

COLERAINE & DISTRICT
FINANCIAL SERVICES LIMITED
ABN 77 102 030 017

2008
ANNUAL
REPORT

Coleraine & District
Community Bank[®] Branch

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Chairman's report 30 June 2008

I am proud to present on behalf of my fellow Directors the sixth Annual report of the Coleraine and District Financial Services Limited to our shareholders and supporters. Our company owns and operates the franchise in partnership with the Bendigo and Adelaide Bank Limited which underpins the operation of the Coleraine and District **Community Bank**[®] Branch.

Company performance

The accompanying financial statements report that we made an operating profit of \$33,772 which means that this is the second consecutive year of profitability since we commenced this business in April 2003. We achieved our business growth target of \$5.4 million and our expenses were approximately \$10,700 below our budget. In essence these figures show that our business is still steadily growing according to forecasts, expenses are under control and we are extremely confident that these healthy trends will continue into the foreseeable future.

Dividend payment to shareholders

Your Board is well aware of the fact that our shareholders have been very patient over the past five years waiting for this community owned business to establish a solid, sustainable foundation. I can assure shareholders that it is clearly the Board's intention to declare its first dividend based on the profit derived from the 2007/08 financial year. We need to analyse the 2007/08 audited financial reports, then double check our budgeted figures for 2008/09, and when this analysis is complete I am confident we can declare our first dividend. The average shareholding in our company is about \$1,300 so this is not a big issue for many.

Sponsorships

Community banking is much more than providing efficient banking services. It also involves being a community leader helping good things happen in our community. Up until now we have handed back to our community relatively small amounts of funds for various local events and advertising deals. As we become more profitable we will be reinvesting much larger amounts back into our community.

The concept is very simple really! The better our **Community Bank**[®] performs, the more funds are ploughed back into the district. So when you understand the concept why wouldn't you bank with us? A list of the sponsorships we entered into during 2007/08 is listed at the end of my report. I should point out that funding for these sponsorship and advertising deals is provided by the Bendigo and Adelaide Bank Limited and obviously does not negatively impact on our profitability.

Chairman's report 30 June 2008 continued

Acknowledgements

As our **Community Bank**[®] business grows each year, the demands we put on our volunteer Board members obviously become greater. I wish to particularly thank our Company Secretary, Alexandra Kelso and our Treasurer, Sandra Adams, for their excellent contribution during the past 12 months. Also I want to thank Grant Little who chairs the Business Development sub-committee, Coralie Coulson who chairs the Publicity and Public Relations sub-committee, Trish Munro who chairs the Governance and Audit sub-committee and finally thank you to Quentin Baudinette who does an outstanding job co-ordinating repairs and improvements to the bank building as well as arranging advertising signs.

To those other Directors I haven't mentioned, thank you for your contribution over the past year. You all have given me tremendous support and I consider it a real honour to work with you on such an important community enterprise.

I also acknowledge the tremendous support given by our Warrnambool based Regional Manager, Gary Attrill, who always finds ways of making things happen.

Staffing

We all know that one of the key ingredients of our stunning success is the quality of our staff. I want to place on record the Board's sincere appreciation to Rosina and her staff for their commitment and dedication to our **Community Bank**[®]. Rosina has created and maintained a tremendous working environment both for staff and their customers and I congratulate the staff on the first rate reputation they have earned for providing excellent customer service. Having a resident manager and staff who actually like dealing with customers is what sets Bendigo Bank apart from the others and with over 2,000 accounts the **Community Bank**[®] model is working just beautifully in Coleraine!

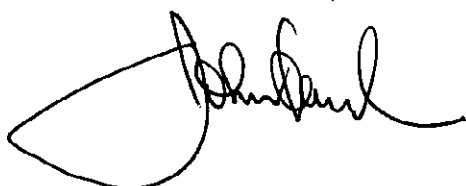
The future

Shareholders and customers have in place excellent staff and a hard working, united Board of Directors who have grown the business to almost \$41 million within five years. Our target is to grow the business to at least \$45 million within the next 12 months. We have consistently achieved our growth targets since inception and this trend should continue. You, as shareholders, own one of the most important businesses in the district which will continue to service our community for future generations. This is at least one crucial service that our community controls; we decide when we open and what services we need, and we decide how we redistribute our

Chairman's report 30 June 2008 continued

profits. As we grow each year and make more profits, we are able to partner with local government and other funding sources to facilitate some bigger projects for our district and that exciting prospect is just around the corner!

We need more ambassadors to spread the message about what makes our branch better than our competitors. Remember, the more profitable our branch becomes the more our community benefits in a variety of ways. So are you able to help in some way by giving us a little more of your business or simply telling a friend about our operation?



John Kane
Chairman

Sponsorships allocated for the year ended 30 June 2008

Coleraine Bowling Club	\$ 150.00
Merino Golf Club	200.00
Emily Parsons	150.00
Coleraine P & A Society	300.00
Coleraine Scout Group Calendar	40.00
Coleraine Bowling Club	150.00
St Joseph's Parents Association	300.00
Coleraine & District Development Assoc.	300.00
Coleraine Primary School Parent Club	300.00
Coburg Cycling Club	500.00
Coleraine Cricket Club	250.00
Coleraine Junior Netball	200.00
Coleraine Golf Club	460.00
TOTAL	<u>\$ 3,300.00</u>

Manager's report 30 June 2007

The fifth Annual Report of the Coleraine & District **Community Bank**[®] Branch of the Bendigo Bank.

The branch is now five years into its operation. We continue to see an increase in banking facilities considering the ever changing climatic conditions of which a rural community depends upon in relation to its livelihood.

This financial year the branch's business portfolio commenced at \$35.5 million and with a growth of \$5.4 million in overall business, a total of \$40.9 million was reached at the close of business on 30 June 2008. An analytical view of our business mix is proportioned with lending at \$13.6 million; deposits at \$21.9 million and other business at \$5.3 million. The branch has increased its efforts to attract more lending, which is evident with the profit margin we are seeing. In effect it has been a solid performance and one which we at the branch are working hard to maintain.

We saw continued growth in our account numbers which exceeded 2000. With competitive rates and a range of products offered by Bendigo Bank, this attracted a variety of new customers. The branch once again, led insurance sales within our region for the 2007-2008 financial year.

Staff changes through the year saw Janelle Tooley in September 2007 and Tamara Nash in May 2008 jointly take maternity leave, whilst Alison Paton transferred to the Darwin Branch of Bendigo Bank in July 2007. New staff members were appointed to fill Branch vacancies with Caroline Bullen of Cavendish and Belinda Rentsch of Henty joining the team. Belinda, soon after being appointed, was promoted to the role of Customer Relationship Officer, a position mainly in the field of lending.

Bendigo Bank offers specialised lending with agribusiness and business banking, and regular visits are made to our branch by these representatives. The branch also has a financial adviser who offers financial advice on taxation, superannuation, shares and retired planning for pensioners etc. to our customers.

Our Community Enterprise partner Telco continues to prosper adding another product to the Bendigo range. Profits generated from this endeavour are directed to the forthcoming operation of a new driver education program to be introduced in Coleraine targeting young drivers.

Manager's report 30 June 2008 continued

As always, the emphasis is on providing great service to our customers, increasing the business, and staying competitive with other financial institutions especially the four major banks. The question we must continually ask ourselves is, "What is it that sets us apart, makes us different? If you understood the concept why wouldn't you bank with us?" At the Bendigo "It Starts with U". Customer service is our priority and giving back to our local community, funding those much needed projects, is truly what makes us different. To do all of this we need your business and support. Continued growth is the lifeline of our branch. As we increase our books, this in turn builds our profits which are then returned to our shareholders and the community via dividends and grants.

In closing, I would like to thank my great team for their hard work, dedication and commitment to our local **Community Bank**[®]. Their efforts and loyalty is beyond reproach. To John and the Board of Directors for their unwavering support and passionate belief in what our local **Community Bank**[®] does and can do for our community. They are a group of fantastic and extremely hardworking volunteers.

Most importantly, thank you to our customers who continually make the Branch the success it is today.



Rosina Te Maipi
Branch Manager
Coleraine & District **Community Bank**[®] Branch

Coleraine & District Financial Services Ltd

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Directors' Report

30 June 2008

Your directors present their report on the company for the financial year ended 30 June 2008.

1. General information

a Directors

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

Names

John Thomas Kane - Farmer

Graeme Joseph Wallis - Retired Local Government Manager

Quentin Arthur Baudinette - Cabinet Maker

Coralie Louise Coulson - Part-time Administrative Assistant

Grant James Little - Farm Manager

Sandra Margaret Adams - Clerical Assistant & Fellow of the
Institute of Company Directors

Leslie Eugene Brighton Baudinette - Retired Automotive Engineer

Geoffery Bruce Cameron - Business Proprietor (retired 13/11/2007)

Peter Joseph Leake - Retired Bank Officer

Lachlan Malcolm McDonald - Rural Merchandiser Proprietor/Farmer

Patricia Ann Munro - Bookkeeper/Farmer

Alexandra Louise Kelso - Farmer

Alan Moss - Human Resource Manager (appointed 18/03/2008)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

b Principal Activities

The principal activities of Coleraine & District Financial Services Ltd during the financial year were in providing community banking services under management rights to operate a franchised branch of Bendigo Bank Limited.

No significant change in the nature of these activities occurred during the year.

2. Business review

a Operating Results

The profit from ordinary activities after providing for income tax amounted to \$ 33,772.

b Dividends paid or declared

There has been no dividends paid or declared since the start of the financial year.

Coleraine & District Financial Services Ltd

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Directors' Report

30 June 2008

3. Other items

a Significant Changes in State of Affairs

No significant changes in Coleraine & District Financial Services Ltd's state of affairs occurred during the financial year.

b After balance day events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of Coleraine & District Financial Services Ltd, the results of those operations or the state of affairs of Coleraine & District Financial Services Ltd in future financial years.

c Auditors Independence Declaration

The lead auditors independence declaration for the year ended 30 June 2008 has been received and can be found following the financial report.

4. Director Information

a Meetings of Directors

During the financial year, 12 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
John Thomas Kane - Farmer	12	12
Graeme Joseph Wallis - Retired Local Government Manager	12	9
Quentin Arthur Baudinette - Cabinet Maker	12	12
Coralie Louise Coulson - Part-time Administrative Assistant	12	8
Grant James Little - Farm Manager	12	-
Sandra Margaret Adams - Clerical Assistant & Fellow of the Institute of Company Directors	12	11
Leslie Eugene Brighton Baudinette - Retired Automotive Engineer	12	11
Geoffery Bruce Cameron - Business Proprietor	5	3
Peter Joseph Leake - Retired Bank Officer	12	9
Lachlan Malcolm McDonald - Rural Merchandiser Proprietor/Farmer	12	7
Patricia Ann Munro - Bookkeeper/Farmer	12	7
Alexandra Louise Kelso - Farmer	12	10
Alan Moss - Human Resource Manager	3	3

Coleraine & District Financial Services Ltd

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Directors' Report

30 June 2008

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

Director:  Director: 

Dated this 6th day of October 2008

Coleraine & District Financial Services Ltd

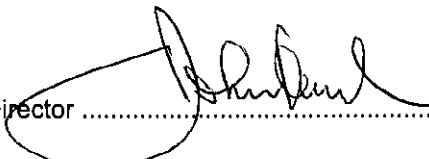
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Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 17, present fairly the company's financial position as at 30 June 2008 and its performance for the year ended on that date in accordance with Accounting Standards and other mandatory professional reporting requirements;
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director 

Director 

Dated 6th October 2008

Coleraine & District Financial Services Ltd

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Income Statement

For the Year Ended 30 June 2008

	Note	2008 \$	2007 \$
Revenue		365,538	318,511
Other income		3,176	1,810
Employee benefits expense		(180,103)	(191,487)
Depreciation, amortisation and impairments		(15,954)	(14,616)
Other expenses		(124,412)	(106,905)
Profit before income tax		48,245	7,313
Income tax expense		(14,473)	2,863
Profit attributable to members		33,772	10,176

Earnings Per Share:

Overall operations:

Basic earnings per share (cents per share)	0.07	0.02
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Coleraine & District Financial Services Ltd

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Balance Sheet

30 June 2008

	Note	2008 \$	2007 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	80,772	97,816
Trade and other receivables	5	39,002	33,688
Total current assets		119,774	131,504
Non-current assets			
Property, plant and equipment	6	68,726	70,965
Deferred tax assets		75,079	89,552
Intangible assets	7	64,503	9,000
Total non-current assets		208,308	169,517
TOTAL ASSETS		328,082	301,021
LIABILITIES			
Current liabilities			
Trade and other payables	8	35,022	39,851
Short-term provisions	9	7,044	8,926
Total current liabilities		42,066	48,777
Non-current liabilities			
TOTAL LIABILITIES		42,066	48,777
NET ASSETS		286,016	252,244
EQUITY			
Issued capital	10	469,472	469,472
Retained earnings		(183,456)	(217,228)
TOTAL EQUITY		286,016	252,244

Coleraine & District Financial Services Ltd

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Statement of Changes in Equity

For the Year Ended 30 June 2008

2008

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2007		469,472	(217,228)	252,244
Profit attributable to members		-	33,772	33,772
Transfers to and from reserves		-	-	-
Sub-total		469,472	(183,456)	286,016
Balance at 30 June 2008		469,472	(183,456)	286,016

2007

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2006		469,472	(227,404)	242,068
Profit attributable to members		-	10,176	10,176
Transfers to and from reserves		-	-	-
Sub-total		469,472	(217,228)	252,244
Balance at 30 June 2007		469,472	(217,228)	252,244

Coleraine & District Financial Services Ltd

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Cash Flow Statement

For the Year Ended 30 June 2008

	Note	2008 \$	2007 \$
Cash from operating activities:			
Receipts from customers		360,370	314,842
Payments to suppliers and employees		(311,372)	(295,036)
Interest received		3,176	1,810
Net cash provided by (used in) operating activities		52,174	21,616
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(69,218)	-
Net cash provided by (used in) investing activities		(69,218)	-
Cash flows from financing activities:			
Other activities:			
Net increase (decreases) in cash held		(17,044)	21,616
Cash at beginning of financial year		97,816	76,200
Cash at end of financial year		80,772	97,816

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2008

1 Statement of Significant Accounting Policies

(a) General information

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

The financial report covers Coleraine & District Financial Services Ltd as an individual entity. Coleraine & District Financial Services Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial report of Coleraine & District Financial Services Ltd complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Basis of Preparation

Reporting Basis and Conventions

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.

(c) Comparative Figures

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

(d) 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.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2008

1 Statement of Significant Accounting Policies continued

(d) Property, Plant and Equipment continued

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

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

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

Class of Fixed Asset

Buildings	2.5%
Plant and Equipment	20%
Computer Equipment	40%

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

(e) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist.

Impairment

At each reporting date, the Group assess 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.

(f) Intangibles

Franchise fees

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2008

1 Statement of Significant Accounting Policies continued

(g) 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.

(h) 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.

(i) Income Tax

The charge for current income tax expense is based on the profit for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

(j) Revenue

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. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of services 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) 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.

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2008

2 Revenue

	2008	2007
	\$	\$
Interest revenue from:		
bank	3,176	1,810
Total interest revenue	3,176	1,810

3 Auditors' Remuneration

	2008	2007
	\$	\$
Remuneration of the auditor of the company for:		
- Auditing or reviewing the financial report	1,700	1,600

4 Cash and Cash Equivalents

	2008	2007
	\$	\$
Cash on hand	31	200
Cash at bank	80,741	97,616
Total	80,772	97,816

Reconciliation of Cash

	Note	2008	2007
		\$	\$
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:			
Cash and cash equivalents		80,772	97,816
Total		80,772	97,816

5 Trade and Other Receivables

	Note	2008	2007
		\$	\$

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2008

5 Trade and Other Receivables continued

CURRENT

Trade receivables	35,258	30,090
	35,258	30,090
Prepayments	3,744	3,597
	39,002	33,687

6 Property Plant and Equipment

	2008	2007
	\$	\$
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	3,526	3,217
Less accumulated depreciation	(3,142)	(2,566)
Total plant and equipment	384	651
Property improvements		
At cost	78,812	78,812
Less accumulated depreciation	(10,470)	(8,498)
Total property improvements	68,342	70,314
Total plant and equipment	68,726	70,965
Total property, plant and equipment	68,726	70,965

(a) Movements in Carrying Amounts

	Plant and Equipment	Improvements	Total
	\$	\$	\$
Balance at the beginning of year	651	70,314	70,965
Additions	309	-	309
Depreciation	(576)	(1,972)	(2,548)
Carrying amount at the end of year	384	68,342	68,726

7 Intangible Assets

	2008	2007
	\$	\$
Licenses and franchises		

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2008

7 Intangible Assets continued

	2008	2007
	\$	\$
Cost	68,909	60,000
Accumulated amortisation and impairment	(4,406)	(51,000)
Net carrying amount	64,503	9,000
Total Intangibles	64,503	9,000

8 Trade and Other Payables

	2008	2007
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	12,332	14,079
GST payable	10,786	8,293
Withholding taxes payable	7,858	9,118
Payroll and superannuation liabilities	4,046	8,361
	35,022	39,851
Total	35,022	39,851

9 Provisions

	Employee entitlements	Total
	\$	\$
Opening balance at 1 July 2007	8,926	8,926
Amounts used	(1,881)	(1,881)
Balance at 30 June 2008	7,045	7,045

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2008

10 Issued Capital

Summary Table

	2008	2007
	\$	\$
- (2007: 469,472) Ordinary	469,472	469,472
Total	469,472	469,472

11 Income Tax Expense

(a) The components of tax expense comprise:

	2008	2007
Note	\$	\$
Current tax	14,473	(2,863)
	14,473	(2,863)

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	2008	2007
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2007: 30%)	14,473	2,194
Add:		
Tax effect of:		
- other non-allowable items	-	(5,057)
-	14,473	(2,863)
Less:		
Tax effect of:		
Income tax attributable to entity	14,473	(2,863)

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2008

12 Tax

(a) Reconciliations

(i) Gross Movements

	Note	2008 \$	2007 \$
The overall movement in the deferred tax account is as follows:			
Opening balance		89,552	86,689
Credited to the income statement		(14,473)	2,863
Closing balance		<u>75,079</u>	<u>89,552</u>

13 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2008 \$	2007 \$
Net income/loss for the period	33,772	10,177
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Amortisation	13,406	12,000
Depreciation	2,548	2,616
changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	(5,168)	(3,671)
(Increase)/decrease in prepayments	(150)	(2,153)
Increase/(decrease) in trade payables and accruals	(4,826)	11,225
Increase/(decrease) in deferred taxes payable	14,473	(2,863)
Increase/(decrease) in provisions	(1,881)	(5,715)
<u>Cashflow from operations</u>	<u>52,174</u>	<u>21,616</u>

Coleraine & District Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2008

14 Company Details

(a) Registered office

The registered office of the company is:
Coleraine & District Financial Services Ltd
59 Whyte Street
Coleraine VIC 3315

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
COLERAINE & DISTRICT FINANCIAL SERVICES LIMITED**

Scope

The financial report and directors' responsibility

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 the year ended 30 June 2008.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed 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 in order to express an opinion to the members of the company. Our audit was 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 judgements, 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*, Accounting Standards 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, changes in equity 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 then reasonableness of significant accounting 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.



COFFEY HUNT

Independence

In conducting the audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit Opinion

In our opinion, the financial report of the Coleraine & District Financial Services 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 their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

COFFEY HUNT
CHARTERED ACCOUNTANTS

C.J. KOL
PARTNER

Dated at Warrnambool: October 2008



COFFEY HUNT

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

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

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

C.J. KOL
PARTNER
COFFEY HUNT

Dated at Warrnambool: October 2008

