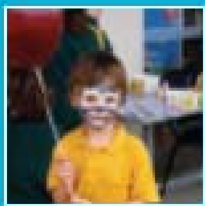
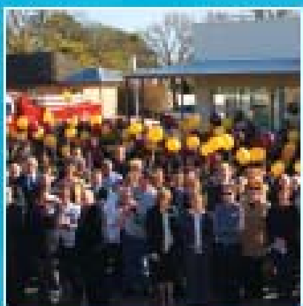
Creswick & District

Financial Services Limited

ABN 14 119 315 258





2008 annualreport

Creswick & District
Community Bank® Branch

Bendigo Bank

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Chairman's report

For year ending 30 June 2008

On behalf of the board it is a privilege to bring you this annual report.

In a very successful year our business has grown from $16 million to $43.7 million dollars, a major achievement and very rewarding for all those involved. This result has put our company nearly 12 months ahead of the prospectus forecast. The last quarter of the year produced a small profit for the first time. We are well placed for this coming year and should return our first moderate profit.

During the year we were very fortunate that our partner, Bendigo Bank, transferred the Clunes Agency to our branch. I believe an important plus for both us and Clunes customers.

During our successful first Birthday we launched our Community Telco. Another important initiative that helps our community not only with cheaper telephone accounts in most cases, but a share of profit from every bill contributing funds towards the Doug Lindsay Reserve, a major local project. Another community initiative taken by your board.

The Bendigo Market Development Fund has made it possible for us to be involved with $5,900 worth of funds donated to not for profit charities in our district in our first year. Many more worthwhile projects will benefit from this in years to come.

During the year Mr Quentin Turner was appointed to our board. Quentin is well known with local involvements in the CFA and other groups. His knowledge of human resource policy and procedures will be of great value to our board.

Many thanks to our shareholders for their continuing support of our branch. I challenge you to promote our branch, and Telco initiative, to your family and friends. The bigger

Chairman's report continued

our branch becomes the more we can do for our shareholders and community. Congratulations on a great achievement.

To our branch manager Les Vercoe, a very big thank you for what you have achieved and the professional way you and your staff welcome our customers.

To the board goes my heartfelt thanks for their wonderful commitment to the community and the wonderful amount of work they have done this year to make it such a success. Thank you, on behalf of the board, to Brendan Smith for his great work in setting up our director's folders, business plans and procedures. They will be very relevant for the years to come. I believe together we are building an irreplaceable asset for our community.

Graeme Mitchell
Chairman

Manager's report

For year ending 30 June 2008

It is with a great deal of pleasure and pride that I present my annual report for the year ending 30 June 2008, our first full year of trading. Our balances as at 30 June totalled $43.7 million held in just on 2000 accounts.

These balances have been achieved by a lot of hard work from all concerned.

We quite often say that our **Community Bank®** branch has never been just about banking, but obviously we need our branch to be successful to achieve our community objectives. We can look back over the past year and proudly say we have been successful and have laid a sound foundation for the future. We now need to continue to thrive and grow the business to a level whereby we are making significant and substantial contributions back to the community on a regular basis.

Our committed and dedicated staff have made a significant contribution throughout the whole year and I am most grateful to them for their efforts. It has been a steep learning curve for us all and it has been a wonderful experience to see the staff develop to the level they are at today.

Congratulations to Cameron our Customer Relations Officer who has accepted a promotion to the Echuca branch. Cameron will be replaced by Louise Jennings and we look forward to working with Louise and welcome her to Creswick & District **Community Bank®** Branch.

A big thank you must also go to the board members for their continual support and encouragement. I believe one of our major strengths is having a committed board of directors and staff who are all working hard to achieve the same objective.

Looking forward to the next 12 months we will work toward steadily building our balances and account numbers. We need to work hard to get the message across to the community that we are their 'Bank' and the benefits of banking with a **Community**

Bank® branch can be quite outstanding. If the general community understands the concept of community banking, then why wouldn't they bank with us? All of us, staff, directors and shareholders need to continually work towards getting that message across to the wider community.

As shareholders of our branch we look forward to developing our relationships with you. We trust that you will use all of our services and products, including our full range of insurance products, Community Telco, financial planning, equipment finance plus all of your banking requirements. We would also be delighted if you, as shareholders, would refer your family and friends to "your" Bank. The long term benefits will not only be to the branch and the community, but also to you the shareholder, by means of rewarding dividend payments

Les Vercoe
Branch Manager

Directors' report

For year ending 30 June 2008

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

Directors

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

Graeme Mitchell
Chairperson
Business Proprietor

Neville Giles
Director
Retired

Janine Booth
Director
Business Proprietor

Brendan Smith
Director
Hotelier

Graham Stephens
Director
Retired Farmer

Quentin Turner
(appointed 8 April 2008)
Director
Retired

Margaret Giles
Director
Employment Consultant

Bernie Charleson
Director
Farmer

Bob Orr
Director
Retired

Sussan Smith
Director
Nurse

Marcus Walsh
Director
Business Proprietor

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

Principal activities

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

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

Directors’ report continued

Operating Results

Operations have performed in line with expectations. The loss of the company for the financial year after provision for income tax was $71,278 (2007: $69,416).

Significant changes in the state of affairs

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

Significant events after the balance date

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

Likely Developments

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

Directors' Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and Insurance of Directors and Officers

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

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

Directors' report continued

Directors Meetings

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

Number of Meetings Held: 14

Number of Meetings Attended:

Graeme Mitchell	14
Margaret Giles	12
Neville Giles	12
Bernie Charleson	12
Janine Booth	3
Bob Orr	12
Brendan Smith	8
Sussan Smith	10
Graham Stephens	12
Quentin Turner (appointed 8 April 2008)	6
Marcus Walsh	3

Company Secretary

Brendan Smith was appointed the company secretary of Creswick & District Financial Services Ltd in 2006. Brendan's qualifications and experience include 30 years owning and operating hotels.

Corporate Governance

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

(a) The establishment of an audit committee. Members of the audit committee are Bob Orr, Marcus Walsh and Brendan Smith;

(b) Director approval of operating budgets and monitoring of progress against these budgets;

(c) Ongoing Director training; and

(d) Monthly Director meetings to discuss performance and strategic plans.

Auditor Independence Declaration

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

Richmond Sinnott & Delahunty
Chartered Accountants

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

30 July 2008

The Directors
C/O Company Secretary
Creswick & District Financial Services Limited
90 Albert Street
CRESWICK, VIC 3363

Dear Directors

Auditor's Independence Declaration

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

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Woodbury Court, 172 McIvor Road Bendigo 3550. PO Box 30 Bendigo 3552. Ph: (03) 5443 1177. Fax: (03) 5444 4344. Email: rsd@rsdadvisors.com.au
ABN 60 616 244 309

Signed in accordance with a resolution of the Board of Directors
at Creswick on 30 July 2008.

Graeme Mitchell,
Chairperson

Financial Statements

Income Statement

For year ending 30 June 2008

	Notes	2008 $	2007 $
Revenues from ordinary activities	2	302,959	23,326
Employee benefits expense	3	(197,839)	(57,690)
Charitable donations and sponsorship		(2,183)	(366)
Depreciation and amortisation expense	3	(26,620)	(14,546)
Other expenses from ordinary activities		(175,977)	(49,046)
Loss before income tax benefit		(99,660)	(98,322)
Income tax benefit	4	28,382	28,906
Loss after income tax benefit		(71,278)	(69,416)
Earnings per share (cents per share)			
- basic for loss for the year	20	(10.54)	(10.26)
- diluted for loss for the year	20	(10.54)	(10.26)

Balance Sheet

As at 30 June 2008

	Notes	2008 $	2007 $
Current Assets			
Cash assets	6	220,211	283,904
Receivables	7	40,878	21,529
Total Current Assets		261,089	305,433
Non-Current Assets			
Property, plant and equipment	8	171,995	179,327
Deferred income tax asset	4	57,288	28,906
Intangible assets	9	75,945	97,945
Total Non-Current Assets		305,228	306,178
Total Assets		566,317	611,611
Current Liabilities			
Payables	10	40,696	20,268
Provisions	11	9,863	4,307
Total Current Liabilities		50,559	24,575
Total Liabilities		50,559	24,575
Net Assets		515,758	587,036
Equity			
Share capital	12	656,452	656,452
Accumulated losses	13	(140,694)	(69,416)
Total Equity		515,758	587,036

Statement of cash flows

As at 30 June 2008

	Notes	2008 $	2007 $
Cash Flows From Operating Activities			
Cash receipts in the course of operations		303,280	(9,338)
Cash payments in the course of operations		(378,150)	(82,597)
Interest received		8,465	11,205
Net cash flows from/(used in) operating activities	14b	(66,405)	(80,730)
Cash Flows From Investing Activities			
Payment for intangible assets		-	(110,000)
Payments for property, plant and equipment		(664)	(181,818)
Refund of costs for property, plant & equipment		3,376	-
Net cash flows from/(used in) investing activities		2,712	(291,818)
Cash Flows From Financing Activities			
Proceeds from issue of shares		-	676,459
Equity raising costs		-	(20,007)
Net cash flows from/(used in) financing activities		-	656,452
Net increase in cash held		(63,693)	283,904
Add opening cash brought forward		283,904	-
Closing cash carried forward	14a	220,211	283,904

Statement of changes in equity

As at 30 June 2008

	2008 $	2007 $
SHARE CAPITAL *Ordinary shares*		
Balance at start of year	656,452	-
Issue of share capital	-	676,459
Share issue costs	-	(20,007)
Balance at end of year	656,452	656,452
ACCUMULATED LOSSES		
Balance at start of year	(69,416)	-
Loss after income tax benefit	(71,278)	(69,416)
Dividends paid	-	-
Balance at end of year	(140,694)	(69,416)

Notes to the Financial Statements

1. Basis of preparation of the Financial Report

(a) Basis of accounting

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

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

The financial report was authorised for issue by the Directors on 30 July 2008.

(b) Statement of compliance

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

(c) Significant accounting policies

Income tax

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

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

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

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

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

Notes to financial statements continued

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

Property, plant and equipment

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

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

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

Class of Asset	*Depreciation Rate*
Building improvements	2.5%
Furniture & fittings	30%

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

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

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

Revaluations
Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

Recoverable amount of assets

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

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

Goods and services tax

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

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

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

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

Employee Benefits

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

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

Intangibles

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

Cash

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

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

Revenue

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

Receivables and Payables

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

Notes to financial statements continued

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

Interest Bearing Liabilities

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

Provisions

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

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

Contributed Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Comparative figures

The entity commenced operations during the prior period, and hence comparative figures are for the period ended 30 June 2007.

2. Revenue from ordinary activities	**2008**	**2007**
	$	**$**
Operating activities		
- services commissions	294,494	12,121
- other revenue	-	-
Total revenue from operating activities	294,494	12,121
Non-operating activities:		
- interest received	8,465	11,205
- other revenue	-	-
Total revenue from non-operating activities	8,465	11,205
Total revenue from ordinary activities	302,959	23,326

3. Expenses

Employee benefits expense		
- wages and salaries	180,787	53,458
- superannuation costs	16,178	4,205
- workers' compensation costs	874	27
	197,839	57,690
Depreciation of non-current assets:		
- building improvements	4,461	2,491
- furniture & fittings	159	-
Amortisation of non-current assets:		
- Intangibles	22,000	12,055
	26,620	14,546

4. Income Tax Expense	2008 $	2007 $
The prima facie tax on loss before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on loss before income tax at 30%	(29,898)	(29,497)
Add tax effect of:		
- Non-deductible expenses	1,516	591
Current income tax benefit	(28,382)	(28,906)
Income tax benefit	(28,382)	(28,906)
Deferred income tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	57,288	28,906

5. Auditors' Remuneration

Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:		
- Audit or review of the financial report of the company	3,650	2,700
- Preparation and lodgement of income tax return	450	-
- Completion of feasibility study	-	5,500
- Accounting work in relation to prospectus	-	2,000
	4,100	10,200

6. Cash Assets

Cash at bank and on hand	220,211	283,904

7. Receivables

GST receivable	-	20,585
Trade debtors	40,878	944
	40,878	21,529

8. Property, Plant and Equipment

Building Improvements		
At cost	178,442	181,818
Less accumulated depreciation	(6,952)	(2,491)
	171,490	179,327
Furniture & Fittings		
At cost	664	-
Less accumulated depreciation	(159)	-
	505	-
Total written down amount	171,995	179,327

8. Property, Plant and Equipment (continued)	2008 $	2007 $
Movements in carrying amounts		
Building Improvements		
Carrying amount at beginning of year	179,327	-
Additions	-	181,818
Disposals / (refund of costs)	(3,376)	-
Depreciation expense	(4,461)	(2,491)
Carrying amount at end of year	171,490	179,327
Furniture & Fittings		
Carrying amount at beginning of year	-	-
Additions	664	-
Disposals	-	-
Depreciation expense	(159)	-
Carrying amount at end of year	505	-

9. Intangible Assets

Franchise Fee		
At cost	10,000	10,000
Less accumulated amortisation	(3,096)	(1,096)
	6,904	8,904
Establishment Fee		
At cost	100,000	100,000
Less accumulated amortisation	(30,959)	(10,959)
	69,041	89,041
	75,945	97,945

10. Payables

Trade creditors	23,235	9,000
Other creditors and accruals	17,461	11,268
	40,696	20,268

11. Provisions

Employee benefits	9,863	4,307
Number of employees at year end	5	5

12. Share Capital

676,459 Ordinary Shares fully paid of $1 each	676,459	676,459
Less: Equity raising costs	(20,007)	(20,007)
	656,452	656,452

13. Accumulated Losses	2008 $	2007 $
Balance at the beginning of the financial year	(69,416)	-
Loss after income tax	(71,278)	(69,416)
Balance at the end of the financial year	(140,694)	(69,416)

14. Cash Flow Statement

(a) *Reconciliation of cash*

Cash assets	220,211	283,904

(b) *Reconciliation of loss after tax to net cash provided from/(used in) operating activities*

Loss after income tax	(71,278)	(69,416)
Non cash items		
- Depreciation	4,620	2,491
- Amortisation	22,000	12,055
Changes in assets and liabilities		
- (Increase) decrease in receivables	(19,349)	(21,529)
- (Increase) decrease in deferred income tax asset	(28,382)	(28,906)
- Increase (decrease) in payables	20,428	20,268
- Increase (decrease) in provisions	5,556	4,307
Net cashflows from/(used in) operating activities	(66,405)	(80,730)

15. Director and Related Party Disclosures

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

Graeme Mitchell
Margaret Giles
Neville Giles
Bernie Charleson
Janine Booth
Bob Orr
Brendan Smith
Sussan Smith
Graham Stephens
Marcus Walsh
Quentin Turner (appointed 8 April 2008)

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

15. Director and Related Party Disclosures (continued)

Directors shareholdings	**2008**	**2007**
Graeme Mitchell	10,001	10,001
Margaret Giles	3,001	3,001
Neville Giles	2,001	2,001
Bernie Charleson	5,000	5,000
Janine Booth	3,501	3,501
Bob Orr	5,001	5,001
Brendan Smith	6,000	6,000
Sussan Smith	1,001	1,001
Graham Stephens	1,501	1,501
Marcus Walsh	501	501
Quentin Turner (appointed 8 April 2008)	500	500

There was no movement in directors shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

16. Subsequent Events

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

17. Contingent Liabilities

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

18. Segment Reporting

The economic entity operates in the financial services sector were it provides banking services to its clients. The economic entity operates in one geographic area being Creswick, Victoria.

19. Corporate Information

Creswick & District Financial Services Ltd is a company limited by shares incorporated in Australia.

The registered office is:
90 Albert Street
Creswick

The principal place of business is:
1 Raglan Street
Creswick

20. Earnings per share	2008 $	2007 $
Basic earnings per share amounts are calculated by dividing loss after income tax by the weighted average number of ordinary shares outstanding during the year.		
Diluted earnings per share amounts are calculated by dividing loss after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).		
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Loss after income tax benefit	(71,278)	(69,416)
Weighted average number of ordinary shares for basic and diluted earnings per share	676,459	676,459

Notes to financial statements continued

21. Financial risk management

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

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

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit Risk

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

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

	Carrying Amount	
	2008	2007
	$	$
Cash assets	220,211	283,904
Receivables	40,878	21,529
	261,089	305,433

The Company's exposure to credit risk is limited to Australia by geographic area.

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

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

(b) Liquidity risk

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

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

21. Financial risk management (continued)

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

30 June 2008	Carrying amount $	Contractual cash flows $	1 year or less $	over 1 to 5 years $	more than 5 years $
Payables	40,696	(40,696)	(40,696)	-	-
Interest bearing liabilities	-	-	-	-	-
	40,696	(40,696)	(40,696)	-	-
30 June 2007					
Payables	20,268	(20,268)	(20,268)	-	-
Interest bearing liabilities	-	-	-	-	-
	20,268	(20,268)	(20,268)	-	-

(c) Market risk

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

Interest Rate Risk

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

Sensitivity analysis

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

	Carrying Amount	
	2008	**2007**
Fixed rate instruments	**$**	**$**
Financial assets	191,291	154,410
Financial liabilities	-	-
	191,291	154,410
Variable rate instruments		
Financial assets	28,920	129,494
Financial liabilities	-	-
	28,920	129,494

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

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

21. Financial risk management (continued)

(d) Net fair values

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

(e) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:

(a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2008 can be seen in the Income Statement.

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

Directors' Declaration

In accordance with a resolution of the directors of Creswick & District Financial Services Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Graeme Mitchell

Graeme Mitchell,
Chairperson

Signed at Creswick on the 30th of July 2008.

Richmond Sinnott & Delahunty
Chartered Accountants

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

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

SCOPE

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

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

Audit approach

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

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

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

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

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

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ABN 60 616 244 309

Independent audit report continued

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

INDEPENDENCE

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

AUDIT OPINION

In our opinion, the financial report of Creswick & District Financial Services Limited is in accordance with:

(a) the Corporations Act 2001 including:

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

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W Sinnott.

W. J. SINNOTT
Partner
Bendigo

Date: 30 July 2008

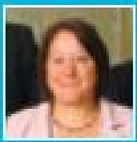
boardmembers


Bernie Charleson


Sussan Smith


Graham Stephens

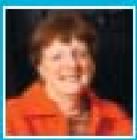

Neville Giles


Janine Booth


Brendan Smith


Robert Orr


Marcus Walsh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Graeme Mitchell


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