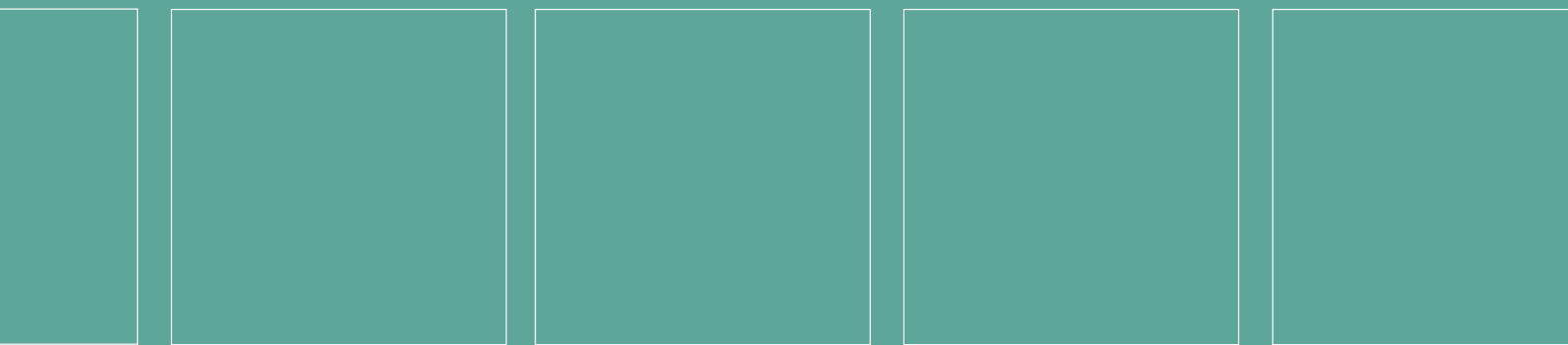


2008  
annualreport



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# Chairman's report

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For year ending 30 June 2008

I again have pleasure of presenting to you the fourth annual report of Dimboola and District Financial Services Ltd.

This document reports on the third full year of the **Community Bank**<sup>®</sup> branch's operation and the Board thank all shareholders for your support for another reporting year.

Over the financial year 2007/08 the banking business has grown from \$20.6 million to \$23.62 million and accounts have grown from 1300 to 1500.

Although our growth was steadier it reflected the serious restraints the continued drought has placed on all business enterprises.

## **Directors**

Roy Rogers resigned this year due to his demanding workload. Thank you Roy and welcome Rob Pyers, who has been appointed to the Board.

I would like to thank all Directors for their efforts throughout the year and for their diligent attendance of Board meetings.

Under the constitution three Directors are to retire in rotation each year. The Directors retiring this year are Brad Miles, Nick Pietsch and Fiona Werner, and all have offered themselves for re-election and have the full endorsement of the Board.

## **Promotions**

We have continued to promote our branch with weekly advertisements in the local paper and through meet and greet days at both the show and the street market day in April, as well as several target promotional nights at the bowls club.

## **Bendigo Bank personnel**

Simon Cornwell is still our Ballarat Regional Manager and along with his staff, is providing us with any assistance needed in their usual professional manner.

## **Branch staff**

We have the best staff led by Manager Wayne Anderson, Customer Relationship Officer Janine Sallmann, Customer Service Officers Melissa Smith, Angie Cox, Robyn Lauricella and new team member Amanda Ingeme. Thank you all for another great team effort.

# Chairman's report continued

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## **Compliance, book keeping and accountancy**

All three tasks are still being carried out by the same combined efforts of our Secretary John Nichols, book keeper Nikola White of Warrandyte and accountant David Hutchins of AFS Bendigo. All reporting has been carried out in the manner and time frame of proper business practice and management.

## **Community activities**

We are still involved with meals on wheels with both staff and Directors helping out and also a commitment to blood bank donations. If you are a donor please register with the Dimboola **Community Bank**<sup>®</sup> group and we could see a substantial monetary benefit coming to the town which in turn will go to community.

## **Current financial position**

As stated in last years report we have entered into an overdraft position with Bendigo Bank which is still ongoing. Unfortunately this increases each month, but the variation of the level of expenses in relation to income is decreasing by the month and the Board is still comfortable with our progress.

The Board and staff are still extremely committed and confident of moving on into a successful future as well as supporting community based organisations and projects.

## **Summary**

2007-2008 started with promise but soon slowed with both seasonal and financial conditions taking their toll on all types of business ventures, however, to the credit of both the staff and the Board we still moved forward albeit at a slower rate than was anticipated.

We all must look at the achievements of Rupanup/Minyip **Community Bank**<sup>®</sup> branches, which after ten years of operation realised profitability some years ago, and have now injected \$420,000 into their communities.

I believe we are on track to at least emulate their achievements. We are still moving forward towards profitability and are now at a point where we've put more than \$20,000 into the community by using our market development fund, a sum of money granted to us each month by Bendigo Bank.

I respectfully submit this report and invite all shareholders to the A G M on Monday, 3 November 2008.

Sincerely yours



**Kevin Watson**  
**Chairman**

# Manager's report

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For year ending 30 June 2008

The past year has evidenced continued growth in our banking business portfolio. We now hold in excess of 1500 accounts and our total business has exceeded \$23 million.

As we draw ever nearer to profitability, we have been fortunate in obtaining increased community funding allowance from Bendigo and Adelaide Bank Limited. This has enabled our **Community Bank**<sup>®</sup> branch to continue grants within Dimboola and surrounds, including the donation of a mobility scooter to the hospital and a jumping castle to the town committee. In simple terms we take pleasure in supporting the community that supports their very own **Community Bank**<sup>®</sup> branch.

The installation of our ATM has proven to be a resounding success and while it accepts cards from most banking institutions we encourage people to ask for a comparison of fees and charges. Our experienced Customer Service Staff are happy to discuss all banking related matters to include finance and insurance. We take this opportunity to thank our valued customers old and new for their support of the Dimboola **Community Bank**<sup>®</sup> Branch. Without this successful partnership we would be unable to continue our distributions of funds to the many and varied recipients of **Community Bank**<sup>®</sup> branch Grants.

Your **Community Bank**<sup>®</sup> branch has committed to a long term relationship and we invite you to become our partners. Successful customers and successful communities create a successful bank – in that order.



**Wayne Anderson**  
**Branch Manager**

# Directors' report

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For year ending 30 June 2008

Your Directors submit the financial 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:

### **Kevin Allan Watson**

Chairman

Age: 66

Retired

### **Phillip Peter Colquhoun**

Director

Age: 50

Business owner

### **Nicholas Carl Pietsch**

Director

Age: 45

Farmer

### **Fiona Elizabeth Werner**

Director

Age: 43

ABS Field Officer

### **John Moar**

Director (Appointed 31 July 2007)

Age: 63

Retired

### **Robert Malcolm John Pyers**

Director (Appointed 6 March 2008)

Age: 35

Principal

### **John Keith Nichols**

Secretary

Age: 52

Secondary Teacher

### **Bradley Dean Miles**

Director

Age: 48

Farmer

### **Wayne Maxwell Elliott**

Director

Age: 53

Train driver

### **Annie Evelyn Bothe**

Director

Age: 57

Project Manager

### **Monica Revell**

Director (Appointed 31 July 2007)

Age: 30

Music Teacher

### **Royden Barry Rogers**

Director (Resigned 26 February 2008)

Age: 50

Farmer

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

No Directors have material interests in contracts or proposed contracts with the Company.

# Directors' report continued

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## Company Secretary

The Company Secretary is Mr John Keith Nichols, John has been the Secretary since 18 December 2006. John is currently employed as a secondary school teacher at Dimboola Memorial Secondary College.

## Principal activities

The principal activities of the Company during the course of the financial year were in facilitating **Community Bank**<sup>®</sup> services under management rights to operate a franchised branch of Bendigo Bank Limited.

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

## Operating results

Operations have continued to perform in line with expectations. The loss of the Company for the financial year after provision for income tax was:

Year ended 30 June 2008	Year ended 30 June 2007
\$	\$
(240,548)	(144,037)

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## Remuneration report

### (a) Remuneration of Directors

All Directors of the Company are on a voluntary basis, therefore no remuneration guidelines have been prepared.

### (b) Remuneration of Area and Branch Managers

The Board is responsible for the determination of remuneration packages and policies applicable to the Branch Manager and all the staff. The Branch Manager is invited to the Board meetings as required to discuss performance and remuneration packages.

The Board's policy in respect of the branch manager is to maintain remuneration at parity within the **Community Bank**<sup>®</sup> network and local market rates for comparable roles.

There are no executives who are directly accountable and responsible for the strategic direction and operational management of the entity. This is wholly a Board role.

There are therefore no Specified Executives.

## Dividends

No dividends were declared or paid for the previous year and the Directors recommend that no dividend be paid for the current year.

# Directors' report continued

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## **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 or the financial report.

## **Matters subsequent to the end of the financial year**

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 facilitating banking services to the community.

## **Environmental regulation**

The Company is not subject to any significant environmental regulation.

## **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 except as disclosed in note 17 to the financial statements. 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 Manager 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

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## Directors meetings

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

	<b>Number of Board meetings eligible to attend</b>	<b>Number attended</b>
Kevin Allan Watson	12	11
John Keith Nichols	12	12
Phillip Peter Colquhoun	12	11
Bradley Dean Miles	12	11
Nicholas Carl Pietsch	12	9
Wayne Maxwell Elliott	12	10
Fiona Elizabeth Werner	12	11
Annie Evelyn Bothe	12	7
John Moar (Appointed 31 July 2007)	12	12
Monica Revell (Appointed 31 July 2007)	12	12
Robert Malcolm John Pyers (Appointed 6 March 2008)	4	3
Royden Barry Rogers (Resigned 26 February 2008)	8	6

## Non Audit services

The Company may decide to employ the Auditor on assignments additional to their statutory duties where the Auditor's expertise and experience with the Company are important. Details of the amounts paid or payable to the Auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The Board of Directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the provision of non-audit services by the Auditor, as set out in the notes did not compromise the Auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the Auditor;
- none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

# Directors' report continued

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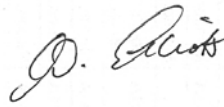
## **Auditors' independence declaration**

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Signed in accordance with a resolution of the Board of Directors at Dimboola, Victoria on 18 September 2008.



**Kevin Allan Watson**  
**Chairman**



**Wayne Maxwell Elliott**  
**Director**

# Auditor's independence declaration

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ABN 51 061 795 337

## **Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Dimboola & District Financial Services Limited**

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

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

A handwritten signature in black ink, appearing to read 'David Hutchings'.

**David Hutchings**  
Auditor

**Andrew Frewin & Stewart**  
Bendigo, Victoria

Dated this 18<sup>th</sup> day of September 2008

# Financial statements

## Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from continuing operations	3	195,620	151,665
Salaries and employee benefits expense		(192,893)	(182,955)
Advertising and promotion expenses		(15,958)	(2,304)
Systems cost expense		(24,735)	(23,337)
Occupancy and associated costs		(17,088)	(15,333)
Depreciation and amortisation expense	4	(22,466)	(22,465)
Interest expenses	4	(13,030)	(1,703)
General administration expenses		(45,921)	(47,605)
<b>Loss before income tax credit</b>		<b>(136,471)</b>	<b>(144,037)</b>
Income tax credit	5	(104,077)	-
<b>Loss for the period</b>		<b>(240,548)</b>	<b>(144,037)</b>
<b>Loss attributable to members of the entity</b>		<b>(240,548)</b>	<b>(144,037)</b>
<b>Earnings per share (cents per share)</b>		<b>¢</b>	<b>¢</b>
- basic for profit for the year	20	(44.36)	(26.56)

The accompanying notes form part of these financial statements.

## Financial statements continued

### Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash assets	6	100	50
Trade and other receivables	7	14,292	9,594
<b>Total current assets</b>		<b>14,392</b>	<b>9,644</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	45,381	55,847
Intangibles	9	18,000	30,000
Deferred tax assets	10	-	104,077
<b>Total non-current assets</b>		<b>63,381</b>	<b>189,924</b>
<b>Total assets</b>		<b>77,773</b>	<b>199,568</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Interest bearing liabilities	11	182,212	72,999
Trade and other payables	12	11,851	8,279
Provisions	13	12,768	9,919
<b>Total current liabilities</b>		<b>206,831</b>	<b>91,197</b>
<b>Non-current liabilities</b>			
Provisions	13	3,118	-
<b>Total non-current liabilities</b>		<b>3,118</b>	<b>-</b>
<b>Total liabilities</b>		<b>209,949</b>	<b>91,197</b>
<b>Net assets</b>		<b>(132,176)</b>	<b>108,371</b>
<b>Equity</b>			
Contributed equity	14	517,993	517,993
Accumulated losses	15	(650,169)	(409,622)
<b>Total equity</b>		<b>(132,176)</b>	<b>108,371</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

---

### Statement of cash flows As at 30 June 2008

	Note	2008 \$	2007 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		187,232	162,141
Payments to suppliers and employees		(284,055)	(288,686)
Interest on interest bearing liabilities		(13,030)	(1,703)
Interest received		690	1,479
<b>Net cash outflow from operating activities</b>	<b>16</b>	<b>(109,163)</b>	<b>(126,769)</b>
<b>Net decrease in cash held</b>		<b>(109,163)</b>	<b>(126,769)</b>
Cash at the beginning of the financial year		(72,949)	53,820
<b>Cash at the end of the financial year</b>	<b>6(a)</b>	<b>(182,112)</b>	<b>(72,949)</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

---

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

	Note	2008 \$	2007 \$
Total equity at the beginning of the period		108,371	252,408
Net loss for the period		(240,548)	(144,037)
Net income/expense recognised directly in equity		-	-
Dividends provided for or paid		-	-
Shares issued during period		-	-
<b>Total equity at the end of the period</b>		<b>(132,177)</b>	<b>108,371</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

---

For year ending 30 June 2008

## Note 1. Summary of significant accounting policies

### **Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

### **Compliance with FIRS**

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

### **Historical cost convention**

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

### **Revenue**

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

### **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 for 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 statement of cash flows 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 operation cash flows.



# Notes to the financial statements continued

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

### **Income tax**

#### Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

#### Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

#### Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

# Notes to the financial statements continued

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

### **Employee entitlements**

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.

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

### **Intangibles**

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

### **Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### **Comparative figures**

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

### **Property, plant and equipment**

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements	40 years
- plant and equipment	2.5 - 40 years
- furniture and fittings	4 - 40 years

# Notes to the financial statements continued

---

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

### **Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **Payment terms**

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

### **Trade receivables and payables**

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. 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.

### **Borrowings**

All loans are initially 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 equity**

Ordinary shares are 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.

# Notes to the financial statements continued

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

### **Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

## Note 2. Financial risk management

The Company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

### **(i) Market risk**

The Company has no exposure to any transactions denominated in a currency other than Australian dollars.

### **(ii) Price risk**

The Company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The Company is not exposed to commodity price risk.

### **(iii) Credit risk**

The Company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The Company's franchise agreement limits the Company's credit exposure to one financial institution, being Bendigo Bank Limited.

### **(iv) Liquidity risk**

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The Company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

### **(v) Cash flow and fair value interest rate risk**

Interest-bearing assets are held with Bendigo Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest-rate risk. The Company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 3. Revenue from ordinary activities</b>		
<b>Operating activities:</b>		
- margin income	93,921	78,986
- services commissions	101,009	71,200
<b>Total revenue from operating activities</b>	<b>194,930</b>	<b>150,186</b>
<b>Non-operating activities:</b>		
- interest received	690	1,479
<b>Total revenue from non-operating activities</b>	<b>690</b>	<b>1,479</b>
<b>Total revenues from ordinary activities</b>	<b>195,620</b>	<b>151,665</b>

## Note 4. Expenses

<b>Depreciation of non-current assets:</b>		
- plant and equipment	4,930	4,929
- leasehold improvements	5,536	5,536
<b>Amortisation of non-current assets:</b>		
- franchise agreement	12,000	12,000
	<b>22,466</b>	<b>22,465</b>
<b>Borrowing expenses:</b>		
- interest paid	<b>13,030</b>	<b>1,703</b>

## Note 5. Income tax expense

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

Operating loss	(240,548)	(144,037)
Prima facie tax on loss from ordinary activities at 30%	(72,164)	(43,211)

## Notes to the financial statements continued

	2008 \$	2007 \$
Note 5. Income tax expense (continued)		
<b>Add tax effect of:</b>		
- non-deductible expenses	3,600	3,600
- timing difference expenses	1,810	(853)
- other deductible expenses	(1,274)	-
Tax losses not brought to account	36,805	40,464
Write back of deferred tax asset	(104,077)	-
	<b>(104,077)</b>	-
<b>Unrecognised future income tax benefit carried forward is:</b>		
Opening balance	40,464	-
Write back from prior years deferred tax asset	104,077	
Future income tax benefits attributable to losses	36,805	40,464
Deferred tax on provisions	5,106	-
<b>Closing balance</b>	<b>186,452</b>	<b>40,464</b>

## Note 6. Cash assets

<b>Cash at bank and on hand</b>	<b>100</b>	<b>50</b>
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The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

<b>6(a). Reconciliation of cash</b>		
Cash at bank and on hand	100	50
Overdraft	(182,212)	(72,999)
	<b>(182,112)</b>	<b>(72,949)</b>

## Note 7. Trade and other receivables

Trade receivables	14,292	5,687
Prepayments	-	3,907
	<b>14,292</b>	<b>9,594</b>

## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 8. Property, plant and equipment</b>		
<b>Plant &amp; equipment</b>		
At cost	34,610	34,610
Less accumulated depreciation	(14,908)	(9,978)
	<b>19,702</b>	<b>24,632</b>
<b>Leasehold improvements</b>		
At cost	45,255	45,255
Less accumulated depreciation	(19,576)	(14,040)
	<b>25,679</b>	<b>31,215</b>
<b>Total written down amount</b>	<b>45,381</b>	<b>55,847</b>
<b>Movements in carrying amounts:</b>		
<b>Plant and equipment</b>		
Carrying amount at beginning	24,635	29,564
Additions	-	-
Disposals	-	-
Less: depreciation expense	(4,930)	(4,929)
<b>Carrying amount at end</b>	<b>19,705</b>	<b>24,635</b>
<b>Leasehold improvements</b>		
Carrying amount at beginning	31,215	36,751
Additions	-	-
Disposals	-	-
Less: depreciation expense	(5,536)	(5,536)
<b>Carrying amount at end</b>	<b>25,679</b>	<b>31,215</b>
<b>Total written down amount</b>	<b>45,384</b>	<b>55,850</b>

## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 9. Intangible assets</b>		
<b>Franchise fee</b>		
At cost	60,000	60,000
Less: accumulated amortisation	(42,000)	(30,000)
	<b>18,000</b>	<b>30,000</b>

## Note 10. Deferred tax

<b>Deferred tax asset</b>		
Opening balance	104,077	104,077
Write back of deferred tax asset	(104,077)	-
<b>Closing balance</b>	<b>-</b>	<b>104,077</b>

## Note 11. Interest bearing liabilities

<b>Bank overdraft</b>	<b>182,212</b>	<b>72,999</b>
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Note: The Company has an unsecured \$200,000 overdraft facility which currently attracts a 11.60% interest rate as per agreement with Franchisor - Bendigo Bank Limited.

## Note 12. Trade and other payables

Trade creditors	1,344	5,679
Other creditors & accruals	10,507	2,600
	<b>11,851</b>	<b>8,279</b>

## Note 13. Provisions

<b>Employee provisions</b>		
<b>Current</b>		
<b>Provisions</b>	<b>12,768</b>	<b>9,919</b>
<b>Non Current</b>		
<b>Provisions</b>	<b>3,118</b>	<b>-</b>
<b>Number of employees at year end</b>	<b>6</b>	<b>5</b>



## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 14. Contributed equity</b>		
542,220 Ordinary shares of \$1 each (2007: 542,220)	542,220	542,220
Less: equity raising expenses	(24,227)	(24,227)
	<b>517,993</b>	<b>517,993</b>

### Note 15. Accumulated losses

Balance at the beginning of the financial year	(409,621)	(265,584)
Net loss from ordinary activities after income tax	(240,548)	(144,037)
Dividends paid	-	-
<b>Balance at the end of the financial year</b>	<b>(650,169)</b>	<b>(409,621)</b>

### Note 16. Statement of cash flows

Reconciliation of loss from ordinary activities after tax to net cash used in operating activities

Loss from ordinary activities after income tax	(240,548)	(144,037)
<b>Non cash items:</b>		
- depreciation	10,466	10,465
- amortisation	12,000	12,000
<b>Changes in assets and liabilities:</b>		
- (increase)/decrease in receivables	(4,697)	231
- (increase)/decrease in other assets	104,077	-
- increase/(decrease) in payables	3,572	(8,599)
- increase in other liabilities	5,967	3,171
<b>Net cash flows provided by operating activities</b>	<b>(109,163)</b>	<b>(126,769)</b>

# Notes to the financial statements continued

## Note 17. Director and related party disclosures

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

Kevin Allan Watson  
John Keith Nichols  
Phillip Peter Colquhoun  
Bradley Dean Miles  
Nicholas Carl Pietsch  
Wayne Maxwell Elliott  
Fiona Elizabeth Werner  
Annie Evelyn Bothe  
John Moar (Appointed 31 July 2007)  
Monica Revel (Appointed 31 July 2007)  
Robert Malcolm John Pyres (Appointed 6 March 2008)  
Royden Barry Rogers (Resigned 26 February 2008)

With the exception of Phillip Colquhoun 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.

During the year the Company entered into one transaction with Dimboola Stockfeed & Produce a Company controlled by Director Phillip Colquhoun.

A \$100 payment was made to Dimboola Stockfeed & Produce to purchase a Victa Lawnmower, which was donated to the Dimboola Mens Group. The remaining costs to purchase the lawnmower were contributed by Dimboola Stockfeed & Produce and Victa Lawnmowers Pty Ltd.

<b>Directors shareholdings</b>	<b>2008</b>	<b>2007</b>
Kevin Allan Watson	10,000	10,000
John Keith Nichols	5,000	5,000
Phillip Peter Colquhoun	5,000	5,000
Bradley Dean Miles	7,000	7,000
Nicholas Carl Pietsch	8,000	7,000
Wayne Maxwell Elliott	7,000	7,000
Fiona Elizabeth Werner	3,000	3,000
Annie Evelyn Bothe	5,000	5,000
John Moar (Appointed 31 July 2007)	-	-
Monica Revel (Appointed 31 July 2007)	250	250
Robert Malcolm John Pyres (Appointed 6 March 2008)	-	-
Royden Barry Rogers (Resigned 26 February 2008)	2,000	2,000

There was no movement in Directors shareholdings during the year. Each share held is valued at \$1.

## Notes to the financial statements continued

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	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>Note 18. Auditors' remuneration</b>		
Amounts received or due and receivable by the Auditor of the Company for:		
- audit & review services	3,500	3,000
- non audit services	649	600
	<b>4,149</b>	<b>3,600</b>

### Note 19. Key management personnel disclosures

No Director of the Company receives remuneration for services as a Company Director or Committee member.

There are no Executives within the Company whose remuneration is required to be disclosed.

### Note 20. Earnings per share

(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	(240,548)	(144,037)
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	<b>2008</b>	<b>2007</b>
	<b>Number</b>	<b>Number</b>
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	542,220	542,220

### Note 21. Events occurring after the balance sheet date

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

### Note 22. Contingent liabilities

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

## Notes to the financial statements continued

### Note 23. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**<sup>®</sup> services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Dimboola and districts of Victoria.

### Note 24. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
92 Lloyd Street, Dimboola VIC 3414	92 Lloyd Street, Dimboola VIC 3414

### Note 25. Financial instruments

#### Net fair values

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

#### Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

#### Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Financial assets</b>												
Cash assets	-	-	-	-	-	-	-	-	100	50	Nil	Nil
Receivables	-	-	-	-	-	-	-	-	14,292	9,594	N/A	N/A
<b>Financial liabilities</b>												
Interest bearing liabilities	(182,212)	(72,999)	-	-	-	-	-	-	-	-	11.05	Nil
Payables	-	-	-	-	-	-	-	-	11,851	8,279	N/A	N/A

# Director's declaration

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In accordance with a resolution of the Directors of Dimboola & District Financial Services Limited, we state that:

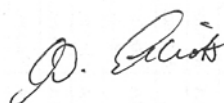
In the opinion of the Directors:

- (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 its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; 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.
- (c) the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

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



**Kevin Allan Watson**  
**Chairman**



**Wayne Maxwell Elliott**  
**Director**

Signed on 18 of September 2008.

# Independent audit report

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## INDEPENDENT AUDITOR'S REPORT

To the members of Dimboola & District Financial Services Limited

We have audited the accompanying financial report of Dimboola & District Financial Services Limited, 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 then ended, a summary of significant accounting policies and other explanatory notes and the director's declaration.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("Remuneration disclosures"), under the heading "Remuneration Report" in the directors' report, as permitted by Corporations Regulation 2M.6.04.

### Directors Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls 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 the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the director's report.

### 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 and that the remuneration disclosures comply with Accounting Standards AASB 124 Related Party Disclosures.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our 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, we consider internal controls 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independent audit report continued

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### **Independence**

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the director's report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

### **Auditor's Opinion**

In our opinion:

- 1) The financial report is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of Dimboola & District Financial Services Limited as of 30 June 2008 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- 2) The financial report also complies with International financial reporting standards as disclosed in Note 1.
- 3) The remuneration disclosures that are contained in the director's report comply with Accounting Standards AASB 124 Related Party Disclosures.



**DAVID HUTCHINGS**  
**ANDREW FREWIN & STEWART**  
61-65 Bull Street, Bendigo, 3550

Dated this 18<sup>th</sup> day of September 2008







Dimboola & District **Community Bank**<sup>®</sup> Branch  
92 Lloyd Street, Dimboola VIC 3414  
Phone: (03) 5389 1999

Franchisee: Dimboola & District Financial Services Limited  
92 Lloyd Street, Dimboola VIC 3414  
Phone: (03) 5389 1811  
ABN 77 108 797 324

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Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550  
ABN 11 068 049 178. AFSL 237879. (BMPAR8037) (08/08)

