

Chittering Financial Services Limited

ABN 77 096 017 506

2008

Annual Report

Bullsbrook Bindoon
Community Bank® Branch  **Bendigo Bank**

Chairman's Report

Another successful year of growth has been attained by your Community Bank® Company, Chittering Financial Services Ltd. with the 2007/08 financial year returning a net profit after tax of \$136,671 giving an earning of 27.4 cents per share.

This has allowed the board to return to shareholders a dividend of 10cents per share giving a total distribution of \$49,871 while retaining sufficient funds for support to local projects, local organisations and expected growth.

Financial Year	Cents per share	Total distribution
2007/08	5 cents	\$24,935
2008/09	10 cents	\$49,871

It is very satisfying to the board that we are now in a position to begin returning funds to our local organisations through our community contributions. Small donations are ongoing throughout the year while larger grants are determined annually in November.

Financial Year	Sponsorships	Donations	Total
2006/07	\$500	\$1140	\$1640
2007/08	\$1,600	\$5,000	\$6,600

Our manager Ray Povey is an inspiration to us all with his enthusiasm and determination to get the job done. Assisted by Ann Teti and Gill Wheatley in administration, our ever increasing teller staff provides a personal banking service, the hallmark of Bendigo Community Bank®.

With continued growth our seven board members are making an ever increasing contribution. With such a broad base of community organisations looking to us for assistance we would welcome additional board interest.

Following 12 months of negotiations the future of Chittering Financial Services Ltd. your Community Bank® Company is particularly bright now having access to establish a branch in Ellenbrook. Offices are now under construction and additional staff training is in progress ready for a proposed opening in March 2009.

I thank my fellow board members for their valued contribution, the Bullsbrook, Bindoon branch team for their dedication, the shareholders for their confidence in our goal and to the wider community for their support to our Community Bank®.



Bruce Rowley
Chairman

Chittering Financial Services Limited
Manager's Report 2008

We had a fantastic result for this financial year, with all our targets being reached.

Our business continues to grow and we are confident that we will continue to grow in 2009. Account numbers are near 4900 and our customer base has again substantially increased. Our fee income has increased in line with the number of accounts.

Our business is very diverse and I strongly recommend to our shareholders to support your Community Bank by referring your families and friends.

Bendigo Bank products and services continue to be very competitive and we are able to provide all that the major banks offer including a free Financial Planning service.

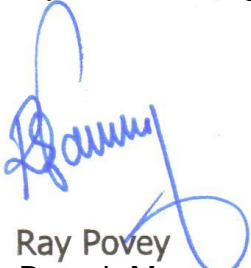
I am grateful to the board and my loyal staff for their help in making your Community Bank successful.

Our staff position has remained quite stable and I thank Anne Teti, Gill Wheatley, Janet Pagan, Kelly Kohl, Sally Shorter, Carleen Pallister and Jessica Teti.

Since the end of the financial year we have recruited three new members, Phyllis Gordon, Natalie Zornada and Jasmin Burns.

This team attracts much praise from our customers.

My thanks also go to our loyal customers for their support.



Ray Povey
Branch Manager

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Financial report for the year ended 30 June 2008

C O N T E N T S

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*This is annexure A of 34 pages referred
to in Form 388: Copy of financial
statements and reports*



Director

Dated this 7th day of October 2008

CHITTERING FINANCIAL SERVICES LIMITED

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Financial report for the year ended 30 June 2008

DIRECTORS' REPORT

Your Directors present their report on the Company for the year ended 30 June 2008.

Directors

The names of Directors in office at any time during or since the end of the year are:

Bruce Sydney Rowley

Position:	Chairperson
Occupation:	Retired
Background Information:	Resident of Chittering since 1996. Has 32 years experience in farming. Was Councillor of Shire Victoria Plains for 17 years and of that, 5 years as President. Also has 9 years experience in commercial property management.
Interest in shares and options:	10,000 shares

Delma Jean Baum

Position:	Non-Executive Director
Occupation:	Business Proprietor
Background Information:	Background in engineering prior to migrating to Australian in 1996. Resident of Chittering Valley since 1997. Director of computer software development company since 1978. Former President of the Volunteer Sea Search and Rescue Association of WA.
Interest in shares and options:	201 shares

Ross Albert Bishop

Position:	Non-Executive Director
Occupation:	Licensee of Liquor store
Background Information:	Owner and operator of Bullsbrook Supermarket since 1988.
Interest in shares and options:	10,000 shares

Ian David Smith

Position:	Non-Executive Director
Occupation:	Retired
Background Information:	Retired CPA and Chartered Secretary employed by a number of international accounting firms and commercial operations. Lived, and worked part time, in Bullsbrook for a number of year.
Interest in shares and options:	500 shares

Gemma Diane Bonomi

Position:	Non-Executive Director
Occupation:	Company director
Background Information:	Working director of Bon Electrics Pty Ltd, a successful electrical contracting business established in 1989. The business incorporates a retail outlet servicing domestic, industrial and rural installations and maintenance
Interest in shares and options:	2,000 shares

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Diane Lee Broad (Appointed 21 November 2007)

Position: Non-Executive Director
Occupation: Retired farmer and journalist
Background Information: Worked for Bank of NSW. Was a board member of the Moora District Hospital for many years and chairman for several of those. Over 38 years was a contributing member of the shire of Moora, being involved in many community organisations.
Interest in shares and options: Nil

Kathleen Anne Crofts (Appointed 28 February 2007)

Position: Non-Executive Director
Occupation:
Background Information:
Interest in shares and options: 1,000 shares

Johannes Wilhelmus Pronk (Resigned 27 November 2007)

Position: Non-Executive Director
Occupation: Retired
Background Information: Former army officer for 25 years with the rank of Lieutenant Colonel. Most of service revolved around maintenance engineering management. Also conducted 2 different businesses of his own. Holds a Diploma of Management Studies and various military courses commensurate with his duties and rank.
Interest in shares and options: 12 501 shares

Company Secretary

Delma Jean Baum

Directors meetings attended

During the financial year, 11 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
Johannes W Pronk	5	3
Ross A Bishop	11	9
Delma J Baum	11	11
Bruce S Rowley	11	10
Ian D Smith	11	10
Gemma D Bonomi	11	7
Diane L Broad	11	8
Kathleen A Crofts	11	5

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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 \$136,671.

Dividends paid or recommended

The Company paid dividends of \$24,935 during the year.

Financial position

The net assets of the Company at year end were \$300,183, 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.

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.

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Financial report for the year ended 30 June 2008

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.

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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

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:	\$4,200
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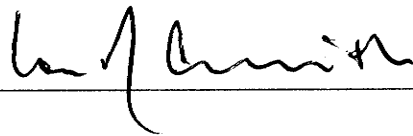
CHITTERING FINANCIAL SERVICES LIMITED
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Auditor's Independence Declaration

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

7th

day of

October

2008

RSM Bird Cameron Partners

Chartered Accountants

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www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Chittering 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

J A KOMNINOS
Partner

Perth, WA

Dated: 7 October 2008

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



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**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

		2008	2007
	Note	\$	\$
Revenue	2	841,173	660,536
Employee benefits expense		(382,827)	(288,850)
Depreciation and amortisation expense		(27,289)	(44,490)
Finance costs		(9)	(1,030)
Other expenses	3	<u>(227,342)</u>	<u>(171,672)</u>
Profit before income tax		203,706	154,494
Income tax expense	4	<u>(67,035)</u>	<u>(47,931)</u>
Profit attributable to members		<u>136,671</u>	<u>106,563</u>
Overall operations			
Basic profit per share (cents per share)		27.40	21.37
Diluted profit per share (cents per share)		27.40	21.37

The accompanying notes form part of these financial statements

CHITTERING FINANCIAL SERVICES LIMITED

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Financial report for the year ended 30 June 2008

BALANCE SHEET AS AT 30 JUNE 2008

		2008	2007
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	198,783	34,375
Trade and other receivables	6	88,107	64,775
Other current assets	7	210	844
TOTAL CURRENT ASSETS		287,100	99,994
NON-CURRENT ASSETS			
Property, plant and equipment	8	31,503	39,361
Intangible assets	9	15,000	110
Deferred tax asset	21	43,197	110,015
TOTAL NON-CURRENT ASSETS		89,700	149,486
TOTAL ASSETS		376,800	249,480
CURRENT LIABILITIES			
Trade and other payables	10	60,545	48,875
Short-term provisions	11	14,695	12,158
TOTAL CURRENT LIABILITIES		75,240	61,033
NON-CURRENT LIABILITIES			
Long-term provisions	11	1,377	-
TOTAL NON-CURRENT LIABILITIES		1,377	-
TOTAL LIABILITIES		76,617	61,033
NET ASSETS		300,183	188,447
EQUITY			
Issued capital	12	495,209	495,209
Accumulated losses		(195,026)	(306,762)
TOTAL EQUITY		300,183	188,447

The accompanying notes form part of these financial statements

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	Share Capital (Ordinary shares)	Retained profits/ (Accumulated losses)	Total
	\$	\$	\$
Balance at 1 July 2006	495,209	(413,601)	81,608
Profit attributable to the members of the Company	-	106,563	106,563
Prior year adjustment	-	276	276
Balance at 30 June 2007	495,209	(306,762)	188,447
Balance at 1 July 2007	495,209	(306,762)	188,447
Profit attributable to the members of the Company	-	136,671	136,671
Dividends paid or provided	-	(24,935)	(24,935)
Balance at 30 June 2008	495,209	(195,026)	300,183

The accompanying notes form part of these financial statements

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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from customers		818,216	643,926
Payments to suppliers and employees		(595,910)	(427,904)
Interest received		42	1
Borrowing costs paid		(9)	(1,030)
Net cash provided by operating activities	13(a)	<u>222,339</u>	<u>214,993</u>
Cash flows from investing activities			
Payments for plant and equipment		(9,321)	(26,613)
Payments for franchise fee		(25,000)	-
Net cash used in investing activities		<u>(34,321)</u>	<u>(26,613)</u>
Cash flows from financing activities			
Dividends paid		(23,610)	-
Net cash used in financing activities		<u>(23,610)</u>	<u>-</u>
Net increase in cash held		164,408	188,380
Cash held at the beginning of the financial year		34,375	(154,005)
Cash held at the end of the financial year	5	<u>198,783</u>	<u>34,375</u>

The accompanying notes form part of these financial statements

CHITTERING FINANCIAL SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2008

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 Chittering Financial Services Limited as an individual entity. Chittering 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 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.

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(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:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	20%

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

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.

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NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2008

(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.

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.

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Financial report for the year ended 30 June 2008

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 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.

CHITTERING FINANCIAL SERVICES LIMITED

ABN 77 096 017 506

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2008

(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.

(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.

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 \$15,000

CHITTERING FINANCIAL SERVICES LIMITED

ABN 77 096 017 506

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2008

(o) Authorisation for financial report

The financial report was authorised for issue on 7 October 2008 by the Board of Directors

CHITTERING FINANCIAL SERVICES LIMITED

ABN 77 096 017 506

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2008

	2008 \$	2007 \$
2. Revenue		
Franchise margin income	841,131	660,535
Interest revenue	42	1
	<u>841,173</u>	<u>660,536</u>
3. Expenses		
Advertising and marketing	34,509	11,085
ATM leasing and running costs	15,793	15,524
Bad debts	67	888
Community sponsorship and donations	1,006	378
Freight and postage	8,221	7,607
Insurance	15,202	16,980
IT leasing and running costs	41,621	24,151
Occupancy running costs	8,805	9,929
Printing and stationary	12,256	10,429
Rental on operating lease	20,398	19,869
Repairs and maintenance	698	465
Other operating expenses	68,766	54,367
	<u>227,342</u>	<u>171,672</u>
Remuneration of the auditors of the Company		
Audit services	5,350	2,449
Other Services	4,200	2,900
	<u>9,550</u>	<u>5,349</u>

CHITTERING FINANCIAL SERVICES LIMITED

ABN 77 096 017 506

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2008

	2008 \$	2007 \$
4. Income tax expense		
No income tax is payable by the Company as it has recouped tax losses previously brought to account for income tax purposes.		
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax (Note 21)	(1,174)	(557)
Recoupment of prior year tax losses	67,992	48,488
Recoupment of prior year tax losses claimed	217	-
	<u>67,035</u>	<u>47,931</u>
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%)	61,115	46,348
Add:		
Tax effect of:		
— non-deductible depreciation and amortisation	3,033	2,217
— other non-allowable items	2,887	-
	<u>5,920</u>	<u>2,217</u>
Less:		
Tax effect of:		
— other allowable items	-	(634)
	<u>-</u>	<u>(634)</u>
Income tax attributable to the Company	<u>67,035</u>	<u>47,931</u>

At balance date, the Company had tax losses of \$127,921 (2007: \$355,284) which are available to offset future years' taxable income.

The future income tax benefit of these tax losses is \$38,376 (2007: \$106,368). This benefit has been recognised as an asset in the statement of financial position as there is a high probability of its realisation. The benefits will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- the Company continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

CHITTERING FINANCIAL SERVICES LIMITED

ABN 77 096 017 506

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2008

	2008	2007
	\$	\$
5. Cash and cash equivalents		
Cash at bank and in hand	<u>198,783</u>	<u>34,375</u>
6. Trade and other receivables		
Trade debtors	<u>88,107</u>	<u>64,775</u>
7. Other assets		
Current		
Prepayments	<u>210</u>	<u>844</u>
8. Property, plant and equipment		
Plant and Equipment		
Cost	212,418	203,097
Accumulated depreciation	<u>(180,915)</u>	<u>(163,736)</u>
	<u>31,503</u>	<u>39,361</u>
<i>Movement in carrying amount</i>		
Balance at the beginning of the year	39,361	49,848
Additions	9,321	26,613
Depreciation expense	<u>(17,179)</u>	<u>(37,100)</u>
Carrying amount at the end of the year	<u>31,503</u>	<u>39,361</u>

CHITTERING FINANCIAL SERVICES LIMITED

ABN 77 096 017 506

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2008

	2008 \$	2007 \$
9. Intangible assets		
Franchise fee		
Cost	25,000	50,000
Accumulated amortisation	(10,000)	(49,890)
	<u>15,000</u>	<u>110</u>
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.		
10. Trade and other payables		
Trade creditors and accruals	42,988	30,587
GST payable	16,231	18,288
Dividend payable	1,326	-
	<u>60,545</u>	<u>48,875</u>
11. Provisions		
Current		
Provision for employee entitlements	<u>14,695</u>	<u>12,158</u>
Non current		
Provision for employee entitlements	<u>1,377</u>	<u>-</u>
Number of employees at year end	<u>9</u>	<u>8</u>
12. Equity		
498,709 (2007: 498,709) fully paid ordinary shares	498,709	498,709
Cost of raising equity	<u>(3,500)</u>	<u>(3,500)</u>
	<u>495,209</u>	<u>495,209</u>

CHITTERING FINANCIAL SERVICES LIMITED

ABN 77 096 017 506

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2008

	2008 \$	2007 \$
13. Cash flow information		
a. Reconciliation of cash flow from operations with profit after tax		
Profit after tax	136,671	106,563
Depreciation and amortisation	27,289	44,490
<i>Movement in assets and liabilities</i>		
Receivables	(23,332)	(16,610)
Other assets	634	4,296
Deferred tax asset	66,818	47,930
Payables	10,345	26,467
Provisions	3,914	1,857
Net cash provided by/(used in) operating Activities	222,339	214,993

b. Credit Standby Arrangement and Loan Facilities

The Company has a bank overdraft facility amounting to \$100,000 (2007: \$100,000). This may be terminated at any time at the option of the bank. At 30 June 2008, none of this facility was used (2007: Nil). Interest rates are variable.

14. 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.

15. Leasing commitments

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

Payable		
Not longer than 1 year	20,227	10,769
Longer than 1 year but not longer than 5 years	70,796	-
	91,023	10,769

CHITTERING FINANCIAL SERVICES LIMITED

ABN 77 096 017 506

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2008

	2008 \$	2007 \$
16. Dividends		
Distributions paid		
An unfranked Interim dividend was paid on 31 March 2008 of 5 (2007: 0) cents per share	<u>24,935</u>	<u>-</u>
17. 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>i. Interest rate risk</i>		
Interest rate risk is managed with a mixture of fixed and floating rate debt.		
<i>ii. Foreign currency risk</i>		
The company is not exposed to fluctuations in foreign currencies.		
<i>iii. Liquidity risk</i>		
The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.		
<i>iv. Credit risk</i>		
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.		

CHITTERING FINANCIAL SERVICES LIMITED

ABN 77 096 017 506

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2008

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.

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
<i>Financial Assets</i>						
Cash and cash equivalents	0.05%	198,774	-	-	9	198,783
Loans and receivables		-	-	-	88,107	88,107
Total Financial Assets		198,774	-	-	88,116	286,890
<i>Financial Liability</i>						
Trade and other payables		-	-	-	42,988	42,988
Total Financial Liabilities		-	-	-	42,988	42,988

CHITTERING FINANCIAL SERVICES LIMITED

ABN 77 096 017 506

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2008

2008

		-2 %		+ 2%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
<i>Financial Assets</i>					
Cash and cash equivalents	198,774	(3,975)	(3,975)	3,975	3,975

2007

		-2 %		+ 2%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
<i>Financial Assets</i>					
Cash and cash equivalents	34,366	(687)	(687)	687	687

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.

18. Segment reporting

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

19. 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.

20. Contingent liabilities and contingent assets

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

21. Tax

a. Assets

Deferred tax assets comprise:

	2008 \$	2007 \$
Provisions	4,822	3,647
Other	38,376	106,368
	<u>43,198</u>	<u>110,015</u>

CHITTERING FINANCIAL SERVICES LIMITED

ABN 77 096 017 506

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2008

	2008 \$	2007 \$
c. Reconciliations		
i. Gross Movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	110,015	157,670
Charge/(credit) to income statement	(66,817)	(47,931)
Charge to equity	-	276
Closing balance	<u>43,198</u>	<u>110,015</u>
ii. Deferred Tax Assets		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
<i>Provisions</i>		
Opening balance	3,647	2,597
Credited to the income statement	1,175	557
Change to equity	-	493
Closing balance	<u>4,822</u>	<u>3,647</u>
<i>Others</i>		
Opening balance	106,368	155,073
Credited to the income statement	(67,992)	(48,488)
Change to equity	-	(217)
Closing balance	<u>38,376</u>	<u>106,368</u>

22. Key management personnel compensation

a. Names and positions

<i>Name</i>	<i>Position</i>
Bruce Rowley	Chairman
Johannes Pronk	Non-Executive Director
Ross Bishop	Non-Executive Director
Delma Baum	Non-Executive Director
Ian Smith	Non-Executive Director
Gemma Bonomi	Non-Executive Director
Diane Broad	Non-Executive Director
Kathleen Crofts	Non-Executive Director

CHITTERING FINANCIAL SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2008

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

2008

<i>Directors</i>	Ordinary Shares			
	<i>Balance at beginning of period</i>	<i>Purchased during the period</i>	<i>Other changes</i>	<i>Balance at end of period</i>
Bruce Rowley	10,000	-	-	10,000
Johannes Pronk	12,501	-	-	12,501
Ross Bishop	10,000	-	-	10,000
Delma Baum	201	-	-	201
Ian Smith	500	-	-	500
Gemma Bonomi	2,000	-	-	2,000
Diane Broad	-	-	-	-
Kathleen Crofts	1,000	-	-	1,000
	36,202	-	-	36,202

23. 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 AASB 6 AASB 102	Non-current Assets Held for Sale and Discontinued Operations Exploration for and Evaluation of Mineral Inventories	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in	1.1.2009 1.7.2009

CHITTERING FINANCIAL SERVICES LIMITED

ABN 77 096 017 506

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2008

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group
	AASB 107 Cash Flow Statements	February 2007. These amendments will involve changes to segment reporting disclosures within the financial report.		
	AASB 119 Employee Benefits			
	AASB 127 Consolidated and Separate Financial Statements	However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report		
	AASB 134 Interim Financial Reporting			
	AASB 136 Impairment of Assets			
	AASB 1023 General Insurance Contracts			
	AASB 1038 Life Insurance Contracts			
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

CHITTERING FINANCIAL SERVICES LIMITED

ABN 77 096 017 506

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2008

AASB Amendment	Standards Affected		Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	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

24. Company details

The registered office of the Company is:

185 Powderbark Rd

Lower Chittering WA 6084

The principal places of business of the Company are:

2533 Great Northern Highway

Bullsbrook WA 6084

19 Binda Place

Bindoon WA 6502

CHITTERING FINANCIAL SERVICES LIMITED

ABN 77 096 017 506

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2008

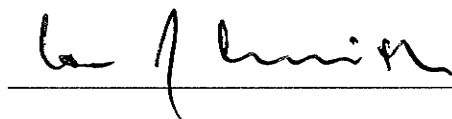
DIRECTORS' DECLARATION

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



Dated this

7th

day of

October

2008

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

CHITTERING FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Chittering 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.

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



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 Chittering 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 Chittering Financial Services Limited for the financial year ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.

Perth, WA

Dated: 7 October 2008

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

J A KOMNINOS
Partner

Bullsbrook Bindoon **Community Bank**[®] Branch
19 Binda Place Bindoon WA 6502
Phone: 9576 0333 Fax: 9576 0400
2355 Gt Northern Hwy Bullsbrook WA 6804
Phone: 9571 2355 Fax: 9571 3925

Franchisee: Chittering Financial Services Limited.
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Phone: 9571 0002 Fax: 9571 0003
ABN 77 096 017 506

www.bendigobank.com.au, Bendigo and Adelaide Bank Limited, The Bendigo Centre,
Bendigo, VIC, 3550 ABN 11 068 049 178, AFSL 237879, (PSWAR7001) (09/07)