Dancoor
Community Finances Limited
ABN 32 121 053 129

2008 annual report

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Chairman's report

For year ending 30 June 2008

It gives me great pleasure to present to you the annual report of the Dancoor Community Finances Ltd for the 2007-08 financial year. This is our second annual report since opening our branch at Jurien Bay and will be the first time one third of our directors will be required to retire under the rules of our company constitution. All retiring directors are eligible to be re-elected, along with any other interested person who would like to nominate to become a director of Dancoor Community Finances Ltd.

The current financial climate has made growth difficult and has not been helpful to our forecast profit as reported in our prospectus. Once we reach cumulative profit we will then be able to pay dividends and make contributions to our communities. This will be a great way to show the wider community how the **Community Bank®** model works. By banking locally and keeping the profits generated from our branch in our communities - to benefit our communities.

Over the last 12 months we have been making steady progress in gaining the support of our local clubs and associations with the Dandaragan Coorow **Community Bank®** Branch.

The board members have also been busy spreading the word of **Community Bank®** with visits to Dandaragan, Green Head and Leeman.

We have developed a business plan to establish a banking agency at Coorow in the near future. This business model can be used for other towns were an agency might be applicable.

Whilst the Dandaragan Coorow **Community Bank®** Branch has not been in a financial position to sponsor various organisations in a major way, we have contributed $200 to the Shires of Dandaragan and Coorow as a rate prize for paying rates on time, as well as various other sponsorships. When we reach cumulative profit we will see an increase in contributions to our communities, until then we ask you to remain patient.

Last but not least, I would like to thank all the directors for their valuable work behind the scenes in promoting Dandaragan Coorow **Community Bank®** Branch within our various communities. I would also like to thank the Jurien Bay branch staff and the Bendigo Bank staff in the Joondalup/Perth offices for their support over the past 12 months. Hopefully we will be closer to "P" for Profit in 12 months time.

J Stacy

Chairman

Manager's report

For year ending 30 June 2008

I am pleased to report that over the past year our business has continued to grow. As at 30 June 2008 we had a total business portfolio of $11.7 million. This total was made up of lending $8.5 million and deposits $3.2 million which represents a growth of $10.2 million over the 12 months.

I would like to acknowledge and thank the efforts and support of my present staff, Debbie Jackson and Rachel Shaw, and those staff who have left - Christine Rayner, Christina Low, Heather Cusens and Chalene Neethling – in achieving these results. Also, I welcome our newest staff member Jen Steadman who started with us in early September 2008.

I would also like to thank all the Directors for their efforts in promoting the branch and all the shareholders and customers for their valuable and continued support.

The Dandaragan Coorow **Community Bank®** Branch takes pride in being involved in activities that support our communities. We have not yet grown to a stage where we can make significant financial contributions to them but we have started to help local organisations with small donations and sponsorships. This has been made possible by the help of the shareholders and local people who have seen the benefits of supporting a business that will help them in the future.

The branch staff are continually looking at ways to increase awareness in the local communities and build a stronger business. There is still much for us to do and we continue to plan for our future.

The future looks good and I confidently take the branch forward expecting to accomplish what we all set out to achieve.

Until next year,

Peter Lyons

Branch Manager

Bendigo Bank Ltd report

For year ending 30 June 2008

Celebrating 10 years of the **Community Bank®** Network

A message from Bendigo Bank

June 2008 marks ten years since Bendigo Bank and the people of Rupanyup and Minyip unveiled the first **Community Bank®** branches in Australia, marking a turning point not only for the two small Victorian wheat belt towns, but for the Bendigo as well.

Today, these two towns have been joined by more than 210 communities to form Australia's fastest growing banking network – the **Community Bank®** network.

It is a significant milestone for Bendigo Bank and our **Community Bank®** partners.

The number of **Community Bank®** branches has doubled in the last four years and in the same time frame, customers have tripled their commitment of banking business to the community network, increasing it to more than $11 billion.

More importantly, in excess of $18 million in **Community Bank®** branch profits have been returned to community projects and $12 million has been paid in dividends to more than 50,000 local shareholders.

Behind those numbers are hundreds of stories of **Community Bank®** branches making a real difference to the lives of local people.

Whether it's building a community hall, sponsoring an art prize or even buying new footy jumpers for the local side – these **Community Bank®** branches are helping improve the economic and social prospects of their local communities.

Add to those contributions the employment of more than 1000 staff members and daily expenses in the local economy and you have a truly meaningful contribution to those communities and to local prosperity.

As we reflect on the past 10 years, it's with a feeling of great pride and accomplishment for what has been achieved in partnership between our team at the Bendigo and our community partners.

The landscape of banking has changed dramatically, but more importantly – so have the communities we partner and our own organisation.

Our partners have taken charge of outcomes locally that will impact positively for many years to come. Likewise, our organisation has built on our community focussed heritage and evolved to become a true partner to community.

Your commitment, enthusiasm and belief in the **Community Bank®** model has been instrumental, and for that we thank you.

And here we are, only 10 years into this wonderful journey. Who knows what positive outcomes we'll be talking about in 10 years time, as the **Community Bank®** network matures?

It's an exciting prospect – and we are very proud of what our team and the communities we partner have achieved together.

Russell Jenkins

Chief General Manager
Retail & Distribution

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:

John Malcom Stacy
Chairperson
Farmer
I am 62 years of age and my family has been farming in Marchagee area of the Shire since 1948. I am involved as the Chairperson of the Coorow Community Land Inc, the Coorow LCDC and have been serving as a Councillor of the Shire of Coorow for 16 years and have held office in various sporting committees.

Interests in shares: 18,001

Graeme John Maley
Non-Executive Director
Farmer
I have grown up on the family farm "Katika" a wheat and sheep enterprise of 1200ha at Marchagee, was the State Secretary for the WA Seedgrowers Association as well as a Board member of the Australian Field Crops Association. I have held office in the Coorow Golf, Tennis and Cricket clubs as well as Association office.

I was the Chairman on the Coorow Telecentre from 2000 to 2003 and continue as treasurer. I have also been involved with local land care committees and the Coorow Community Farm committee.

Interests in shares: 5,001

Barbara Therese Coyne de Meur CPA
Non-Executive Director
Accountant
Together with my husband and four children I relocated to Jurien Bay from Morawa in December 2000. I am a Certified Practising Accountant and have been operating my own practice since October 2003.

I have owned and operated a general store in the Midwest region for approximately 10 years
Interests in shares: 15,001

Ian Lawrence Kelly
Non-Executive Director
Licenced Real Estate Agent
I was 25 when I commenced my own Landscaping Business. In 1984 I moved my business to Perth specialising in brick paving. In 1997 I changed careers and entered the Real Estate industry. In 2001 I commenced my own business and I am now the Principal and Director of Professionals Jurien Bay Realty.

Interests in shares: 30,001

Robin Adele Randall
Non-Executive Director
Secretary
As a trained stenographer I worked for 4 years at a wool buying firm and then the Perth Chamber of Commerce. I worked 2 years with J Walter Thompson in London. In South Africa I was a Market Research Manager for Coca Cola for 2 years. On returning to Australia I worked with Mt Newman Mining. Married and farmed for 15 years. Retiring to Jurien Bay 12 years ago, I now volunteer as secretary at St John Ambulance, on the CWA Committee and I have been with the Community Bank® Steering Committee since it's inception in August 2004.

Interests in shares: 19,001

Alan Robert Thompson Dip Teach, Batch ED, Dip R.E. Certificate of JP Studies
Non-Executive Director
Semi Retired
I was a primary school teacher and worked in the Catholic School system for 20 years, holding the positions of senior teacher and deputy principal. I first came to the area during the mid 1950's and I have been President of the local Telecentre for nearly 4 years. I am an active JP, teach Catechism to the local Catholic children and I am a relief teacher at several nearby schools.

Interests in shares: 8,501

Lillian Sophie Thompson
Non-Executive Director
Retired Nurse
I have had 25 years of nursing experience at Royal Perth Rehabilitation Hospital and having had personal contact with a variety of different people I have gained valuable experience and skills in coping with all types of situations.

I retired in 1997 to Jurien Bay and have been a volunteer in many areas such as Senior Citizens Club, Royal Flying Doctors Service and Lions International

Interests in shares: 8,501

Company Secretary

Graeme John Maley

Michael Sheppard
Non-Executive Director
Business Proprietor
I have lived in Jurien Bay for 7 years. I operate a successful landscaping business in Jurien and I am the President of the Jurien Bay Progress Association and Chairman of the Jetties Preservation Committee.

Interests in shares: 17,001

Judith Elizabeth Reardon

Non-Executive Director
Retired
I worked as a Medical Secretary for many years. I am currently the Ladies Captain of the Jurien Golf Club and have been on the Committee for 6 years. I am treasurer of the "Save the Jurien Jetties" committee. I was a member of and Ladies Secretary of the Badgingarra Bowling Club for 11 years and Dandaragan Golf club for 13 years. I was secretary of the Jurien Arts Council until its demise 4 years ago.

Interests in shares: 7,001

Directors' report continued

Directors meetings

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

Number of meetings attended:	Number eligible to attend	Number attended
John Malcom Stacy	12	12
Barbara Therese Coyne de Meur	12	9
Graeme John Maley	12	9
Ian Lawrence Kelly	12	9
Robin Adele Randall	12	11
Michael Sheppard	12	10
Alan Robert Thompson	12	8
Judith Elizabeth Reardon	12	10
Lillian Sophie Thompson	12	9

Principal activities 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 loss incurred by the Company amounted to $329,739.

Dividends paid or recommended

The Company did not pay or declare any dividends during the year.

Financial position

The net assets of the Company at year end were $176,213, which is deterioration on prior year due to the Company still going through its start-up phase.

The Directors believe the Company will be 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.

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.

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

Taxation services:	$4,000

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 16th day of September 2008

RSM! Bird Cameron Partners
Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Dancoor Community Finances 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
Partner

Perth, WA
Dated: 16 September 2008

Financial statements

Income statement
For year ending 30 June 2008

	Note	2008 $	2007 $
Revenue	2	82,208	8,627
Employee benefits expense		(221,800)	(80,937)
Depreciation and amortisation expense		(43,964)	(19,813)
Finance costs		(5)	(125)
Other expenses	3	(146,178)	(170,620)
Loss before income tax		(329,739)	(262,868)
Income tax expense	4	-	-
Loss attributable to members		(329,739)	(262,868)
Overall operations			
Basic loss per share (cents per share)		(42.89)	(35.6)
Diluted loss per share (cents per share)		(42.89)	(35.6)

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	37,270	289,613
Trade and other receivables	6	1,622	8,507
Other current assets	7	8,424	6,263
Total current assets		**47,316**	**304,383**
Non-current assets			
Property, plant and equipment	8	152,952	187,603
Intangible assets	9	7,085	9,085
Other non current assets	7	5,085	9,484
Total non-current assets		**165,122**	**206,172**
Total assets		**212,438**	**510,555**
Current liabilities			
Trade and other payables	10	27,031	30,080
Short-term provisions	11	9,194	5,223
Total current liabilities		**36,225**	**35,303**
Total liabilities		**36,225**	**35,303**
Net assets		**176,213**	**475,252**
Equity			
Issued capital	12	768,820	738,120
Accumulated losses		(592,607)	(262,868)
Total equity		**176,213**	**475,252**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2008

	Note	2008 $	2007 $
Cash flows from operating activities			
Receipts from customers		78,678	3,094
Payments to suppliers and employees		(364,819)	(236,285)
Interest received		10,416	3,710
Borrowing costs paid		(5)	(125)
Net cash used in operating activities	**13(a)**	**(275,730)**	**(229,606)**
Cash flows from investing activities			
Payments for other assets		-	(2,400)
Payments for franchise fee		-	(10,000)
Payments for plant and equipment		(7,313)	(206,501)
Net cash used in investing activities		**(7,313)**	**(218,901)**
Cash flows from financing activities			
Proceeds from share issue		30,700	738,120
Net cash provided by financing activities		**30,700**	**738,120**
Net increase/(decrease) in cash held		**(252,343)**	**289,613**
Cash held at the beginning of the financial year		**289,613**	**-**
Cash held at the end of the financial year	**5**	**37,270**	**289,613**

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	738,120	-	738,120
Profit attributable to the members of the Company	-	(262,868)	(262,868)
Balance at 30 June 2007	**738,120**	**(262,868)**	**475,252**
Balance at 1 July 2007	738,120	(262,868)	475,252
Profit attributable to the members of the Company	-	(329,739)	(329,739)
Shares issued during year	30,700	-	30,700
Balance at 30 June 2008	**768,820**	**(592,607)**	**176,213**

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 has been prepared on a going concern basis after consideration by the Directors of the following matters:

1. The Company is budgeting to return a profit within the next 2 to 5 years; and
2. Bendigo Bank has confirmed that it will support the Company such that it will be in a position to meet its financial obligations for the 2008/2009 financial year. The provision of additional funding by Bendigo Bank will be dependent upon the Company fulfilling its ongoing responsibilities under the Franchise Agreement and continuing to work closely with Bendigo Bank management to further develop the business.

In consideration of the above matters, the Directors believe that it is appropriate to adopt the going concern basis of accounting in the preparation of this financial report

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

The financial report covers Dancoor Community Finances Limited as an individual entity. Dancoor Community Finances Limited is a public Company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

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.

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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

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.

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

Note 1. Statement of significant accounting policies (continued)

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.

Note 1. Statement of significant accounting policies (continued)

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.

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.

Note 1. Statement of significant accounting policies (continued)

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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

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 $7,085.

o. Authorisation for financial report

The financial report was authorised for issue on 16 September 2008 by the Board of Directors.

	2008 $	2007 $
Note 2. Revenue		
Franchise margin income	71,792	4,917
Interest revenue	10,416	3,710
Note 3. Expenses		
Advertising and marketing	2,065	2,229
ASIC costs	1,065	2,010
ATM leasing and running costs	6,145	746
Bad debts	60	-
Community sponsorship and donations	111	230
Freight and postage	11,377	1,706
Insurance	12,034	6.,24
IT leasing and running costs	33,770	5,786
Occupancy running costs	20,287	5,357
Printing and stationary	8,329	5,032
Rental on operating lease	13,200	6,411
Start-up costs	-	100,000
Other operating expenses	37,735	35,089
	146,178	**170,620**

Notes to the financial statements continued

Note 3. Expenses (continued)

	2008 $	2007 $
Remuneration of the Auditors of the Company		
Audit services	5,350	3,000
Other Services	4,000	-
	9,350	**3,000**

Note 4. Income tax expense

No income tax is payable by the Company as it has incurred tax losses.

The components of tax expense comprise:		
Current tax	-	-
Deferred tax (Note 20)	-	-
	-	-
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%)	**(98,921)**	**(78,860)**
Add:		
Tax effect of:		
- deferred tax assets not bought to account	103,002	49,764
- non-deductible depreciation and amortisation	600	275
- other non-allowable items	1,336	30,000
Less:		
Tax effect of:		
- other allowable items	(6,017)	(1,179)
Income tax attributable to the Company	-	-

At balance date, the Company had tax losses of $505,250 (2007: $165,881) which are available to offset future years' taxable income.

The future income tax benefit of these tax losses is $151,575 (2007: $49,764). 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:

Note 4. Income tax expense (continued)

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

	2008 $	2007 $
Cash at bank and in hand	37,270	289,613

Note 6. Trade and other receivables

	2008 $	2007 $
Trade debtors	1,622	1,823
Other Debtors	-	6,684
	1,622	**8,507**

Note 7. Other assets

	2008 $	2007 $
Current		
Prepayments	8,424	6,263
Non current		
Prepayments	5,085	9,484

Note 8. Property, plant and equipment

	2008 $	2007 $
Plant and Equipment		
Cost	213,814	206,501
Accumulated depreciation	(60,862)	(18,898)
	152,952	**187,603**
Movement in carrying amount		
Balance at the beginning of the year	187,603	-
Additions	7,313	206,501
Depreciation expense	(41,964)	(18,898)
Carrying amount at the end of the year	**152,952**	**187,603**

Notes to the financial statements continued

	2008 $	2007 $

Note 9. Intangible assets

Franchise fee

	2008 $	2007 $
Cost	10,000	10,000
Accumulated amortisation	(2,915)	(915)
	7,085	**9,085**

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.

Note 10. Trade and other payables

	2008 $	2007 $
Trade creditors and accruals	26,674	32,423
GST payable	357	(2,343)
	27,031	**30,080**

Note 11. Provisions

Current

	2008 $	2007 $
Provision for employee entitlements	9,194	5,223
Number of employees at year end	5	5

Note 12. Equity

	2008 $	2007 $
768,820 (2007: 738,120) fully paid ordinary shares	768,820	738,120

Note 13. Cash flow information

Reconciliation of cash flow from operations with profit after tax

	2008 $	2007 $
Profit after tax	(329,739)	(262,868)
Depreciation and amortisation	43,964	19,813
Movement in assets and liabilities		
Receivables	6,885	(8,507)
Other assets	2,238	(13,347)
Payables	(3,049)	30,080
Provisions	3,971	5,223

Notes to the financial statements continued

	2008 $	2007 $

Note 13. Cash flow information (continued)

Net cash provided by/(used in) operating Activities	**(275,730)**	**(229,606)**

Credit Standby Arrangement and Loan Facilities

The Company does not operate a bank overdraft facility or have any loan facilities at present.

Note 14. Related party transactions

Dancoor Community Finances Limited contracts out its Treasurer position to Central West Accounting Solutions, of which Barbara de Meur is a partner. Amounts paid to Central West Accounting Solutions over the 2008 financial year were $1,977.

No other related parties have entered into a transaction with the Company during the financial years ended 30 June 2008 and 30 June 2007.

Note 15. Leasing commitments

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

Payable

	2008 $	2007 $
Not longer than 1 year	15,840	15,840
Longer than 1 year but not longer than 5 years	42,240	58,080
	58,080	73,920

Note 16. Financial instruments

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.

Note 16. Financial instruments (continued)

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.

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.

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.

Note 16. Financial instruments (continued)

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	3.05%	37,049	-	-	221	37,270
Loans and receivables		-	-	-	1,622	1,622
Total Financial Assets		37,049	-	-	1,843	38,892
Financial Liability						
Trade and other payables		-	-	-	27,031	27,031
Total Financial Liabilities		-	-	-	27,031	27,031

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	3.05%	289,382	-	-	231	289,613
Loans and receivables		-	-	-	8,507	8,507
Total Financial Assets		289,382	-	-	8,738	298,120
Financial Liability						
Trade and other payables		-	-	-	30,080	30,080
Total Financial Liabilities		-	-	-	30,080	30,080

	2008 $	2007 $

Note 16. Financial instruments (continued)

Trade and sundry payables are expected to be paid as followed:

	2008 $	2007 $
Less than 6 months	27,031	30,080

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.

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.

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	37,049	741	741	(741)	(741)

2007					
		-2 %	+ 2%		
	Carrying Amount $	Profit $	Equity $	Profit $	Equity $
Financial Assets					
Cash and cash equivalents	289,382	5,788	5,788	(5,788)	(5,788)

Notes to the financial statements continued

Note 17. Segment reporting

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

Note 18. 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 19. Contingent liabilities and contingent assets

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

Note 20. Tax

	2008 $	2007 $
a. Reconciliations		
ii. Deferred tax assets Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 4(b) occur:		
- Provisions	2,758	1,567
- Tax losses: operating losses	151,575	49,764
	154,333	**51,331**

Note 21. Key management personnel compensation

Name	Position
John Stacy	Chairman
Barbara de Meur	Non-Executive Director
Graeme Maley	Non-Executive Director
Ian Kelly	Non-Executive Director
Robin Randall	Non-Executive Director
Michael Sheppard	Non-Executive Director
Alan Thompson	Non-Executive Director
Judith Reardon	Non-Executive Director
Lillian Thompson	Non-Executive Director

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

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.

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.

Shareholdings

Number of ordinary shares held by key management personnel.

Directors shareholdings	2008	2007
John Stacy	18,001	18,001
Barbara de Meur	15,001	15,001
Graeme Maley	5,001	5,001
Ian Kelly	30,001	30,001
Robin Randall	19,001	19,001
Michael Sheppard	17,001	17,001
Alan Thompson	8,501	8,501
Judith Reardon	7,001	7,001
Lillian Thompson	8,501	8,501

There was no movement in Directors shareholdings during the year.

Each share held has a paid up value of $1 and is fully paid.

Note 22. 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

Note 22. Changes in accounting policy (continued)

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group	
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: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income.	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 23. Company details

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

11 Sandpiper Street

Jurien Bay WA 6516

Director’s 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 16th day of September 2008

Independent audit report

RSM Bird Cameron Partners
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

DANCOOR COMMUNITY FINANCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Dancoor Community Finances 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 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 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 1, the directors also state, that compliance with the Australian Accounting Standards ensures that the financial statements and notes, comply 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*.

Auditor's Opinion

In our opinion:

(a) the financial report of Dancoor Community Finances 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 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year 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 Dancoor Community Finances Limited for the financial year 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

Perth, WA
Dated: 16 September 2008

D J WALL
Partner

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Bendigo Bank