East Keilor Community
Financial Services Limited
ABN 18 096 939 507

2008 annualreport

Contents

Chairman's report

For year ending 30 June 2008

I am pleased to announce the Board believes we will be in a position to announce our first dividend to all our shareholders soon. We know it has been a long time coming, but we would like to thank our shareholders for their patience.

Our branch has been nominated for the Moonee Valley Leader Awards Business/Professional Services category and in the Employee Excellence category. Kylie Damcevski has also been nominated and we would like to thank those people responsible for our nomination. The winners will be announced at the awards dinner on Wednesday, 15 October 2008.

We have also had two of our staff nominated for the Keilor East Rotary Pride of Workmanship awards, it is extremely rewarding for the Board to see our branch and staff nominated for these prestigious awards.

Throughout the past financial year we have been working very hard to support the local community through our Market Development fund, sponsoring community groups and building our customer relationship which helps build the bottom line.

Finally, I would like to thank my fellow Directors, Branch Manager and staff who have worked tirelessly over the past year to deliver quality services to our customers and the community.

I would also like to pay tribute to Nancy Monforte, former chair of our marketing committee, who has retired from the Board for business and personal reasons we wish her well in her future endeavours.

Trevor Sinclair JP
Chairman

Manager's report

For year ending 30 June 2008

It is pleasing to report that business levels continue to grow at a strong rate. Funds under Management as at 30 June exceeded $65M up from $52M at the end of June last year. Our number of new customers has also increased.

We have continued to promote the **Community Bank®** branch strongly over the past 12 months and will continue to do this in the future. We have developed strong relationships with local schools, clubs and community groups. These relationships lead to a better understanding of what our community needs and assist us with our forward planning.

With the support of Bendigo Bank's Business Banking Manager and Financial Planner we have been able to offer a wider and more diverse range of products and services to our customers.

Our Board of Directors and Marketing Committee continue to undertake initiatives to promote our **Community Bank®** branch and seek your input and suggestions.

Please continue to support our **Community Bank®** branch and encourage your family and friends to utilise our services and products.

I would like to thank my staff and the Board of Directors for their support.

Tom Hill
Branch Manager

Treasurer's report

For year ending 30 June 2008

The 2008 financial year has been very rewarding for our **Community Bank®** branch. We have generated a profit each month throughout the year, achieving a net profit of $203,672 (before tax), which was 102% more than last year. The balance sheet has strengthened as well. Net assets have increased by 41% compared to the same time last year and cash on hand was $357,291 at the end of June 2008.

We are confident that in the next financial year we will achieve our budget and generate enough retained earnings to pay our first dividend before 30 June 2009. The branch is becoming a valuable enterprise and we encourage everybody to support and promote our **Community Bank®** branch.

Funds under management have increased from $52.2 million to $65.1 million compared to June 2007, illustrating that we are continuing to win new business. On average 59 new accounts were opened each month for the last six months. We are expecting to continue to grow and hopefully achieve our budgeted figure of $72.9 million funds under management for the year end 2009.

The **Community Bank®** branch has shared its success with the East Keilor community throughout the various sponsorships given, with the support of Bendigo Bank and the different activities undertaken by the Marketing Committee.

Finally, I would like to thank our shareholders, the staff and the customers and ask that you continue to refer new clients and let them experience the difference of the **Community Bank®** branch.

H Borisov

Hrisimir Borisov

Treasurer and Secretary

Directors' report

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:

Trevor Donald Sinclair JP
Chairman
Retired Moonee Valley Councillor
Interests in shares - 5,000

Rosemary McKenzie (Appointed 30 July 2007)
Director
Business Banker
Interests in shares - 1000

Nancy Monforte
Director
Business Owner
Interests in shares - 3,000

Nicholas Michael Axarlis
Director
Accountant
Interest in shares - 1,000

Kenneth John Fincher
Director
Retired Business Banker
Interests in shares - Nil

Hrisimir Borisov
Treasurer/Company Secretary
Manager
Interests in shares - 2,000

David Edward Todd
Deputy Chairman
Pharmacist / Investor
Interests in shares - 22,742

Frank Magarelli
Director
Retired Plumber / Committee Member
Interests in shares - 1,000

Brendan Harkin (Resigned 26 November 2007)
Director
Solicitor
Interests in shares - 500

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

Company Secretary

The Company Secretary is Hrisimir Borisov. Hrisimir was appointed to the position of Secretary on 26 March 2007.

Hrisimir has a Bachelor of Business and is currently employed as a Manager with Matthews Steer Chartered Accountants.

Directors' report continued

Principal activities

The principal activities of the Company during the course of the financial year were in providing **Community Bank®** 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 profit of the Company for the financial year after provision for income tax was:

Year ended 30 June 2008 $	Year ended 30 June 2007 $
148,734	63,706

Dividends

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

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.

Likely developments

The Company will continue its policy of providing 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.

Indemnification and Insurance of Directors and Officers

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

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

Rumuneration report

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.

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

	Number of Board meetings eligible to attend	**Number attended**
Trevor Donald Sinclair JP	11	10
David Edward Todd	11	5
Nicholas Michael Axarlis	11	11
Frank Magarelli	11	10
Nancy Monforte	11	9
Rosemary McKenzie (appointed 30 July 2007)	11	11
Hrisimir Borisov	11	11
Kenneth John Fincher	11	11
Brendan Harkin (resigned 26 November 2007)	4	2

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.

Directors' report continued

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.

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 9.

Signed in accordance with a resolution of the Board of Directors at Essendon Fields House, Level 2, 7 English Street, Essendon Airport on 25 August 2008.

Trevor Donald Sinclair JP
Chairman

Hrisimir Borisov
Treasurer

Auditor's independence declaration

partners in success
Chartered Accountants & Business Advisors

PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of East Keilor Community 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.

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 25th day of September 2008

Financial statements

Income statement
For year ending 30 June 2008

	Note	2008 $	2007 $
Revenues from ordinary activities	3	673,050	547,699
Salaries and employee benefits expense		(293,777)	(280,156)
Advertising and promotion expenses		(4,792)	(4,916)
Occupancy and associated costs		(48,551)	(44,119)
Systems costs		(21,084)	(20,909)
Depreciation and amortisation expense	4	(17,859)	(18,277)
General administration expenses		(83,316)	(78,501)
Profit before income tax expense		**203,672**	**100,820**
Income tax expense	5	(54,938)	(37,114)
Profit for the period		**148,734**	**63,706**
Profit attributable to members of the entity		**148,734**	**63,706**
Earnings per share (cents per share)		**¢**	**¢**
- basic for profit for the year	19	23.21	9.94

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2008

	Note	2008 $	2007 $
Assets			
Current assets			
Cash assets	6	357,291	171,416
Trade, other receivables and prepayments	7	50,578	39,858
Total current assets		**407,868**	**211,274**
Non-current assets			
Property, plant and equipment	8	134,615	132,731
Intangible assets	9	33,370	43,370
Deferred tax assets	10	11,897	45,661
Total non-current assets		**179,882**	**221,762**
Total assets		**587,750**	**433,036**
Liabilities			
Current liabilities			
Trade and other payables	11	19,617	44,281
Provisions	12	56,091	25,447
Total current liabilities		**75,708**	**69,728**
Total liabilities		**75,708**	**69,728**
Net assets		**512,042**	**363,308**
Equity			
Issued capital	13	561,768	561,768
Retained profits/(accumulated losses)	14	(49,725)	(198,460)
Total equity		**512,042**	**363,308**

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		655,082	536,309
Payments to suppliers and employees		(439,331)	(418,561)
Interest received		7,368	3,865
Net cash provided by operating activities	**15**	**223,119**	**121,613**
Cash flows from investing activities			
Payments for property, plant and equipment		(9,744)	(25,000)
Payments for intangible assets		(27,500)	(4,088)
Net cash used in investing activities		**(37,244)**	**(29,088)**
Cash flows from financing activities			
Repayment of borrowings		-	(16,359)
Net cash used in financing activities		**-**	**(16,359)**
Net increase in cash held		**185,875**	**76,166**
Cash at the beginning of the financial year		171,416	95,250
Cash at the end of the financial year	**6(a)**	**357,291**	**171,416**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2008

	Note	2008 $	2007 $
Total equity at the beginning of the period		363,308	299,601
Net profit for the period		148,734	63,706
Net income/expense recognised directly in equity		-	-
Dividends provided for or paid		-	-
Shares issued during period		-	-
Total equity at the end of the period		**512,042**	**363,308**

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 IFRS

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.

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

Note 1. Summary of significant accounting policies (continued)

Employee entitlements

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

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

Intangibles

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

Note 1. Summary of significant accounting policies (continued)

Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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 of 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.

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.

Note 2. Financial risk management (continued)

(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.

	2008 $	2007 $

Note 3. Revenue from ordinary activities

Operating activities:		
- services commissions	124,217	95,981
- other revenue	541,465	447,853
Total revenue from operating activities	**665,682**	**543,834**
Non-operating activities:		
- interest received	7,368	3,865
Total revenue from non-operating activities	**7,368**	**3,865**
Total revenues from ordinary activities	**673,050**	**547,699**

Notes to the financial statements continued

	Note	2008 $	2007 $
Note 4. Expenses			
Depreciation of non-current assets:			
- plant and equipment		4,764	5,254
- leasehold improvements		3,095	2,991
Amortisation of non-current assets:			
- franchise agreement		10,000	10,032
		17,859	**18,277**
Finance costs:			
- interest paid		**-**	**403**
Bad debts		**636**	**1,752**

Note 5. Income tax expense

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

	Note	2008 $	2007 $
Operating profit/(loss)		203,672	100,820
Prima facie tax on profit/(loss) from ordinary activities at 30%		61,102	30,246
Add tax effect of:			
- non-deductible expenses		7,427	8,687
- timing difference expenses		(1,693)	(1,819)
Current tax		66,835	37,114
Movement in deferred tax	10	(11,897)	-
		54,938	**37,114**

	2008 $	2007 $

Note 6. Cash assets

	2008 $	2007 $
Cash at bank and on hand	79,678	39,145
Term deposits	277,612	132,271
	357,291	**171,416**

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

6(a) Reconciliation of cash		
Cash at bank and on hand	79,678	39,145
Term deposit	277,612	132,271
	357,291	**171,416**

Note 7. Trade and other receivables

	2008 $	2007 $
Trade receivables	50,031	39,431
Prepayments	547	427
	50,578	**39,858**

Note 8. Property, plant and equipment

	2008 $	2007 $
Plant and equipment		
At cost	67,500	63,700
Less accumulated depreciation	(38,576)	(33,812)
	28,924	**29,888**
Leasehold improvements		
At cost	125,600	119,657
Less accumulated depreciation	(19,909)	(16,814)
	105,691	**102,843**
Total written down amount	**134,615**	**132,731**

	2008 $	2007 $

Note 8. Property, plant and equipment (continued)

Movements in carrying amounts:

	2008 $	2007 $
Plant and equipment		
Carrying amount at beginning	29,888	31,054
Additions	3,800	4,088
Disposals	-	-
Less: depreciation expense	(4,764)	(5,254)
Carrying amount at end	**28,924**	**29,888**
Leasehold improvements		
Carrying amount at beginning	102,843	105,834
Additions	5,943	-
Disposals	-	-
Less: depreciation expense	(3,095)	(2,991)
Carrying amount at end	**105,691**	**102,843**
Total written down amount	**134,615**	**132,731**

Note 9. Intangible assets

Franchise fee

	2008 $	2007 $
At cost	100,000	100,000
Less: accumulated amortisation	(66,630)	(56,630)
	33,370	**43,370**

Note 10. Deferred tax

Deferred tax asset

	2008 $	2007 $
Opening balance	45,661	82,774
Recoupment of prior year tax losses	(45,661)	(37,113)
Deferred tax on provisions	11,897	-
Tax losses - revenue	**11,897**	**45,661**

Notes to the financial statements continued

	2008 $	2007 $

Note 11. Trade and other payables

	2008 $	2007 $
Trade creditors	19,617	40,713
Other creditors & accruals	-	3,568
	19,617	**44,281**

Note 12. Provisions

	2008 $	2007 $
Provision for company tax	21,174	-
Employee provisions	34,917	25,447
	56,091	**25,447**
Number of employees at year end	**4**	**4**

Note 13. Contributed equity

	2008 $	2007 $
640,870 Ordinary shares fully paid of $1 each (2008: 640,870)#	594,400	594,400
Less: equity raising expenses	(32,632)	(32,632)
	561,768	**561,768**

46,470 bonus shares issued were issued during the initial setup period for costs incurred on the entity's behalf

Note 14. Retained earnings/ accumulated losses

	2008 $	2007 $
Balance at the beginning of the financial year	(198,460)	(262,166)
Net profit/(loss) from ordinary activities after income tax	148,734	63,706
Dividends paid	-	-
Balance at the end of the financial year	**(49,725)**	**(198,460)**

	2008 $	2007 $

Note 15. Statement of cash flows

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

	2008 $	2007 $
Profit/(loss) from ordinary activities after income tax	148,734	63,706
Non cash items:		
- depreciation	7,859	8,245
- amortisation	10,000	10,032
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(10,600)	(7,525)
- (increase)/decrease in other assets	45,540	39,057
- increase/(decrease) in payables	2,837	(5,182)
-increase/(decrease) in provisions	9,470	13,280
-increase/(decrease) in provision for Company tax	9,279	-
Net cashflows provided by/(used in) operating activities	**223,119**	**121,613**

Note 16. Auditors' remuneration

Amounts received or due and receivable by the Auditor of the Company for:

	2008 $	2007 $
- audit & review services	3,000	3,000
- non audit services	-	-
	3,000	**3,000**

Note 17. Director and related party disclosures

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

Trevor Donald Sinclair JP

Hrisimir Borisov

David Edward Todd

Nancy Monforte

Frank Magarelli

Nicholas Michael Axarlis

Kenneth John Fincher

Rosemary McKenzie (Appointed 30 July 2007)

Brendan Harkin (Resigned 26 November 2007)

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.

Directors shareholdings	**2008**	**2007**
Trevor Donald Sinclair	5,000	5,000
David Edward Todd	22,742	22,242
Nicholas Michael Axarlis	1,000	1,000
Frank Magarelli	1,000	1,000
Nancy Monforte	3,000	3,000
Kenneth John Fincher	-	-
Hrisimir Borisov	2,000	-
Rosemary McKenzie (Appointed 30 July 2007)	1,000	-
Brendan William Harkin (Resigned 26 November 2007)	500	500

The following Directors held more shares in the year ended 30 June 2008: David Todd, Hrisimir Borisov and Rosemary McKenzie. Each share is valued at its purchase costs.

Note 18. Key management personnel disclosures (non listed entities only)

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.

Notes to the financial statements continued

	2008 $	2007 $

Note 19. Earnings per share

(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	148,734	63,706

	2008 Number	2007 Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	640,870	640,870

Note 20. 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 21. Contingent liabilities

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

Note 22. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being East Keilor district, Victoria.

Note 23. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
Essendon Fields House Level 2, 7 English Street, Essendon Airport VIC 3041	53 Wyong Street. Keilor East VIC 3033

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

			Fixed interest rate maturing in									
Financial instrument	Floating interest rate		1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average effective interest rate	
	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 %	2007 %
Financial assets												
Cash assets	79,678	39,146	-	-	-	-	-	-	-	-	0.05	0.05
Investments	277,612	132,271	-	-	-	-	-	-	50,578	39,858	7	5.5
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	19,617	44,281	N/A	N/A

Director's declaration

In accordance with a resolution of the Directors of East Keilor Community 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.

Trevor Donald Sinclair JP
Chairman

Hrisimir Borisov
Treasurer

Signed on 25 August 2008.

Independent audit report

PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

partners in success
Chartered Accountants & Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the members of East Keilor Community Financial Services Limited

We have audited the accompanying financial report of East Keilor Community 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 directors' 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 directors' 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

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 directors' 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 East Keilor Community 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 directors' report comply with Accounting Standards AASB 124 Related Party Disclosures.

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

Dated this 25th day of September 2008

East Keilor **Community Bank®** Branch
53 Wyong Street, East Keilor VIC 3033
Phone: (03) 9331 5811

Franchisee: East Keilor Community Financial Services Limited
Essendon Fields House,
Level 2, 7 English Street, Essendon Airport VIC 3041
ABN 18 096 939 507

www.bendigobank.com.au
Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
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Bendigo Bank