Collie & Districts
Community Financial Services Limited
ABN 76 096 536 355

# 2008 annualreport

Collie **Community Bank®** Branch

Bendigo Bank

# Contents

# Chairman's report

## For year ending 30 June 2008

Firstly, I would like to thank our previous two chairmen, Neil Martin and Joe Italiano, for all their hard work over the past seven years which has made my transition from Board member to chair, relatively smooth.

Secondly, I would like to acknowledge the wonderful support we have received from our customers and look forward to their continued support. I would also like to thank our team of dedicated staff for their continual high standard of service. Our Branch Manager, Travis Ellison, has been with us since January. He has settled in nicely and is continuing to grow our business with his professional and positive attitude.

The Board of Directors would like to acknowledge our partner Bendigo Bank for their continued support. For us to be successful we need an extensive range of products and services, plus the support that a great regional bank can bring to the partnership. The Board is very conscious about remaining focused on the three promises that the original steering committee made to the community and shareholders.

1. To provide a premium banking service
2. To return a dividend to shareholders and
3. To provide funding to community groups and projects through grants and sponsorship.

I am proud to say that we have achieved all of the above. In the past year we have achieved considerable growth, some of the main areas were;

- Extending our banking business book to $93.7M
- Profit for the year was $274,287.00
- Customer accounts now exceed 5,000
- Distributed $38,326.00 back into the community.

(In the past 12 months we exceeded the $ 120,000 mark in money that has gone directly back into the community, a terrific milestone.) It is also with much pleasure that I announce a record dividend of 12.5 cents per share to be paid to shareholders in the first week of December.

We all need to consider how we can support our investment; the first way is to bring our banking, financial or insurance business to the Collie and Districts **Community Bank®** Branch. The second is to sell the dream to friends, neighbors and newcomers to our community. A positive word is worth gold and is the best form of advertising.

In closing, I would like to thank my fellow Board members for their commitment, hard work as volunteers, and for the support they have given me. Together we will continue look to grow our **Community Bank®** Branch to be a successful and integral part of our community.

**Ian Shannon**

**Chairman.**

# Manager’s report

## For year ending 30 June 2008

I am pleased to report to the Board, shareholders and customers on another very good years trading at the Collie **Community Bank®** for the financial year ending June 2008.

The branch once again saw strong business growth with the total banking portfolio growing above the $93 million mark. We also achieved a significant milestone with the branch opening its 5000th account this year.

Our local **Community Bank®** branch continues to remain focused on delivering a balanced outcome for our customers, our community and our shareholders which remains evident by the growing level of community based grants and sponsorships over the last 12 months.

As the newest member of the Collie **Community Bank®** team, I wish to thank the following staff members for their contributions; Joanne Sanford, Kristy Woods, Stephanie Clazie, Sharon Del Fante, Brigitte Gillespie, Kelly Martin, Breanna Tonkin and those who have moved on being Mark Bateman (now Regional Manager, Southern WA), Carissa Page, Kristen Harrold and Caitlin Matters.

The first half of 2008 was a real test for all staff, with turnovers resulting in new additions to the team. Everyone has handled the changes in their job roles fantastically and will continue to benefit from increased exposure to different aspects of the banking environment.

As the staff of your **Community Bank®** Branch, we believe that it is our responsibility to ensure that our community and customers understand that we are not merely “just another bank”, and that we will continue to provide the quality, friendly and reliable service for which we are known.

Finally, I wish to thank our loyal customers and shareholders for their continued support, the Board of the Collie **Community Bank®** Branch for their ongoing guidance and commitment, and the staff of your **Community Bank®** for the enthusiastic and hardworking environment they provide.

**Travis Ellison**

**Branch Manager**

# Directors' report

## For year ending 30 June 2008

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

**Directors**

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

**Ian Johnstone Shannon**
Chairman
Self Employed
Business proprietor of Collie Salvage and Hardware Store for the past 9 years.

Interests in shares: 2,500

**Joseph John Italiano**
Non-Executive Director
Company Manager
Currently the WA Regional Manager for Rural Press Limited. Has worked for Collie Mail and associated companies for almost 35 years. Past Secretary of Collie Rotary Club.

Interests in shares: 3,301

**Neil Richard Martin**
Non-Executive Director
Real Estate Agent and Farmer
Associate Diploma in Valuation, Certificate in Real Estate Management. Business proprietor and Rotarian for over 18 years. Past Collie Rotary Club president.

Interests in shares: 6,001

**Ian Houghton Miffling**
Non-Executive Director
Retired
Former Chief Executive Officer of the Shire of Collie, Justice of the Peace, Collie Shire Councillor, Member of Board of Management Riverview Residence Collie and Board Secretary The Coal Miners Welfare Board of WA.

Interests in shares: 4,501

**John Alfred Piavanini**
Non-Executive Director
Company Director/Business Owner
Business proprietor selling new and used earthmover parts as well as rental and farming properties. Collie Shire Councillor, past Member of the Board of Collie Chamber of Commerce and Industry and a Board Member of the Bunbury Wellington Economic Alliance.

Interests in shares: 13,001

**Kenneth William Smallwood**
Non-Executive Director
Retired
Emigrated to WA from Scotland in 1983. Worked for SECWA until 1993. Worked in Singapore for Traliebel as Maintenance Manager of a combined cycle power plant. Returned home to Collie in 2002 and worked for Western Power until 2005.

Interests in shares: 21,600

# Directors' report continued

**Jocelyn Whiteaker**
Non-Executive Director
Home duties
Executive Officer of the Red Cross in the role of Treasurer and Secretary to the present time. Member of the Heritage Group. Lived in Collie for 19 years.

Interests in shares: 200

**Glyn Yates**
Non-Executive Director
Business Owner/Manager
Current Shire Councilor, Past President of the Collie Chamber of Commerce, Past Chairperson Collie River Valley Marketing Group, Member of the Collie Senior High School Council.

Tertiary qualifications in Forestry. Lived in Collie for the past 20 years.

Interests in shares: 5,000

**Roslyn Jennifer Oxley**
Non-Executive Director
Kindergarten Teacher
Past treasurer of Collie Heritage Group, member of the BPW Club, past treasurer of Wellington District Pony Club and past Secretary of Fairview P&C. Also sits on various school committees.
Interests in shares: -

**Company Secretary**

Ian Houghton Miffling

**Directors meetings attended**

During the financial year, 12 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** |
| Neil Richard Martin | 12 | 10 |
| Joseph John Italiano | 12 | 11 |
| Ian Houghton Miffling | 12 | 11 |
| John Alfred Piavanini | 12 | 12 |
| Ian Johnstone Shannon | 12 | 12 |
| Kenneth Willian Smallwood | 12 | 11 |
| Jocelyn Whiteaker | 12 | 6 |
| Glyn Yates | 12 | 12 |
| Roslyn Oxley | 12 | 9 |

# Directors' report continued

**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 $188,029.

**Dividends paid or recommended**

The Company paid or declared for payment dividends of $43,025 during the year. In August 2008 the Company has declared a dividend of $53,782 being at the rate 12.5 cents per share to be paid in December 2008.

**Financial position**

The net assets of the Company at year end were $330,138, 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.

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

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

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

### Performance-based remuneration

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

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

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

**Company performance, shareholder wealth and Executive remuneration**

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

**Key management personnel remuneration policy**

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

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

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

**Performance income as a proportion of total remuneration**

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

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

**Options**

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

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

# Directors' report continued

**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.

# Directors' report continued

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

| | |
|---|---|
| Taxation services: | $7,000 |

**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 25th day of September 2008

# Auditor's Independence Declaration

**RSM! Bird Cameron Partners**
Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

**AUDITOR'S INDEPENDENCE DECLARATION**

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

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

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

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall

D J WALL
Partner

Perth, WA
Dated: 26 September 2008

# Financial statements

## Income statement
## For year ending 30 June 2008

| | Note | 2008 $ | 2007 $ |
|---|---|---|---|
| **Revenue** | **2** | **927,389** | **811,423** |
| | | | |
| Employee benefits expense | | (425,031) | (401,305) |
| Depreciation and amortisation expense | | (23,303) | (31,670) |
| Finance costs | | (954) | (1,649) |
| Other expenses | 3 | (203,791) | (241,526) |
| | | | |
| **Profit before income tax** | | **274,310** | **135,273** |
| | | | |
| Income tax expense | 4 | (86,281) | (42,516) |
| | | | |
| **Profit attributable to members** | | **188,029** | **92,757** |
| | | | |
| **Overall operations** | | | |
| Basic profit per share (cents per share) | | 43.7 | 21.6 |
| Diluted profit per share (cents per share) | | 43.7 | 21.6 |

The accompanying notes form part of these financial statements.

# Balance sheet
## As at 30 June 2008

| | Note | 2008 $ | 2007 $ |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 5 | 278,013 | 94,488 |
| Trade and other receivables | 6 | 89,413 | 79,547 |
| Other current assets | 7 | 11,534 | 5,908 |
| **Total current assets** | | **378,960** | **179,943** |
| **Non-current assets** | | | |
| Property, plant and equipment | 8 | 67,004 | 40,747 |
| Intangible assets | 9 | 35,480 | 45,480 |
| Deferred tax asset | 22 | 6,979 | 52,364 |
| **Total non-current assets** | | **109,463** | **138,591** |
| **Total assets** | | **488,423** | **318,534** |
| **Current liabilities** | | | |
| Trade and other payables | 10 | 55,217 | 74,421 |
| Financial liability | 11 | 6,208 | 5,060 |
| Short-term provisions | 12 | 23,265 | 38,654 |
| Current tax liability | 22 | 40,896 | - |
| **Total current liabilities** | | **125,586** | **118,135** |
| **Non-current liabilities** | | | |
| Financial liability | 11 | 32,699 | 15,266 |
| **Total non-current liabilities** | | **32,699** | **15,266** |
| **Total liabilities** | | **158,285** | **133,401** |
| **Net assets** | | **330,138** | **185,133** |
| **Equity** | | | |
| Issued capital | 13 | 430,259 | 430,259 |
| Accumulated losses | | (100,121) | (245,126) |
| **Total equity** | | **330,138** | **185,133** |

The accompanying notes form part of these financial statements.

## Statement of changes in equity
## As at 30 June 2008

| | Share Capital (Ordinary shares) | Accumulated losses $ | Total $ |
|---|---|---|---|
| **Balance at 1 july 2006** | **430,259** | **(320,673)** | **109,586** |
| Profit attributable to the members of the Company | - | 92,757 | 92,757 |
| Dividends paid or provided | - | (17,210) | (17,210) |
| **Balance at 30 june 2007** | **430,259** | **(245,126)** | **185,133** |
| | | | |
| **Balance at 1 july 2007** | **430,259** | **(245,126)** | **185,133** |
| Profit attributable to the members of the Company | - | 188,029 | 188,029 |
| Dividends paid or provided | - | (43,024) | (43,024) |
| **Balance at 30 june 2008** | **430,259** | **(100,121)** | **330,138** |

The accompanying notes form part of these financial statements.

## Cash flow statement
## As at 30 June 2008

| | Note | 2008 $ | 2007 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 917,446 | 800,831 |
| Payments to suppliers and employees | | (669,041) | (617,212) |
| Interest received | | 77 | 33 |
| Borrowing costs paid | | (954) | (1,649) |
| **Net cash provided by operating activities** | 14(a) | 247,528 | 182,003 |
| **Cash flows from investing activities** | | | |
| Payments for plant and equipment | | (49,675) | (15,120) |
| Proceeds from plant and equipment | | 10,496 | - |
| Payments for franchise fee | | - | (50,000) |
| **Net cash used in investing activities** | | (39,179) | (65,120) |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | | (20,790) | (16,760) |
| Proceeds from borrowings | | 38,990 | - |
| Dividends paid | | (43,024) | (34,420) |
| Net cash used in financing activities | | (24,824) | (51,180) |
| Net increase in cash held | | 183,525 | 65,703 |
| Cash held at the beginning of the financial year | | 94,488 | 28,785 |
| **Cash held at the end of the financial year** | **5** | **278,013** | **94,488** |

The accompanying notes form part of these financial statements.

# Notes to the financial statements

## For year ending 30 June 2008

## Note 1. Statement of significant accounting policies

**(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.

**(b) Property, plant and equipment**

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

**Plant and equipment**

Plant and equipment are measured on the cost basis.

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

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

**Depreciation**

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

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

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

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

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.

## Note 1. Statement of significant accounting policies (continued)

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

**(d) Financial instruments**

**Recognition and initial measurement**

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

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

**Derecognition**

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

**Classification and subsequent measurement**

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

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

*ii. Loans and receivables*

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

*iii. Held-to-maturity investments*

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

*iv. Available-for-sale financial assets*

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

*v. Financial Liabilities*

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

**Derivative instruments**

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

The Company does not hold any derivative instruments.

**Fair value**

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

**Impairment**

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

# Notes to the financial statements continued

## Note 1. Statement of significant accounting policies (continued)

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

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

**(f) Intangibles**

**Franchise fee**

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

**(g) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**(h) Provisions**

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

**(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 $35,480.

### (o) Authorisation for financial report

The financial report was authorised for issue on 26 September 2008 by the Board of Directors.

# Notes to the financial statements continued

| | 2008 $ | 2007 $ |
|---|---|---|

## Note 2. Revenue

| | 2008 $ | 2007 $ |
|---|---|---|
| Franchise margin income | 922,599 | 811,390 |
| Interest revenue | 77 | 33 |
| Other revenue | 4,713 | - |
| | **927,389** | **811,423** |

## Note 3. Expenses

| | 2008 $ | 2007 $ |
|---|---|---|
| Advertising and marketing | 6,869 | 15,793 |
| ATM leasing and running costs | 11,714 | 10,198 |
| Bad debts | 420 | 1,132 |
| Community sponsorship and donations | 32,172 | 27,645 |
| Freight and postage | 7,641 | 7,530 |
| Insurance | 15,070 | 15,256 |
| IT leasing and running costs | 29,285 | 28,353 |
| Printing and stationary | 14,426 | 16,571 |
| Rental on operating lease | 23,104 | 23,324 |
| Repairs and maintenance | 2,158 | 2,758 |
| Security | 5,125 | 13,793 |
| Other operating expenses | 55,807 | 79,173 |
| | **203,791** | **241,526** |
| | | |
| Remuneration of the Auditors of the Company | | |
| Audit services | 5,850 | 4,840 |
| Other Services | 7,000 | 3,100 |
| | **12,850** | **7,940** |

# Notes to the financial statements continued

| | 2008<br>$ | 2007<br>$ |
|---|---|---|

## Note 4. Income tax expense

a. The components of tax expense comprise:

| | | |
|---|---|---|
| Current tax | 40,896 | - |
| Deferred tax (Note 22) | (539) | 1,754 |
| Recoupment of prior year tax losses | 45,924 | 40,762 |
| | **86,281** | **42,516** |

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%) | 82,293 | 40,582 |
| Add: | | |
| Tax effect of: | | |
| - non-deductible depreciation and amortisation | 6,961 | 2,606 |
| - other non-allowable items | 988 | - |
| Less: | | |
| Tax effect of: | | |
| - other allowable items | (3,961) | (672) |
| Income tax attributable to the Company | **86,281** | **42,516** |

At balance date, the Company had tax losses of nil (2007: $153,080) which are available to offset future years' taxable income.

The future income tax benefit of these tax losses is nil (2007: $45,924). 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:

a. 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;

b. the Company continues to comply with the conditions for deductibility imposed by the law; and

c. no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

| | 2008 $ | 2007 $ |
|---|---|---|

## Note 5. Cash and cash equivalents

| | | |
|---|---|---|
| Cash at bank and in hand | **278,013** | **94,488** |

## Note 6. Trade and other receivables

| | | |
|---|---|---|
| Trade debtors | **89,413** | **79,547** |

## Note 7. Other assets

| | | |
|---|---|---|
| Current | | |
| Prepayments | **11,534** | **5,908** |

## Note 8. Property, plant and equipment

| | | |
|---|---|---|
| Plant and Equipment | | |
| Cost | 232,690 | 213,410 |
| Accumulated depreciation | (165,686) | (172,663) |
| | **67,004** | **40,747** |
| Movement in carrying amount | | |
| Balance at the beginning of the year | 40,747 | 41,386 |
| Additions | 49,675 | 22,344 |
| Disposals | (10,215) | - |
| Depreciation expense | (13,203) | (22,983) |
| Carrying amount at the end of the year | **67,004** | **40,747** |

## Note 9. Intangible assets

| | | |
|---|---|---|
| Franchise fee | | |
| Cost | 100,000 | 100,000 |
| Accumulated amortisation | (64,520) | (54,520) |
| | **35,480** | **45,480** |

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.

# Notes to the financial statements continued

| | 2008 $ | 2007 $ |
|---|---|---|

## Note 10. Trade and other payables

| | 2008 $ | 2007 $ |
|---|---|---|
| Trade creditors and accruals | 31,686 | 53,899 |
| GST payable | 23,531 | 20,522 |
| | **55,217** | **74,421** |

## Note 11. Financial liabilities

| | 2008 $ | 2007 $ |
|---|---|---|
| Current | | |
| Chattel mortgage | 5,828 | 4,830 |
| Mortgage loan | 380 | 230 |
| | **6,208** | **5,060** |
| | | |
| Non current | | |
| Chattel mortgage | - | 15,266 |
| Mortgage loan | 32,699 | - |
| | | |
| | **32,699** | **15,266** |

**Security:**

The mortgage loan and chattel mortgages are secured by a floating charge over the Company's assets.

## Note 12. Provisions

| | 2008 $ | 2007 $ |
|---|---|---|
| Current | | |
| Provision for employee entitlements | 23,265 | 21,468 |
| Provision for community sponsorship | - | 17,186 |
| | **23,265** | **38,654** |
| Number of employees at year end | **10** | **9** |

## Note 13. Equity

| | 2008 $ | 2007 $ |
|---|---|---|
| 430,259 (2007: 430,259) fully paid ordinary shares | 430,259 | 430,259 |

| | 2008 $ | 2007 $ |
|---|---|---|

## Note 14. Cash flow information

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

| | 2008 $ | 2007 $ |
|---|---|---|
| Profit after tax | 188,029 | 92,757 |
| Depreciation and amortisation | 23,303 | 31,670 |
| Movement in assets and liabilities | | |
| Receivables | (9,866) | (10,559) |
| Other assets | (5,626) | (1,280) |
| Deferred tax asset | 45,385 | 42,516 |
| Payables | (19,204) | 15,560 |
| Provisions | (15,389) | 11,339 |
| Current tax liability | 40,896 | - |
| | | |
| Net cash provided by/(used in) operating Activities | **247,528** | **182,003** |

**b. Credit Standby Arrangement and Loan Facilities**

*The Company does not operate a bank overdraft facility at present.*

## Note 15. Related party transactions

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

## Note 16. Leasing commitments

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

Payable

| | 2008 $ | 2007 $ |
|---|---|---|
| Not longer than 1 year | 21,960 | 21,960 |
| Longer than 1 year but not longer than 5 years | 69,540 | 69,540 |
| | **91,500** | **91,500** |

| | 2008 $ | 2007 $ |
|---|---|---|

## Note 17. Dividends

(i) Distributions paid

| | | |
|---|---|---|
| Unfranked dividend paid on 7 December 2007 of 10c (2007: 8) cents per share franked at the tax rate of 0% (2007: 0%). | 43,024 | 34,420 |

## Note 18. Financial instruments

**a. Financial risk management**

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

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

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

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

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

**b. Financial risk exposures and management**

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

*i. Interest rate risk*

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

*ii. Foreign currency risk*

The Company is not exposed to fluctuations in foreign currencies.

*Iii. Liquidity risk*

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

*iv. Credit risk*

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

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

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

## Note 18. Financial instruments (continued)

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

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

- only banks and financial institutions with an 'A' rating are utilised;
- 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** |
| *Financial Assets* | | | | | | |
| Cash and cash equivalents | 0.05% | 278,013 | - | - | - | 278,013 |
| Loans and receivables | | - | - | - | 89,413 | 89,413 |
| **Total Financial Assets** | | **278,013** | **-** | **-** | **89,413** | **367,426** |
| *Financial Liability* | | | | | | |
| Bank loan secured | 8.25% | 38,907 | - | - | - | 38,907 |
| Trade and other payables | | - | - | - | 55,217 | 55,217 |
| **Total Financial Liabilities** | | **38,907** | **-** | **-** | **55,217** | **94,124** |

## Note 18. Financial instruments (continued)

| 2007 | Variable | | Fixed | | | |
|---|---|---|---|---|---|---|
| | Weighted Average Effective Interest Rate | Floating Interest Rate | Within 1 Year | Within 1 to 5 Years | Non Interest Bearing | Total |
| *Financial Assets* | | | | | | |
| Cash and cash equivalents | 0.05% | 91,934 | - | - | 2,554 | 94,488 |
| Loans and receivables | | - | - | - | 79,547 | 79,547 |
| **Total Financial Assets** | | **91,934** | **-** | **-** | **82,101** | **174,035** |
| | | | | | | |
| *Financial Liability* | | | | | | |
| Bank loan secured | 8.25% | 20,326 | - | - | - | 20,326 |
| Trade and other payables | | - | - | - | 74,421 | 74,421 |
| **Total Financial Liabilities** | | **20,326** | **-** | **-** | **74,421** | **94,747** |

| | 2008 $ | 2007 $ |
|---|---|---|
| Trade and sundry payables are expected to be paid as followed: | | |
| Less than 6 months | 55,217 | 74,421 |

**d. Net fair values**

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

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

Fair values are materially in line with carrying values.

**e. Sensitivity analysis**

*i. Interest Rate Risk*

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

## Note 18. Financial instruments (continued)

*ii.* *Interest Rate Sensitivity Analysis*

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

| **2008** | | **-2 %** | | **+ 2%** | |
|---|---|---|---|---|---|
| | **Carrying Amount $** | **Profit $** | **Equity $** | **Profit $** | **Equity $** |
| *Financial Assets* | | | | | |
| Cash and cash equivalents | 278,013 | (5,560) | (5,560) | 5,560 | 5,560 |
| *Financial Liability* | | | | | |
| Bank overdraft secured | 38,907 | 778 | 778 | (778) | (778) |

| **2007** | | **-2 %** | | **+ 2%** | |
|---|---|---|---|---|---|
| | **Carrying Amount $** | **Profit $** | **Equity $** | **Profit $** | **Equity $** |
| *Financial Assets* | | | | | |
| Cash and cash equivalents | 91,934 | (1,839) | (1,839) | 1,839 | 1,839 |
| *Financial Liability* | | | | | |
| Bank overdraft secured | 20,326 | 407 | 407 | (407) | (407) |

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

## Note 19. Segment reporting

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

## Note 20. Events after the balance sheet date

No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

## Note 21. Contingent liabilities and contingent assets

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

# Notes to the financial statements continued

| | 2008<br>$ | 2007<br>$ |
|---|---|---|

## Note 22. Tax

**a. Liability**

| | | |
|---|---|---|
| **Current** | | |
| Income tax | **40,896** | **-** |

**b. Assets**

| | | |
|---|---|---|
| **Deferred tax assets comprise:** | | |
| Provisions | 6,979 | 6,440 |
| Other | - | 45,924 |
| | **6.979** | **52,364** |

**c. Reconciliations**

**i. Gross movements**

| | | |
|---|---|---|
| The overall movement in the deferred tax account is as follows: | | |
| Opening balance | 52,364 | 94,880 |
| Charge/(credit) to income statement | (45,385) | (42,516) |
| Closing balance | **6,979** | **52,364** |

**ii. Deferred tax assets**

| | | |
|---|---|---|
| The movement in deferred tax assets for each temporary difference during the year is as follows: | | |
| *Provisions* | | |
| Opening balance | 6,440 | 8,194 |
| Credited to the income statement | 539 | (1,754) |
| Closing balance | **6,979** | 6,440 |
| *Other* | | |
| Opening balance | 45,924 | 86,686 |
| Credited to the income statement | (45,924) | (40,762) |
| Closing balance | **-** | **45,924** |

## Note 23. Key management personnel compensation

**a. Names and positions**

| *Name* | *Position* |
| --- | --- |
| Ian Shannon | Chairman |
| Neil Martin | Non-Executive Director |
| Joseph Italiano | Non-Executive Director |
| Ian Miffling | Non-Executive Director |
| John Piavanini | Non-Executive Director |
| Kenneth Smallwood | Non-Executive Director |
| Jocelyn Whiteaker | Non-Executive Director |
| Glyn Yates | Non-Executive Director |
| Roslyn Oxley | Non-Executive Director |

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

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

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

**c. Option holdings**

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

**d. Shareholdings**

Number of ordinary shares held by key management personnel

**2008 Ordinary Shares**

| Directors | Balance at beginning of period | Purchased during the period | Other changes | Balance at end of period |
| --- | --- | --- | --- | --- |
| Neil Martin | 6,001 | - | - | 6,001 |
| Joseph Italiano | 3,301 | - | - | 3,301 |
| Ian Miffling | 4,501 | - | - | 4,501 |
| John Piavanini | 13,001 | - | - | 13,001 |
| Ian Shannon | 12,500 | - | (10,000) | 2,500 |
| Kenneth Smallwood | 21,600 | - | - | 21,600 |
| Jocelyn Whiteaker | 200 | - | - | 200 |
| Glyn Yates | 5,000 | - | - | 5,000 |
| Roslyn Oxley | - | - | - | - |
| | **66,104** | **-** | **(10,000)** | **56,104** |

# Notes to the financial statements continued

## Note 24. Changes in accounting policy

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

| AASB Amendment | Standards Affected | | Outline of Amendment | Application Date of Standard | Application Date for Group |
|---|---|---|---|---|---|
| AASB 2007–3 Amendments to Australian Accounting Standards | AASB 5 | Non-current Assets Held for Sale and Discontinued Operations | The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report | 1.1.2009 | 1.7.2009 |
| | AASB 6 | Exploration for and Evaluation of Mineral | | | |
| | AASB 102 | Inventories | | | |
| | AASB 107 | Cash Flow Statements | | | |
| | AASB 119 | Employee Benefits | | | |
| | AASB 127 | Consolidated and Separate Financial Statements | | | |
| | AASB 134 | Interim Financial Reporting | | | |
| | AASB 136 | Impairment of Assets | | | |
| | AASB 1023 | General Insurance Contracts | | | |
| | AASB 1038 | Life Insurance Contracts | | | |
| AASB 8 Operating Segments | AASB 114 | Segment Reporting | As above | 1.1.2009 | 1.7.2009 |
| AASB 2007–6 Amendments to Australian Accounting Standards | AASB 1 | First time adoption of AIFRS | The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as they already capitalise borrowing costs related to qualifying assets. | 1.1.2009 | 1.7.2009 |
| | AASB 101 | Presentation of Financial Statements | | | |
| | AASB 107 | Cash Flow Statements | | | |
| | AASB 111 | Construction Contracts | | | |
| | AASB 116 | Property, Plant and Equipment | | | |
| | AASB 138 | Intangible Assets | | | |
| AASB 123 Borrowing Costs | AASB 123 | Borrowing Costs | As above | 1.1.2009 | 1.7.2009 |
| AASB 2007–8 Amendments to Australian Accounting Standards | AASB 101 | Presentation of Financial Statements | | | |
| | The revised AASB 101: | 1.1.2009 | 1.7.2009 | | |
| AASB 101 | AASB 101 | Presentation of Financial Statements | As above | 1.1.2009 | 1.7.2009 |

# Notes to the financial statements continued

## Note 25. Company details

The registered office and principal place of business of the Company is:

70 Forrest Street

Collie WA 6225

# 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 25th day of September 2008

# Independent Auditor’s report

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF

COLLIE & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

**Report on the financial report**

We have audited the acCompanying financial report of Collie & Districts Community Financial Services Limited (“the Company”), which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the period 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 2, the Directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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.

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.

# Independent Auditor's report continued

*Auditor's Opinion on the Financial Report*

a. the financial report of Collie & Districts Community Financial Services Limited is in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and

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

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

**Report on the remuneration report**

We have audited the Remuneration Report included in the Directors' report for the financial period 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 Collie & Districts Community Financial Services Limited for the financial period ended 30 June 2008 complies with section 300A of the Corporations Act 2001

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J WALL
Partner

Perth, WA
Dated: 26 September 2008

Collie **Community Bank®** Branch
70 Forrest Street, Collie WA 6225
Phone: (08) 9734 7411 Fax: (08) 9734 7511

Franchisee: Collie & Districts Community Financial Services Ltd
70 Forrest Street, Collie WA 6225
ABN 76 096 536 355

www.bendigobank.com.au/collie
Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (KKQAR8003) (08/08)