

2008 annual report



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Chairman's report

For year ending 30 June 2008

It is with great pleasure I am able to report that our business has provided a strong financial return for the year ended 30 June 2008.

With the joint banks, Anglesea & District and Winchelsea & District enjoying \$110m in banking business, we achieved a result very close to our budgeted target in challenging times.

As a result of our business activities we have achieved a 2007/2008 net profit of \$69,456 after tax provisioning. This is following contributions in excess of \$160,000 back into the Community and to the Community Enterprise™ Foundation for a future Community Grants program. The Board has adopted a resolution that a 4 cent unfranked dividend be declared in respect of shares held as at 9 November 2008.

The Agreement provided an initial term of 5 years with options for a further two, five-year terms.

The Board is currently renegotiating the renewal of the Franchise Agreement and has in principle agreed to an amended Franchise Agreement of a further 15 years i.e. 5 x 5 x 5 years.

To support its renewal, the Board has been developing a Business Plan for the next 5 – 10 years.

The Company also exercised its option for a further 5 years of the lease of the premises at Main Street, Winchelsea which coincides with the renewal of the Franchise Agreement.

During this process, the opportunity arose to purchase the freehold of the premises and the Board moved quickly to secure the purchase of the premises. As this report is being prepared the sale process is underway and by the time of printing this report the Company will probably own Main Street, Winchelsea.

Additionally the Board has entered into a conditional Contract of Sale for the purchase of land at Moriac, subject to appropriate planning permits. We have in principle agreement with Hesse Health to provide medical services and lease the premises for the provision of such services.

The Moriac premises will also provide our Company with an opportunity to provide financial services to Moriac and serve as a "Head Office" for our executive and Board.

Over the past 1 – 2 years we have been developing partnerships in our local community and this policy will see our Company playing a pivotal role in community development i.e. the state of the art "Dementia Wing" at Hesse Rural Health, the provision for family services in Winchelsea and the 6 star energy rated development for Anglesea CFA.

Consistent with our duty to our shareholders, the Board is of the opinion that such community partnerships can provide great benefit to our communities and also strengthen our business and profitability.

Our Company provides great support to local clubs, organisations and groups in direct financial grants and is providing important leadership and support in developing policies and proposals to obtain assistance from local, state and federal governments.

Chairman's report continued

The Board is considering as part of its Business Plan increasing services to Deans Marsh, Moriac, Lorne and Birregurra, in addition to the installation of ATMs at both Aireys Inlet and Birregurra.

The strength and success of the business is due to the dedication and efforts of the team led by Jeremy Morris and very ably supported by Shane Madden and Carlin Veale.

All our staff members are both loyal and committed to serving our customers and proudly wear the badge of Anglesea/Winchelsea **Community Bank**[®] branches.

On behalf of you, the shareholders, I would express your thanks for their great efforts, coupled with the Board of Directors who voluntarily give of their time and talents to run our business.

The Board also appreciates the support it has received from our communities to allow this fledgling Company to grow and thus facilitate its ability to contribute to our communities.

My personal thanks to my fellow Directors for their support in performing this role and to our Executive Officer, Judy Munro, ensuring the efficient running of the business.

We also appreciate the advice and support we receive from Bendigo Bank and especially Pat Murnane, our Regional Manager, and his team in the operation of our Company.



John Tebbutt
Chairman

Manager's report

For year ending 30 June 2008

The 2007/2008 financial year was a challenging one for our **Community Bank**[®] branches with the banking industry getting a battering with headlines that tended to worsen throughout the year. The Australian banking industry's exposure to foreign markets became evident following the US credit crisis resulting in bank stocks plummeting. In addition, the Reserve Bank raising interest rates in an effort to curve inflation and a share market downward slide caused further uncertainty within the community at large.

Whilst the Anglesea and Winchelsea **Community Bank**[®] branches have no exposure to this market and neither control nor have influence upon these factors, the effects are felt at our level. We saw a large amount of debt clearance and reduction as a percentage of consumers reduced their exposure to the higher interest rates by offloading investment assets. This was most prominent at Winchelsea where the actual lending growth rate was \$1m for every \$5m approved.

When we set the growth targets for the 2007/2008 year we had no knowledge or foresight of the conditions we were about to face and I'm pleased to advise that we were still able to achieve our overall budget. Both Anglesea and Winchelsea branches showed strong growth in customer numbers with our combined footings totalling \$110m. We also saw an increase in the number of products per customer showing that our customers are doing more business with us. We are experiencing a wider usage of our non-core products and services such as Financial Planning, Insurance and even Community Telco as the community gains a greater knowledge of our product solutions and community contributions.

Our staff are very passionate about our business and community and actively convey the benefits of the **Community Bank**[®] concept. Our Anglesea Branch Manager, Shane Madden and his team have recently re-introduced a school banking program to the Anglesea Primary School to assist with educating parents and children in the importance of banking. The volume of time and effort that Shane and his team have put into the local community to create a greater awareness of our cause never ceases to amaze me; from the Meals on Wheels delivery roster through to community activities in the evenings and on weekends. The business that is being generated out of this Community is a direct result of the staff efforts.

We have formally appointed Carlin Veale as our Winchelsea **Community Bank**[®] Branch Manager following 18 months in a Lending Officer position. Carlin is a good fit into the existing Winchelsea team and it's a great opportunity for him to further develop his leadership skills, making him a valuable asset to our business. This has given me a greater opportunity to be more actively involved with business planning and community development and the associated projects whilst still overseeing the operation of both branches.

We are looking to deepen our community relationships outside of the immediate area where our branches are located. A business plan is currently being prepared and will be made public which has a particular business development focus upon the smaller towns from which we have already drawn some business activity. We hope to increase the **Community Bank**[®] branch awareness and likewise our business which may also result in additional banking services such as already demonstrated within Airey's Inlet and Birregurra with the installation of offsite ATM's.

Manager's report continued

We have set ourselves similar growth targets to that of last financial year and have done so with the knowledge of a challenging financial market. However, we believe that our growing reputation as a community leader and provider is going to offset the financial climate and new and existing customers will seek our services for their financial solutions and assist with their Community's sustainability.

I would like to extend my appreciation to the Bendigo Bank and in particular the Geelong Regional Office, our customers and community supporters, our staff and the Board and its Officers, all whom are pivotal in the ongoing success of our business.

A handwritten signature in black ink, appearing to read 'J. Morris', enclosed within a circular scribble.

Jeremy Morris
Senior 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 of the Directors in office at any time during, or since the end of the financial year:

Robert John Earl

Stanley Lloyd Gosling AM KSJ

John McKenzie Knuckey

James Thomas Lidgerwood

Jeannette Mathison

Kenneth Ian McDonald

John Hubert Tebbutt

Michael Fredrick Stuart Hancock

Russell Raymond Hattwell

Lachlan James Morgan Wilson

Michael Cole McConnell

Principal activities

The principal activities of the Company during the year related to the development of the community branch with the support of the Bendigo Bank Limited. No significant change in the nature of these activities occurred during the year.

Operating results

The net profit of the Company after providing for income tax was \$69,456 (2007 - \$53,211).

Dividends

There were dividends paid during the year amounting to \$42,636.

Review of operations

The Company began operation in November 2003 and has grown steadily with assets under management now exceeding expectations.

Matters subsequent to the end of the financial year

Although since the conclusion of the financial year we have maintained our trading position, no individual business or Company can expect to be immune from the volatility of the global financial markets.

As a Company providing financial services and products on behalf of the Bendigo and Adelaide Bank Group we have been informed by it "that we are a domestic bank that concentrates on servicing communities in around Australia. We have no exposure to US sub-prime loans, nor to other major organizations that have

Directors' report continued

experienced difficulties in the changed international environment. We have a very strong balance sheet and continue to apply conservative underwriting standards to all lending.”

Whilst there may be some impact upon the operations of the Company, what the effect will be we are unable to say.

Future developments

The Board is developing a 5 Year Business Plan supporting the next phase of our Franchise Agreement renewal and the Directors are of the opinion despite the current instability in global markets, we have a number of opportunities to enhance and grow the business.

Environmental regulations

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a State or Territory.

Directors and Auditors indemnification

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

Share options

No options to shares in the Company have been granted during the financial year and there were no options outstanding at the date of this report.

Legal proceedings

No person has applied for the 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.

Information on Directors

The Directors responsible in office at the date of this report together with their qualifications, experience and special responsibilities are:

Name	Kenneth Ian McDonald
Occupation:	Agricultural adviser - crop production and grain marketing.
Background information:	Self-employed business owner, Director of three agricultural businesses. Long time local resident.
Resides:	Winchelsea
Name:	Jeannette Mathison
Occupation:	Partner in farm business. Registered Nurse (Div 1)
Background information:	Board member of Hesse Rural Health Service. Resident of Winchelsea for 37 Years
Resides:	Winchelsea

Directors' report continued

Name:	James Thomas Lidgerwood
	Company Treasurer
Occupation:	Agricultural sales / farming
Background information:	Self employed business owner. Involved with the local church and public hall committee.
Resides:	Winchelsea
Name:	Lachlan James Morgan Wilson
Occupation:	Manager of Agribusiness Theme
Background information:	Graduate of Marcus Oldham College
Resides:	Winchelsea
Name:	Michael Fredrick Stuart Hancock
Occupation:	Retired
Background information:	20 year's experience with the stock exchange of Melbourne and L.G May & Son and Richard Pearson & Co. Current member of the Anglesea Management Committee
Resides:	Anglesea
Name:	John Hubert Tebbutt
Occupation:	Barrister at Law
Background information:	Past President Torquay Golf Club, Licensed legal practitioner (Vic), Accredited mediator (Vic Bar). Foundation Director of the Geelong Community Enterprise.
Resides:	Torquay
Name:	Robert John Earl
Occupation:	Civil Engineer / Contractor
Background information:	Past president of the Civil Contractors Association (Geelong region) Member of the Winchelsea Strategic Planning Committee (Surf Coast Shire) Long time local resident.
Resides:	Winchelsea
Name:	Stanley Loyd Gosling AM KSJ
Occupation:	Company Director
Background information:	Advisor to national and international companies at Board level on growth strategies.
Resides:	Winchelsea
Name:	John McKenzie Knuckey
Occupation:	Business Proprietor – agricultural retail and manufacturing.
Background information:	Past executive of local sporting clubs. Long time resident.
Resides:	Winchelsea

Directors' report continued

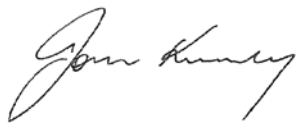
Name: **Russell Raymond Hattwell**
Occupation: Retired
Background information: Well known Anglesea resident and is a current member of the Anglesea Management Committee.
Resides: Anglesea

Name: **Michael Coles McConnell**
Occupation: Builder, property developer
Background information: Member Master Builders of Victoria
Resides: Anglesea

General board attendance

	No. Board meetings eligible to attend	No. attended
K.I McDonald	12	8
R.J Earl	12	10
J. Mathison	12	10
J.H.Tebbutt	12	11
J.T.Lidgerwood	12	12
S.L.Gosling	12	7
J.M Knuckey	12	6
M. Hancock	12	11
R. Hattwell	12	9
L. Wilson	12	9
M McConnell	7	2

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



John Knuckey

Director

Dated 23 September 2008.

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	2	1,143,666	870,065
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Expenses from ordinary activities			
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Administration & general costs		277,755	123,536
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Franchise costs		24,000	28,459
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Employee benefits		511,036	459,626
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Depreciation		56,882	50,333
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Amortisation		15,000	15,000
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Occupancy costs		55,945	47,872
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Information technology costs		86,411	48,394
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Other expenses		20,689	17,862
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Total expenses from ordinary activities		1,047,718	791,082
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Netprofit/(loss) from ordinary activities before income tax expense			
income tax expense	3	95,948	78,983
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Income tax expense	4	26,492	25,772
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Net profit/(loss) for the year		69,456	53,211
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Basic earnings per share (cents per share)		0.049	0.037
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The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
Current assets			
Cash and cash equivalents	6	609,529	470,727
Trade & other receivables	7	83,691	69,527
Prepayments	11	9,247	15,000
Total current assets		702,467	555,254
Non-current assets			
Deferred tax assets	8	12,080	19,410
Property, plant & equipment	9	102,751	152,421
Intangibles	10	79,561	108,020
Prepayments	11	3,000	10,241
Other financial assets	12	84,240	80,352
Total non-current assets		281,632	370,445
Total assets		984,099	925,699
Current liabilities			
Trade & other payables	13	32,703	28,575
Short term provisions	14	33,193	27,650
Current tax liabilities		19,162	-
Total current liabilities		85,058	56,224
Non - current liabilities			
Provisions	14	6,138	3,392
Total non - current liabilities		6,138	3,392
Total liabilities		91,196	59,616
Net assets		892,903	866,083
Equity			
Issued capital	15	966,000	966,000
Retained earnings	16	(73,097)	(99,917)
Total equity		892,903	866,083

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from customers		1,097,616	831,097
Interest received		31,882	15,032
Payments to suppliers and employees		(942,361)	(971,669)
Net cash provided by (used in) operating activities	17	187,137	(125,540)
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,230)	(7,600)
Purchase of share investments		(3,888)	(80,352)
Net cash (used in) investing activities		(6,118)	(87,952)
Cash flows from financing activities			
Proceeds from issue of shares		420	397,000
Dividend paid		(42,636)	-
Net cash provided by (used in) financing activities		(42,216)	397,000
Net increase/(decrease) in cash held		138,803	183,508
Cash & cash equivalents at the beginning of the financial year		470,726	287,218
Cash & cash equivalents at the end of the financial year	6	609,529	470,726

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Contributed capital \$	Retained earnings \$	Total \$
Balance at 01.07.2006	569,000	(153,128)	415,872
Profit/(loss) for the year	-	53,211	53,211
Shares issued during the year	397,000	-	397,000
Balance at 30.06.2007	966,000	(99,917)	866,083
Profit for the year	-	69,456	69,456
Shares issued during year	-	-	-
Dividend paid	-	(42,636)	(42,636)
Balance at 30.06.2008	966,000	(73,097)	892,903

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

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

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for the assets.

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

a) Income tax

The change for current income tax expenses is based on the profit for the year adjusted for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that on adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed and comply with the conditions of deductibility imposed by the law.

b) Property, plant and equipment

Property, plant and equipment are carried at cost or at independent or Directors' valuation less, where applicable, any depreciation or impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

b) Property, plant and equipment (continued)

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation. Leasehold improvements are depreciated over the shorter of either the unexpired period for the lease or the estimated useful lives of the improvements.

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

Classes of fixed asset	Depreciation rate	
	2008	2007
Furniture and Fittings	5-33%	5-33%
Leasehold Improvements	20%	20%

c) Intangibles

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

d) Employee entitlements

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after the year have been measured at the amounts expected to be paid when the liabilities are settled plus related on-costs. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

e) Provisions

Provisions are recognised when the group 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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

f) 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.

g) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue is stated net of the Goods and Services Tax (GST).

h) 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 expenses. Receivables and payables in the balance sheet are shown inclusive of GST.

i) Comparative figures

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

j) Rounding

All amounts shown in the Financial Statements are expressed to the nearest dollar.

k) Receivables

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

Collectability of debts is reviewed on an ongoing basis. The Directors believe that the full amount of debt is recoverable, and no doubtful debt provision has been made at 30 June 2008.

l) 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 group.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

l) Critical accounting estimates and judgments (continued)

Key Estimates - impairment

The group 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 goodwill for the year ended 30 June 2008.

m) 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. Subsequent to initial recognition these instruments are measured as set out below.

Financial asset at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

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 stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

m) Financial instruments (continued)

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 unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group 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 impairment has arisen. Impairment losses are recognised in the income statement.

	2008 \$	2007 \$
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Note 2. Revenue

Operating activities

Services revenue	1,111,784	855,033
Interest received – other persons	31,882	15,032
Total revenue from operating activities	1,143,666	870,065

Note 3. Profit before income tax

Operating Profit before abnormal items and income tax has been determined after:

(i) Charging as expense

Movements in Provisions	9,713	7,732
Depreciation		
- Leasehold improvements	46,265	46,132
- Furniture and fittings	6,158	4,201
- Computer software	4,459	4,459
Amortisation of non-current assets		
- Franchise & training fees	39,000	39,000
Other provisions		
- leave entitlements	8,290	7,732

Notes to the financial statements continued

	2008 \$	2007 \$
Note 4. Income tax expense		
a) The prima facie tax on profit from ordinary activities before tax is reconciled to the income tax as follows:		
Prima facie tax payable on operating profit before income tax at 30%.		
	28,784	23,695
Add: Tax effect of:		
- other non-allowable deductions	(2,292)	2,077
Income tax expense attributable to profit from ordinary activities	26,492	25,772
Weighted average tax effective rate	27.61%	32.63%

Note 5. Auditor's remuneration

Remuneration of the Auditor of the Company for:

- auditing or reviewing the financial report	5,450	4,850
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Note 6. Cash

Cash on hand and at bank	17,463	76,787
Deposits at call	592,066	393,940
Total cash	609,529	470,727

Note 7. Receivables

Current

Franchise income receivable	83,691	69,527
Total receivables	83,691	69,527

(a) Ageing of receivables

Please refer to note 24 (c) for the ageing analysis of receivables.

(b) Nature and extent of risk arising from receivables

Please refer to note 24 (c) for the nature and extent of credit risk arising from receivables.

Notes to the financial statements continued

	2008 \$	2007 \$
Note 8. Deferred tax assets		
Provision for deferred tax	12,080	19,410
The provision for deferred tax is made up of the following estimated tax liabilities:		
Tax losses	-	29,507
Other	12,080	(10,097)
	12,080	19,410
Note 9. Property, plant & equipment		
Leasehold improvements Winchelsea – at cost	66,249	66,249
Less: accumulated depreciation	(55,883)	(42,641)
	10,366	23,608
Leasehold Improvements Anglesea – at cost	166,854	164,624
Less: accumulated depreciation	(100,555)	(65,540)
	66,299	99,084
Office furniture & fittings Winchelsea – at cost	40,026	40,026
Less: accumulated depreciation	(17,378)	(14,549)
	22,648	25,477
Office furniture & fittings Anglesea– at cost	6,277	6,277
Less: accumulated depreciation	(2,839)	(2,025)
	3,438	4,252
Total property, plant & equipment	102,751	152,421

Notes to the financial statements continued

Note 9. Property, plant & equipment (continued)

Movement in assets note:

	Leasehold improvements winchelsea	Leasehold improvements anglesea	Furniture & fittings winchelsea	Furniture & fittings anglesea	Total
Balance at 1st July 2006	36,858	130,632	23,092	2,638	195,154
		1,334	5,617	649	7,600
Disposals	-	-	-	-	-
Depreciation	(13,250)	(32,882)	(3,232)	(969)	(50,333)
Balance at 30th June 2007	23,608	99,084	25,477	4,238	152,421
Additions	-	2,230	-	-	2,230
Disposals	-	-	-	-	-
Depreciation	(13,242)	(35,015)	(2,829)	(814)	(51,900)
Balance at 30th June 2008	10,366	66,299	22,648	3,424	102,751

2008
\$

2007
\$

Note 10. Intangibles

Non current

Goodwill - Anglesea premises	35,000	35,000
Franchise fee - Winchelsea	60,000	60,000
Less: accumulated amortisation	(55,759)	(43,759)
Franchise fee - Anglesea	60,000	60,000
Less: accumulated amortisation	(24,066)	(12,066)
Total Franchise fee	40,175	64,175
Computer software - Anglesea	13,377	13,377
Less: accumulated depreciation	(8,991)	(4,532)
	4,386	8,845
Total intangible assets	79,561	108,020

Notes to the financial statements continued

	2008 \$	2007 \$
Note 11. Prepayments		
Current		
Rent - Anglesea	2,006	-
Training - Winchelsea	4,241	12,000
Training - Anglesea	3,000	3,000
	9,247	15,000
Non-current		
Training - Winchelsea	-	1,241
Training - Anglesea	3,000	9,000
	3,000	10,241
Total prepayments	12,247	25,241

Note 12. Other financial assets

Available-for-sale financial assets

Shares - Geelong Community Ent	40,760	40,352
Shares - Bendigo Bank Limited	42,880	40,000
Moriac development	600	-
	84,240	80,352

(a) Ageing of other financial assets

Please refer to note 24 (c) for the ageing analysis of other financial assets.

(b) Nature and extent of risk arising from other financial assets

Please refer to note 24 (c) for the nature and extent of credit risk arising from other financial assets.

Note 13. Payables

Current

Trade and sundry creditors	32,703	28,575
Total payables	32,703	28,575

Notes to the financial statements continued

	2008 \$	2007 \$
Note 14. Provisions		
Current		
Provision for annual leave	31,872	27,314
Provision for long service leave	1,321	336
	33,193	27,650
Non - current		
Provision for long service leave	6,138	3,392
	6,138	3,392
Total provisions	39,331	31,042
Total employees at reporting date:	9	9

Note 15. Contributed equity

Issued and paid up capital: 1,421,620 (2007: 1,421,200) ordinary share, fully paid as at 30 June

	966,420	966,000
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	Number of shares 2008	Number of shares 2007
Opening balance	1,421,200	1,024,200
Shares issued	-	397,000
Closing balance	1,421,200	1,421,200

Note 16. Retained profits

Retained profits at the beginning of the year	(99,917)	(153,128)
Net profit (loss) attributable to members	69,456	53,211
Payment of dividend	(42,636)	-
Retained profits at the end of the year	(73,097)	(99,917)

Notes to the financial statements continued

	2008 \$	2007 \$
Note 17. Cash flow information		
a) Reconciliation of net cash used in operating activities to operating result		
Profit from ordinary activities after income tax	69,456	53,211
Non-cash flow in profit from ordinary activities:		
Depreciation	56,359	54,792
Amortisation	24,000	39,000
(Increase)/decrease in receivables	(14,164)	(23,936)
(Increase)/decrease in prepayments	12,994	-
(Increase)/decrease in deferred tax assets	7,330	25,772
Increase/(decrease) in sundry creditors	3,708	(282,775)
Increase/(decrease) in provisions	27,454	8,396
Cash flows from operating activities	187,137	(125,540)

Note 18. Remuneration and retirement benefits

a) The names of Directors whom have held office during the financial year are:

Robert John Earl	James Thomas Lidgerwood
Stanley Lloyd Gosling	Jeanette Mathison
John McKenzie Knuckey	Kenneth Ian McDonald
Michael Cole McConnell (Commenced 8/11/2007)	John Hubert Tebbutt
Russell Raymond Hattwell	Michael Frederick Hancock
Judith Lorraine Munro - Secretary	Lachlan James Wilson

b) Income paid

Income paid or payable to all Directors of the Company: \$NIL (2007 \$Nil)

Note 19. Related party transactions

There were no transactions with Directors or Director related entities during the year ended 30 June 2008.

Notes to the financial statements continued

Note 20. Contingent liabilities

There are no known contingent liabilities for Corangamite Financial Services Limited

Note 21. Segment reporting

Industry segment

Corangamite Financial Services Limited only industry segment is the provision of branch banking services.

Geographical segment

Corangamite Financial Services Limited operates in Winchelsea and Anglesea, Victoria.

Note 22. Capital commitments

There are no known capital commitments for Corangamite Financial Services Limited.

Note 23. Events after balance date

There are no events that have occurred since the end of the period to the date of signing the report which would have impacted the result for the year.

Note 24. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Notes to the financial statements continued

Note 24. Financial instruments (continued)

(b) Categorisation of financial instruments

	Note	Category	Carrying amount	
			2008 \$	2007 \$
Financial assets				
Cash and cash equivalents	6	n/a	609,529	470,727
Receivables	7	Loans and receivables	83,691	69,527
Other financial assets	12	Available for sale of financial assets (at fair value)	84,240	80,352
Financial liabilities				
Payables	13	Financial liabilities measured at amortised cost	32,703	28,575

(c) 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. 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 entity.

The Company's exposure to credit risk and effective weighted average interest rate by ageing periods is set out in the following table. For interest rates applicable to each class of asset refer to individual notes to the financial statements.

Interest rate exposure and ageing analysis of financial assets as at 30 June 2008

	Weighted average interest rates	Carrying amount	Interest rate exposure			Not past due and not impaired
			Fixed interest rate	Variable interest rate	Non interest bearing	
2008	%	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	0.05-7.95	609,529	592,066	17,149	314	609,529
Receivables	0.00	83,691	-	-	83,691	83,691
Other financial assets	0.00	84,240	-	-	84,240	84,240
Total financial assets		777,460	592,066	17,149	168,245	777,460

Notes to the financial statements continued

Note 24. Financial instruments (continued)

(c) Credit risk (continued)

2007	Weighted	Carrying	Interest rate exposure			Not
	average		Fixed	Variable	Non	
	interest	amount	interest	interest	interest	past due
	rates		rate	rate	bearing	and not
	%	\$	\$	\$	\$	impaired
						\$
Financial assets						
Cash and cash						
equivalents	3.45-4.55	470,727	393,940	76,632	155	470,727
Receivables	0.00	69,527	-	-	69,527	69,527
Other financial assets	0.00	80,352	-	-	80,352	80,352
Total financial assets		620,606	393,940	76,632	150,034	620,606

(d) Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that liquid assets are available.

The following table discloses the contractual maturity analysis for the Company's financial liabilities.

2008	Weighted	Carrying	Interest rate exposure			Contractual	Maturity
	average		Fixed	Variable	Non		
	interest	amount	interest	interest	interest	cash flows	less than
	rates		rate	rate	bearing		1 month
	%	\$	\$	\$	\$	\$	\$
Trade creditors							
and accruals	-	32,703	-	-	32,703	32,703	32,703
Total financial							
liabilities		32,703	-	-	32,703	32,703	32,703
2007							
Trade creditors							
and accruals	-	28,575	-	-	28,575	28,575	28,575
Total financial							
liabilities		28,575	-	-	28,575	28,575	28,575

Notes to the financial statements continued

Note 24. Financial instruments (continued)

(e) Market risk

Currency risk

The Company has no exposure to foreign currency risk.

Interest rate risk

Exposure to interest rate risk might arise primarily through the Company's interest bearing liabilities. The Company currently has no interest bearing liabilities.

Other price risk

The Company is exposed to insignificant other price risk.

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Company believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Federal Bank of Australia):

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 6%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2%

The following table discloses the impact on net operating result and equity for each category of financial instrument held by the Company at year end if changes in the relevant risk occur:

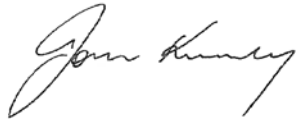
	Carrying amount	Interest rate risk			
		-1% Profit	-1% Equity	+1% Profit	+1% Equity
	\$	\$	\$	\$	\$
2008					
Financial assets					
Cash and cash equivalents	609,529	(6,095)	(6,095)	6,095	6,095
Receivables	83,691	-	-	-	-
Other financial assets	84,240	-	-	-	-
Financial liabilities					
Trade creditors and accruals	32,703	-	-	-	-
2007					
Financial assets					
Cash and cash equivalents	470,727	(4,707)	(4,707)	4,707	4,707
Receivables	69,527	-	-	-	-
Other financial assets	80,352	-	-	-	-
Financial liabilities					
Trade creditors and accruals	28,575	-	-	-	-

Director's declaration

The Directors of the Corangamite Financial Services Limited declare that:

1. The financial statements and notes, as set out on pages 1 to 15 are in accordance with the Corporation Act 2001:
 - a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) give a true and fair view of the financial position as at 30 June 2008 and 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:



John Knuckey
Director

Dated 23 September 2008.

Independent audit report

INDEPENDENT AUDIT REPORT TO THE DIRECTORS OF CORANGAMITE FINANCIAL SERVICES LTD

Report on the Financial Report

We have audited the accompanying financial report of Corangamite Financial Services Ltd which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing 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.

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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes an evaluation of the appropriateness of the 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Corangamite Financial Services Ltd would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion, the financial reporting of Corangamite Financial Services Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) 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
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.


Stephen Wight
Partner

Davidsons
351 Moorabool Street
Geelong, Vic. 3220

Dated this 23rd day of September 2008.

Auditor's independence declaration

11 September 2008

The Directors
Corangamite Financial Services
P O Box 134
WINCHELSEA VIC 3241

Dear Directors,

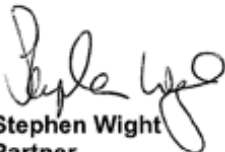
RE: AUDIT FOR THE YEAR ENDED 30 JUNE 2008

We have recently completed our audit of the Financial Statements of Corangamite Financial Services for the year ended 30 June 2008. An unqualified audit opinion will be issued, and in accordance with our usual policy, we would like to inform you no issues of significance arose during the audit which need to be brought to your attention in a management letter.

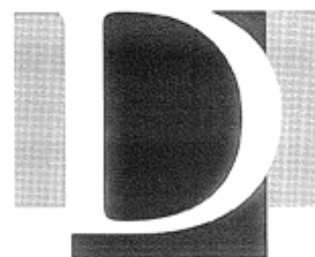
Please note that the purpose of our audit was to form an opinion on the financial statements of the entity and that this report only includes those matters which have come to our attention as a result of audit procedures. This report should not be regarded as a comprehensive statement of all matters that may have been identified following a more complete examination for the purpose of identifying such matters.

We wish to also take this opportunity to thank you for the cooperation and assistance received during the course of our audit.

Yours faithfully,


Stephen Wight
Partner

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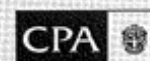
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ABN 11 068 049 178. AFSL 237879. (BMPAR8045) (08/08)