

**Coleambally Finance Group Ltd.**  
**ABN 52 086 241 509**

# **2008**

# **Annual Report**

# **Coleambally Finance Group Ltd.**

**ABN 52 086 241 509**

## **Contents**

Directors' Report

Statement of Financial Performance

Statement of Financial Position

Statement of Cash Flows

Notes to and Forming Part of the Financial Statements

Directors' Declaration

Auditor's Report

Detailed Statement of Financial Performance

**Coleambally Finance Group Ltd**

**ABN 52 086 241 509**

**Registered Office: 1 Brolga Place, Coleambally**

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Chairman: Mr A J Howe

P O Box 110  
Coleambally NSW 2707

## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the tenth ANNUAL GENERAL MEETING of COLEAMBALLY FINANCE GROUP LTD will be held at the Coleambally Bowling Club on Thursday, 27 November 2008 at 7:30 p.m.

### **AGENDA**

- 1. Minutes of Annual General Meeting dated 22 November 2007**
- 2. Ordinary Business**

#### **Chairman's Report**

The Chairman, Mr A J Howe will present his report on the operations of the Company for the year ended 30 June 2008.

#### **Adoption of Accounts**

To receive and consider the financial statements and reports to the contributors comprising:

1. The Profit and Loss accounts for the year ended 30 June 2008 and Balance Sheet of the Company as at 30 June 2008.
2. The Directors' declaration and report by auditors for the financial year ended 30 June 2008.
3. The Directors' report for the financial year ended 30 June 2008.

#### **Election of Directors**

To elect three (3) Directors:

Mr R M Brain, Mrs S E McCamley-White and Mr J H Payne retire in accordance with the provisions of the constitution and being eligible, may offer themselves for re-election.

- 3. General Business**

To transact any business that may be lawfully brought forward.

By Order of the Board

John C Smith

Secretary

18 September 2008

**Notes:**

1. Mr R M Brain, Mrs S E McCamley-White and Mr J H Payne will retire under Section 45 of the Constitution of Coleambally Finance Group Ltd and have indicated they will seek re-election.
2. As per the company constitution any two members of the company shall be at liberty to nominate any other member to serve as an office-bearer or other Director.
3. Nomination and Consent to Act forms may be collected from the Coleambally Community Bank<sup>®</sup> Branch, 1 Brolga Place, Coleambally or the Secretary.
4. Nomination and Consent to Act forms must be lodged with the Secretary by 5:00 pm, 13 November 2008.
5. A list of candidates' names in alphabetical order with the nominators' and seconders' names shall be posted in the registered office for at least seven days immediately preceding the Annual General Meeting.

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. That person need not be a member of the company but should be a natural person over the age of 18 years. Proxy forms will be available once nominations close from the Coleambally Community Bank<sup>®</sup> Branch, 1 Brolga Place, Coleambally or the Secretary and must be lodged at the registered office of the company not less than 48 hours before the timing of the meeting.

**Minutes of Annual General Meeting  
Held at Coleambally Bowling Club 22 November 2007**

- MEETING OPENED:** Mr A Howe opened the meeting at 7.15 pm.
- PRESENT:** Mr C Noack, Mr A Howe, Mrs S Sutherland, Mrs S White, Mrs E Coster, Mrs M Payne, Mr J Payne, Mr K Coster, Mr K Boyle, Mr I Sutherland, Ms K Price, Mrs M Thompson, Mrs J Boyle, Mr R Brain, Mr T Butt and Mr A Hayes.
- APOLOGIES:** Mr J Smith, Mr S Rice, Mr D Brain, Mrs A Brain, Mr J White, Mr D Hill, Mrs N Hill, Mr I Payne, Mr J Hudson and Mr C Smith.
- MINUTES OF PREVIOUS MEETING:** The Minutes of the Meeting of 23 November 2006 had been signed as a true and accurate record.
- MOVED THAT:** The Minutes of the 2006 AGM be accepted as a true and accurate record. A Hayes/M Thompson.
- CHAIRMAN'S REPORT:** Mr A Howe presented his report as attached.
- MOVED THAT:** The Chairman's Report be accepted. K Boyle/K Price.
- MANAGER'S REPORT:** Mr C Noack tabled the Manager's Report.  
Budgeted growth \$4,012,000 Actual \$10,229,792  
Projected Income \$608,925  
Expenses \$530,275 including donations \$105,000  
Profit \$78,650
- MOVED THAT:** The Manager's Report be accepted. C Noack/S White.
- FINANCIAL STATEMENTS:** Mr C Noack tabled the Financial Statements.
- MOVED THAT:** The Financial Statements be accepted. C Noack/J Boyle.

**RETIREMENT AND  
RESIGNATION OF  
DIRECTORS:**

Three Directors resign under standing rules, and being eligible offer themselves for re-election.

Three vacancies consequent upon these resignations are filled without elections being necessary being Mrs S Sutherland, Mr A Hayes and Mr J Smith.

**MOVED THAT:**

The three nominations for the positions of Directors be accepted. S White/R Brain.

**GENERAL BUSINESS:**

Mrs J Boyle thanked Chris, Mary, Kate, Jessica and Simmone for their hard work and continued great effort. Mr R Brain repeated the comments.

Mr J Payne thanked for his efforts in Driver Education Program. A letter from Mrs D Hopwood was read. Mr A Hayes thanked John for his dedication and persistence in getting driver course going.

**BENDIGO BANK REPORT:**

Mr T Butt, Regional Manager read the Bendigo Bank Report.

Mr J Payne asked how many more Community Banks yet to open. Mr T Butt responded with started with 30 per year and wound back to 20 as big banks are not closing branches now. Drought impacting on communities' ability to raise funds.

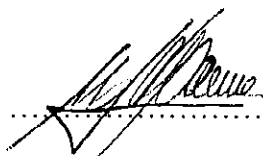
Mr I Sutherland asked how Darlington Point agency progressing. Mr C Noack responded with BBL calculating income to determine how much more banking business is required.

**CLOSURE:**

There being no further business to discuss, the Chairman declared the meeting closed at 7.45 pm.

Signed as a true record

Date 30/10/08

 ..... (Chairperson)

## **Chairman's Report**

It is with great pleasure that I, on behalf of the Board of Directors, am able to present this report, being the tenth, for the Coleambally Community Bank. I am sure that by reading the figures for the year which are recorded in the Treasurer's & Manager's Reports you will be well satisfied that your contributions have enabled our Bank to prosper to such a great extent. This fact is more pleasing when the current drought not only continues but in fact worsens.

It is pleasing that we were able to pay our contributors another 10% dividend on their contributions for the past year and we are looking to pay another 10% for the upcoming year. Combined with this is the fact that we were able to contribute some \$60,000 to various community enterprises that has swollen our overall contributions to approximately \$350,000. Not a bad effort for something that 10 years ago the jury was still out as to how successful the "New Bank" could perform.

As the applications for the latest grants allocation is due to close on 19<sup>th</sup> December, I stress the need for all applications to be completed by this date as late applications will not be considered and will have to reapply for next years' allocation.

The driver education program that was introduced last year has continued this year with many of the districts youth gaining much needed experience in the do's and don'ts of driving. All participants have stated how much they have gained from the program.

As the Bank has continued to prosper the staff numbers have continued to expand as well. Firstly I would like to welcome Tara Pound to the team as well as to welcome Jess back from maternity leave. Along with Chris, Mary, Kate and Simmone I would like to thank and congratulate you for a job well done and look forward to seeing your friendly smiles and professional service in the future.

To the Board of Directors, I would like to say thankyou for your time and efforts in making the operation of the Coleambally Finance Group a smooth and enjoyable process. As all members are volunteers, your approach to ensure that the Bank is operating within the correct policies and procedures is not only time consuming but at times quite demanding.

Last but not least I would like to once again thank you, our contributors and customers for your continued support and look forward to another exciting and profitable year for YOUR Community Bank.

**TONY HOWE**  
Chairman

## Manager's Report

The drought, sorry I mean the dryness continues to bite hard and is impacting on many businesses in the district. Hopefully the worst is behind us and the New Year brings significantly more rain to the area. I know I said this last year and the year before that, but I am hoping for better results this time.

During the year Your Community Bank grew by \$13,653,082 to have banking business totalling \$81,305,507. This was \$9,012,000 more than what we budgeted for. I am extremely pleased with this result and this growth has continued and is on top of growth of \$12,102,000 during the 2006/07 financial year. At the end of September total banking business was just under \$82 million. The source of this new business is a combination of existing customers doing more with us and new customers coming to us from other financial institutions. I am confident that we will see business levels continue to grow, however I doubt that they will be at the levels of the last two years.

This business growth resulted in income increasing by \$143,049 to \$692,094 or 26% on the previous year. At the same time expenses were held to \$593,921. This is an increase of 18% on the previous year or \$90,656. This resulted in a net profit before tax of \$98,173. This is a very good result when compared to last years result of \$45,780 profit.

The current financial year has got off to a good start and at the end of the September quarter we are ahead of profit projections by just over \$13,000. This is despite banking business being just over \$2,250,000 behind budget at the same time.

At last years meeting I told you that we were busy gathering support for an agency or sub branch in Darlington Point. The Murrumbidgee Shire Council has agreed to allow us to operate an agency from their premises in Carrington St Darlington Point. This will enable us to provide a greater level of customer service to the customers that support us from Darlington Point. If you want to support this project and see the profits go back into your town simply transfer your banking to the Community Bank and together we can make a difference.

I would like to thank my staff, Mary Thompson, Simone Hay, Jessica Dunbar and Kate Jones and Tara Heath for their hard work and professionalism, without them these results would not be possible. They are the face of the Bank and their dedication ensures that Coleambally Community Bank<sup>®</sup> has and will continue to be a success. Tara joined the team at the end of June and she is quickly becoming an invaluable part of the team. Kate is having some time off following the birth of Cooper, and will see her back in March 2009.

I would again like to thank the Board of Directors, capably lead by Tony Howe, for their continued support of me and our company.

Finally and probably most importantly, I must again thank our customers for their support and patronage, because without customers supporting us we would not be able to support the community to the extent that we have.

Chris Noack  
Manager



**Coleambally Finance Group Limited**

**ABN 52 086 241 509**

**Directors' Report**

Your Directors submit the financial report of the company for the financial year ended 30 June 2008.

**Directors**

The names and details of the company's directors who held office during or since the end of the financial year are:

AJ Howe  
Chairman  
Electrical appliance repairer

SE Sutherland  
Director  
Farmer

KR Boyle  
Director  
Post Master

JC Smith  
Secretary  
Retired School Teacher

JH Payne  
Director  
Farmer

CN Noack  
Director  
Bank Manager

SE McCamley- White  
Director  
Farmer

RM Brain  
Director  
Farmer

AJ Hayes  
Director  
Farm Manager

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

No Directors have material interests in contracts or proposed contracts with the company.

**Principal activities**

The principal activities of the company during the course of the financial year were in providing community banking services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

**Operating Results**

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was \$66,525 (2007: \$27,369).

**Dividends**

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Directors' Report**

**Significant changes in the state of affairs**

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report.

**Significant events after the balance date**

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

**Likely Developments**

The company will continue its policy of providing banking services to the community.

**Directors' Benefits**

Other than detailed below, no Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest.

The building Coleambally Finance Group Limited conducts its operations from was owned by Mr Kevan Boyle and Mrs Jan Boyle. Mr Boyle is a Director of Coleambally Finance Group Limited. The rental paid during the year to Mr and Mrs Boyle amounted to \$Nil (2007: \$2,325) and was based on normal commercial terms. The company purchased the building during 2007.

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

**Executive Remuneration**

<u>Branch Manager</u>	<u>Primary Benefits Salary &amp; Fees</u> \$	<u>Post Employment Superannuation</u> \$	<u>Total</u> \$
Christopher Noack			
2008	66,691	9,940	76,631
2007	67,301	9,990	77,291

**Indemnification and Insurance of Directors and Officers**

The company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as Directors or Managers of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Directors' Report**

**Directors Meetings**

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

<b>Number of Meetings Held:</b>	11
<b>Number of Meetings Attended:</b>	
CN Noack	11
AJ Howe	8
KR Boyle	7
JH Payne	10
SE Sutherland	9
SE McCamley- White	8
AJ Hayes	7
JC Smith	9
RM Brain	9

**Company Secretary**

John Smith has been the company secretary of Coleambally Finance Group since 15 December 2005. He was head science teacher at Coleambally for 23 years. Now retired.

**Corporate Governance**

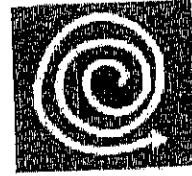
The company has implemented various corporate governance practices, which include:

- (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.

**Auditor Independence Declaration**

The directors received the following declaration from the auditor of the company:

**Richmond Sinnott & Delahunty**  
Chartered Accountants



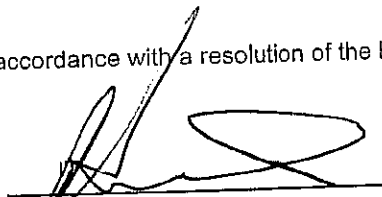
172-176 Melvor Rd  
PO Box 30  
Bendigo, 3552  
Ph. 03 5443 1177  
Fax. 03 5444 4344  
E-mail: [rsd@rsdndvsors.com.au](mailto:rsd@rsdndvsors.com.au)

**Auditor's Independence Declaration**

In relation to our audit of the financial report of Coleambally Finance Group Limited for the financial year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott  
Partner  
Richmond Sinnott & Delahunty  
18 September 2008

Signed in accordance with a resolution of the Board of Directors at Coleambally on 18 September 2008.

  
\_\_\_\_\_  
J.C. Smith - Secretary

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Income Statement**  
**For the year ended 30 June 2008**

	<u>Notes</u>	2008 \$	2007 \$
Revenue from ordinary activities	2	692,094	549,045
Employee benefits expense	3	(221,383)	(204,141)
Depreciation and amortisation expense	3	(22,456)	(15,267)
Finance costs	3	(56,039)	(39,947)
Charitable donations and sponsorship		(136,363)	(90,959)
Administration and other expenses from ordinary activities		<u>(157,680)</u>	<u>(152,951)</u>
<b>Profit before income tax expense</b>		98,173	45,780
Income tax expense	4	<u>31,648</u>	<u>18,411</u>
<b>Profit after income tax expense</b>		<u><u>66,525</u></u>	<u><u>27,369</u></u>

The accompanying notes form part of these financial statements

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Balance Sheet**  
**As at 30 June 2008**

	<u>Notes</u>	<b>2008</b>	<b>2007</b>
		<b>\$</b>	<b>\$</b>
<b>Current Assets</b>			
Cash assets	6	510,764	466,364
Receivables	7	63,576	51,065
Other assets	8	3,151	4,151
<b>Total Current Assets</b>		<u>577,491</u>	<u>521,580</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	242,741	217,161
Investments	10	26,627	-
Intangible assets	11	42,325	47,910
<b>Total Non-Current Assets</b>		<u>311,693</u>	<u>265,071</u>
<b>Total Assets</b>		<u>889,184</u>	<u>786,651</u>
<b>Current Liabilities</b>			
Payables	12	16,071	14,842
Current tax payable	4	11,951	14,607
Interest bearing liabilities	13	330,480	324,799
Provisions	14	54,941	48,437
<b>Total Current Liabilities</b>		<u>413,443</u>	<u>402,685</u>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities	13	106,616	81,366
Restricted funds - pledges	13	333,790	333,790
<b>Total Non-Current Liabilities</b>		<u>440,406</u>	<u>415,156</u>
<b>Total Liabilities</b>		<u>853,849</u>	<u>817,841</u>
<b>Net Assets/(Liabilities)</b>		<u>35,335</u>	<u>(31,190)</u>
<b>Equity</b>			
Retained earnings/(Accumulated losses)	15	35,335	(31,190)
<b>Total Equity</b>		<u>35,335</u>	<u>(31,190)</u>

The accompanying notes form part of these financial statements

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Cash Flow Statement**  
**For the year ended 30 June 2008**

	<u>Notes</u>	2008 \$	2007 \$
<b>Cash Flows From Operating Activities</b>			
Cash receipts in the course of operations		727,801	581,663
Cash payments in the course of operations		(566,679)	(500,494)
Income tax (paid)/refunded		(34,304)	4,632
Interest paid		(56,039)	(39,947)
Interest received		11,768	10,128
<b>Net cash flows from operating activities</b>	16b	<u>82,547</u>	<u>55,982</u>
<b>Cash Flows From Investing Activities</b>			
Payment for investments		(26,627)	-
Payments for property, plant & equipment		(42,451)	(205,487)
<b>Net cash flows used in investing activities</b>		<u>(69,078)</u>	<u>(205,487)</u>
<b>Cash Flows From Financing Activities</b>			
Proceeds from borrowings		33,408	96,114
<b>Net cash flows used in financing activities</b>		<u>33,408</u>	<u>96,114</u>
<b>Net increase/(decrease) in cash held</b>		46,877	(53,391)
Add opening cash brought forward		156,313	209,704
<b>Closing cash carried forward</b>	16a	<u><u>203,190</u></u>	<u><u>156,313</u></u>

The accompanying notes form part of these financial statements

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2008**

	2008	2007
	\$	\$
<b>PLEDGES</b>		
<i>Ordinary Pledges</i>		
Balance at start of year	333,790	333,790
Additional pledges	<u>-</u>	<u>-</u>
<b>Balance at end of year</b>	<u><u>333,790</u></u>	<u><u>333,790</u></u>
 <b>RETAINED EARNINGS/(ACCUMULATED LOSSES)</b>		
Balance at start of year	(31,190)	(58,559)
Profit after income tax expense	66,525	27,369
Dividends paid	<u>-</u>	<u>-</u>
<b>Balance at end of year</b>	<u><u>35,335</u></u>	<u><u>(31,190)</u></u>

The accompanying notes form part of these financial statements



**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**1. Basis of preparation of the Financial Report**

**(a) Basis of accounting**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 18 September 2008.

**(b) Statement of compliance**

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

**(c) Significant accounting policies**

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2007 financial statements.

**Income tax**

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

**Investments**

Investments in listed shares are recorded at cost.

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**1. Basis of preparation of the Financial Report (continued)**

**Property, plant and equipment**

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

<u>Class of Asset</u>	<u>Depreciation Rate</u>
Furniture & Equipment	10 - 30%
Plant & Equipment	10%
Buildings	2.5%
Motor Vehicle	22.5%

**Impairment**

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**Recoverable amount of assets**

At each reporting date, the company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

**Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the cash flow statement on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**1. Basis of preparation of the Financial Report (continued)**

**Employee Benefits**

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

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

**Intangibles**

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 5 - 20% per annum.

**Cash**

Cash on hand and in banks are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

**Comparative Figures**

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

**Revenue**

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

**Receivables and Payables**

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

**Interest Bearing Liabilities**

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

**Provisions**

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

	2008	2007
	\$	\$
<b>2. Revenue from ordinary activities</b>		
Operating activities		
- services commissions	374,535	294,705
- other revenue	<u>300,591</u>	<u>240,312</u>
	<u>675,126</u>	<u>535,017</u>
Non-operating activities:		
- interest received	11,768	10,128
- other revenue	<u>5,200</u>	<u>3,900</u>
	<u>16,968</u>	<u>14,028</u>
	<u>692,094</u>	<u>549,045</u>
<b>3. Expenses</b>		
Employee benefits expense		
- wages and salaries	196,121	187,274
- superannuation costs	<u>25,262</u>	<u>16,867</u>
	<u>221,383</u>	<u>204,141</u>
Depreciation of non-current assets:		
- plant and equipment	6,597	6,611
- buildings	4,137	3,072
- motor vehicles	6,137	-
Amortisation of non-current assets:		
- intangibles	<u>5,585</u>	<u>5,584</u>
	<u>22,456</u>	<u>15,267</u>
Bad debts	-	172
Finance cost:		
- Interest paid	56,039	39,947
<b>4. Income Tax Expense</b>		
The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 30%	29,452	13,734
Add tax effect of:		
- Non-deductible expenses	2,196	4,677
<i>Current income tax expense</i>	<u>31,648</u>	<u>18,411</u>
Income tax expense	<u>31,648</u>	<u>18,411</u>
<b>Tax liabilities</b>		
Current tax payable	<u>11,951</u>	<u>14,607</u>

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**5. Auditors' Remuneration**

Amounts received or due and receivable by Richmond,  
Sinnott & Delahunty for:  
- Audit or review of the financial report of the company

2008	2007
\$	\$
2,700	2,700

**6. Cash Assets**

Cash at bank and on hand

510,764	466,364
---------	---------

**7. Receivables**

Trade debtors

63,576	51,065
--------	--------

**8. Other assets**

Prepayments

3,151	4,151
-------	-------

**9. Property, Plant and Equipment**

*Land - 1 Brolga Place*  
At cost

40,000	40,000
--------	--------

*Buildings*  
At cost  
Less accumulated depreciation

165,487	165,487
(7,209)	(3,072)
158,278	162,415

*Office furniture & equipment*  
At cost  
Less accumulated depreciation

65,767	64,567
(56,467)	(49,921)
9,300	14,646

*Plant and equipment*  
At cost  
Less accumulated depreciation

1,790	1,790
(1,741)	(1,690)
49	100

*Motor Vehicles*  
At cost  
Less accumulated depreciation

41,251	-
(6,137)	-
35,114	-

Total written down amount

242,741	217,161
---------	---------

**Movements in carrying amounts**

*Land - 1 Brolga Place*  
Carrying amount at beginning of year  
Additions  
Carrying amount at end of year

40,000	-
-	40,000
40,000	40,000

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

9. Property, Plant and Equipment (continued)	2008	2007
	\$	\$
<b>Movements in carrying amounts (continued)</b>		
<i>Buildings</i>		
Carrying amount at beginning of year	162,415	-
Additions	-	165,487
Disposals	-	-
Depreciation expense	<u>(4,137)</u>	<u>(3,072)</u>
Carrying amount at end of year	<u><u>158,278</u></u>	<u><u>162,415</u></u>
<i>Office furniture &amp; equipment</i>		
Carrying amount at beginning of year	14,646	21,207
Additions	1,200	-
Disposals	-	-
Depreciation expense	<u>(6,546)</u>	<u>(6,561)</u>
Carrying amount at end of year	<u><u>9,300</u></u>	<u><u>14,646</u></u>
<i>Plant and equipment</i>		
Carrying amount at beginning of year	100	150
Additions	-	-
Disposals	-	-
Depreciation expense	<u>(51)</u>	<u>(50)</u>
Carrying amount at end of year	<u><u>49</u></u>	<u><u>100</u></u>
<i>Motor Vehicles</i>		
Carrying amount at beginning of year	-	-
Additions	41,251	-
Disposals	-	-
Depreciation expense	<u>(6,137)</u>	<u>-</u>
Carrying amount at end of year	<u><u>35,114</u></u>	<u><u>-</u></u>
<b>10. Investments</b>		
Listed shares at cost	<u><u>26,627</u></u>	<u><u>-</u></u>
<b>11. Intangible Assets</b>		
<i>Franchise Fee and Establishment Costs</i>		
At cost	131,700	131,700
Less accumulated amortisation	<u>(89,375)</u>	<u>(83,790)</u>
	<u><u>42,325</u></u>	<u><u>47,910</u></u>
<b>12. Payables</b>		
Trade creditors	9,746	5,794
GST payable	3,356	6,078
Other creditors and accruals	<u>2,969</u>	<u>2,970</u>
	<u><u>16,071</u></u>	<u><u>14,842</u></u>

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

<b>13. Interest Bearing Liabilities</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Chattel mortgage	11,207	-
Less: Unexpired charges	<u>(3,049)</u>	<u>-</u>
	<u>8,158</u>	<u>-</u>
Bank overdraft	307,574	310,051
Bank loan	14,748	14,748
	<u>330,480</u>	<u>324,799</u>
<b>Non Current</b>		
Chattel mortgage	37,358	-
Less: Unexpired charges	<u>(4,915)</u>	<u>-</u>
	<u>32,443</u>	<u>-</u>
Bank loan	74,173	81,366
	<u>106,616</u>	<u>81,366</u>
Restricted funds - pledges	<u>333,790</u>	<u>333,790</u>
<b>14. Provisions</b>		
PAYG withholding	2,892	3,126
Employee benefits	47,125	44,505
Other	4,924	806
	<u>54,941</u>	<u>48,437</u>
Number of employees at year end	<u>5</u>	<u>4</u>
<b>15. Retained Earnings/(Accumulated Losses)</b>		
Balance at the beginning of the financial year	(31,190)	(58,559)
Net profit from ordinary activities after income tax	66,525	27,369
Balance at the end of the financial year	<u>35,335</u>	<u>(31,190)</u>
<b>16. Cash Flow Statement</b>		
<b>(a) Reconciliation of cash</b>		
Cash assets	510,764	466,364
Bank overdraft	<u>(307,574)</u>	<u>(310,051)</u>
	<u>203,190</u>	<u>156,313</u>

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

	2008	2007
	\$	\$
<b>16. Cash Flow Statement (continued)</b>		
<i>(b) Reconciliation of profit after tax to net cash from operating activities</i>		
Profit after income tax	66,525	27,369
Non cash items		
- Depreciation	16,871	9,683
- Amortisation	5,585	5,584
Changes in assets and liabilities		
- (Increase) decrease in receivables and other assets	(11,511)	(3,764)
- (Increase) decrease in tax refund	-	8,436
- Increase (decrease) in payables	1,229	(3,023)
- Increase (decrease) in provisions	6,504	(2,910)
- Increase (decrease) in income tax payable	(2,656)	14,607
Net cashflows from operating activities	82,547	55,982

**17. Director and Related Party Disclosures**

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

CJ Noack  
 AJ Howe  
 KR Boyle  
 JH Payne  
 SE Sutherland  
 SE McCamley- White  
 AJ Hayes  
 JC Smith  
 RM Brain

Apart from the following, no related party transaction occurred during the year:

The building Coleambally Finance Group Limited conducts its operations from was owned by Mr Kevan Boyle and Mrs Jan Boyle. Mr Boyle is a Director of Coleambally Finance Group Limited. The rental paid during the year to Mr and Mrs Boyle amounted to \$Nil (2007: \$2,325) and was based on normal commercial terms. The company purchased the building during 2007 for \$200,000.

**Executive Remuneration**

<u>Branch Manager</u>	<u>Primary</u> <u>Benefits</u> Salary & Fees	<u>Post</u> <u>Employment</u> Superannuation	<u>Total</u>
	\$	\$	\$
Christopher Noack			
2008	66,691	9,940	76,631
2007	67,301	9,990	77,291



**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**18. Subsequent Events**

There have been no events after the end of the financial year that would materially affect the financial statements.

**19. Contingent Liabilities**

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

**20. Segment Reporting**

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Coleambally, NSW.

**21. Corporate Information**

Coleambally Finance Group Ltd is a company limited by guarantee incorporated in Australia.

The registered office and principal place of business is:

1 Broilga Place  
Coleambally NSW 2707

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2008**

**22. Financial risk management**

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is assisted in the area of risk management by an internal audit function.

**(a) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	<u>Carrying Amount</u>	
	<u>2008</u>	<u>2007</u>
	<u>\$</u>	<u>\$</u>
Cash assets	510,764	466,364
Receivables	63,576	51,065
	<u>574,340</u>	<u>517,429</u>

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2007: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd and Elders Rural Bank Ltd.

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Company has an established overdraft facility of \$326,751 with Bendigo and Adelaide Bank Ltd.

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2008**

**22. Financial risk management (continued)**

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	over 1 to 5 years \$	more than 5 years \$
<b>30 June 2008</b>					
Payables	16,071	(16,071)	(16,071)	-	-
Interest bearing liabilities	<u>437,096</u>	<u>(475,352)</u>	<u>(333,529)</u>	<u>(96,350)</u>	<u>(45,473)</u>
	<u>453,167</u>	<u>(491,423)</u>	<u>(349,600)</u>	<u>(96,350)</u>	<u>(45,473)</u>
<b>30 June 2007</b>					
Payables	14,842	(14,842)	(14,842)	-	-
Interest bearing liabilities	<u>406,165</u>	<u>(444,012)</u>	<u>(324,799)</u>	<u>(58,992)</u>	<u>(60,221)</u>
	<u>421,007</u>	<u>(458,854)</u>	<u>(339,641)</u>	<u>(58,992)</u>	<u>(60,221)</u>

**(c) Market risk**

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

**Interest Rate Risk**

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular board meetings.

**Sensitivity analysis**

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	<u>Carrying Amount</u>	
	2008 \$	2007 \$
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	<u>(129,522)</u>	<u>(96,114)</u>
	<u>(129,522)</u>	<u>(96,114)</u>
<b>Variable rate instruments</b>		
Financial assets	183,402	139,002
Financial liabilities	<u>(307,574)</u>	<u>(310,051)</u>
	<u>(124,172)</u>	<u>(171,049)</u>

It should be noted that included in cash assets is an amount of \$327,362 (2007: \$327,362) which is non interest bearing.

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2008**

**22. Financial risk management (continued)**

**(c) Market risk (continued)**

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2007 there was also no impact. As at both dates this assumes all other variables remain constant.

**(d) Net fair values**

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The Company does not have any unrecognised financial instruments at year end.

**(e) Capital management**

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. Capital is represented by total equity as recorded in the Balance Sheet.

There are no externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2008 can be seen in the Income Statement.


There were no changes in the Company's approach to capital management during the year.

**Coleambally Finance Group Limited**  
**ABN 52 086 241 509**  
**Directors' Declaration**

In accordance with a resolution of the directors of Coleambally Finance Group Limited,  
I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



AJ Howe, Chairman

JC Smith - Secretary

Signed at Coleambally on 18 September 2008.

# Richmond Sinnott & Delahunty

Chartered Accountants



18 September 2008

The Directors  
Coleambally Finance Group Limited  
1 Brolga Place  
COLEAMBALLY NSW 2707

Partners:  
Kenneth J Richmond  
Warren J Sinnott  
Phillip P Delahunty  
Brett A Andrews

Dear Directors

We have now completed our audit of the financial report Coleambally Finance Group Limited for year ended 30 June 2008. Subject to the Board of Directors adopting the financial report, we are in a position to issue an unqualified audit opinion on the company's financial report.

## 1. Overview of Audit Approach

Our audit was designed in accordance with Australian Auditing Standards (AUS), which provides for reasonable, rather than absolute, assurance that the financial report is free of material misstatement. The nature and scope of the audit work performed was designed to achieve our primary goal of supporting the audit opinion on the financial report.

## 2. Operations

### 2.1 Income Statement

	30 June 2008	30 June 2007
	\$	\$
Revenue from ordinary activities	692,094	549,045
Employee benefits expense	(221,383)	(204,141)
Depreciation & amortisation expenses	(22,456)	(15,267)
Borrowing cost expense	(56,039)	(39,947)
Charitable donations & sponsorship	(136,363)	(90,959)
Administration and other operating expenses	(157,680)	(152,951)
Profit before income tax	98,173	45,780
Income tax expense	31,648	18,411
Profit after income tax	66,525	27,369

### 2.2 Balance Sheet

	30 June 2008	30 June 2007
	\$	\$
Current assets	577,491	521,580
Non-current assets	311,693	265,071
Total assets	889,184	786,651
Current liabilities	413,443	402,685
Non-current liabilities	440,406	415,156
Total liabilities	853,849	817,841
Equity	35,335	(31,190)

### **3. Auditing/Accounting Issues**

During our audit we noted the following matters that we recommend the directors continue to monitor before future audits are completed.

#### **3.1 On Costs**

As per prior year it was noted during review of employee benefits that on costs were not included in the calculation for the provision of employee benefits. To correctly account for the provision, applicable leave loading, superannuation and workcover should be included in the total provision amount. This amount was immaterial and the financial statements were not adjusted for this.

We recommend that in the future superannuation and workcover be calculated on the annual leave balance before leave loading and added to the provision for employee benefits.

#### **3.2 Franchise Fee Deductibility**

You may be aware that in 2007 Bendigo Bank requested PWC to complete a review of the deductibility of various payments made in relation to establishment and franchise fees paid by Community Banks. We understand this report has been distributed to all Community Banks and recommend this report is reviewed before completion of future taxation returns.

As part of our audit this year we sent a copy of this report to Greg Durham.

### **4. Summary of Audit Differences**

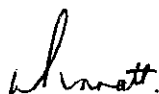
There are no material audit differences that have not been included in the financial report for Coleambally Finance Group Limited.

### **5. Other Matters**

Our work is not primarily directed towards the discovery of weaknesses or the detection of fraud or other irregularities, other than those that would influence us in forming our audit opinion.

Should you have any queries in relation to the above or any other matters please do not hesitate to contact either Stephen Brown or myself.

Yours sincerely



**Warren Sinnott**  
**Partner**  
**Richmond Sinnott & Delahunty**

**Richmond Sinnott & Delahunty**  
Chartered Accountants



Partners:  
Kenneth J Richmond  
Warren J Sinnott  
Philip P Delahunty  
Brett A Andrews

18 September 2008

The Directors  
Coleambally Finance Group Limited  
1 Brolga Place  
COLEAMBALLY NSW 2707

Dear Directors

**Auditor's Independence Declaration**

In relation to our audit of the financial report of Coleambally Finance Group Ltd for the year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

**Warren Sinnott**  
Partner  
Richmond Sinnott & Delahunty



# Richmond Sinnott & Delahunty

Chartered Accountants



**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF  
COLEAMBALLY FINANCE GROUP LIMITED**

Partners:  
Kenneth J Richmond  
Warren J Sinnott  
Philip P Delahunty  
Brett A Andrews

## **SCOPE**

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Coleambally Finance Group Limited, for the year ended 30 June 2008.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

## *Audit approach*

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

**INDEPENDENCE**

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

**AUDIT OPINION**

In our opinion, the financial report of Coleambally Finance Group Limited is in accordance with:

- (a) 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 Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

*Richmond Sinnott & Delahunty*

**RICHMOND SINNOTT & DELAHUNTY**

Chartered Accountants

*W. J. Sinnott*

**W. J. SINNOTT**

Partner

Bendigo

Date: 18 September 2008