990 470

Report on the Financial Report

I have audited the accompanying financial report of CARRUM DOWNS FINANCIAL SERVICES LIMITED which comprises the balance sheet as at 30 June 2008, and the statement of financial performance, statement of changes of equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and 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 financial reporting requirements of the company's constitution. 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, in accordance with Accounting Standard AASB 101: "Presentation of Financial Statements", that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I 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 judgment, 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of Australian professional ethical pronouncements.

Independent audit report continued

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CARRUM DOWNS FINANCIAL SERVICES LTD
088 990 470**

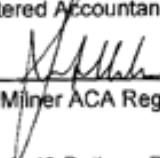
Auditor's Opinion

In my opinion:

- (a) the financial report of CARRUM DOWNS FINANCIAL SERVICES LIMITED is in accordance with the company's constitution, 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 company's constitution.
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Name of Firm:

Venn Milner & Co
Chartered Accountants



L. A. Milner ACA Registered Auditor

Address:

Suite 1, 43 Railway Road, Blackburn VIC 3130

Dated this 23rd day of October 2008

Auditor's independence declaration

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
CARRUM DOWNS FINANCIAL SERVICES LIMITED**

I hereby declare, that to the best of my knowledge and belief, during the financial year ended 30 June 2008 there have been:

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

Name of Firm: Venn Milner & Co
Chartered Accountants



L. A. Milner ACA Registered Auditor

Address: Suite 1, 43 Railway Road, Blackburn VIC 3130

Dated this 23rd day of October 2008.

Carrum Downs **Community Bank**[®] Branch
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100 Hall Road, Carrum Downs VIC 3201
Phone: (03) 9782 9788 Fax: (03) 9782 9799

Franchisee: Carrum Downs Financial Services Limited
Suite 5, 7-9 Bakewell Street, Cranbourne VIC 3977
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Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
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