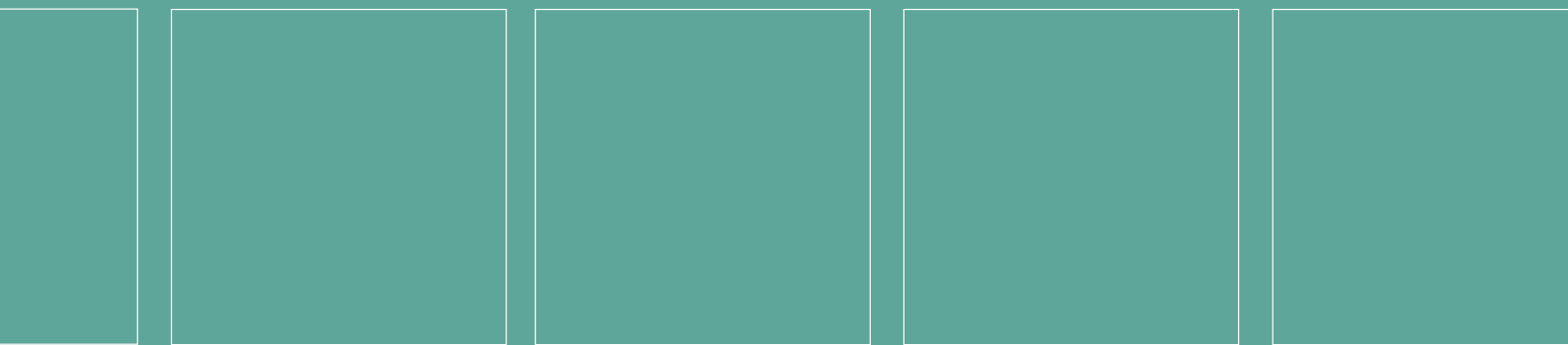


2008  
annualreport



# Contents

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<b>Chairman's report</b>	<b>2-3</b>
<b>Manager's report</b>	<b>4-5</b>
<b>Directors' report</b>	<b>6-9</b>
<b>Financial statements</b>	<b>10-13</b>
<b>Notes to the financial statements</b>	<b>14-27</b>
<b>Directors' declaration</b>	<b>28</b>
<b>Independent audit report</b>	<b>29-30</b>

# Chairman's report

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For year ending 30 June 2008

Time does pass us by, especially over the last five years. Since opening our **Community Bank**<sup>®</sup> branch in June 2003, it has been a rollercoaster ride for me and my fellow Directors.

Welcome all to our fifth annual report of the Edenhope and District Financial Services. As Chairman, I am very pleased with the last year's growth in our business. During this financial year we have had staff changes and have also seen the creation of a new position.

## **Staff**

Last year we had Sandra Clutterbuck leave us after four years of great input into the branch. Sandra's previous banking career was a great asset to us. We appreciate Sandra's service and wish her well in her future business venture. Her position has been very ably taken by Kym Cameron, who has had a very successful banking career prior to coming to Edenhope. In August 2007, our Manager Tony Bonnici resigned. At this time Tony and Sharon's daughter passed away. We wish them both well for the future. The Board was thrilled to announce Luke Riley as our new Manager. Luke grew up in Edenhope and started in the NAB branch here at 17 years of age. He has since worked in Horsham, Perth and Naracoorte in various roles. Luke's knowledge and enthusiasm has been great for our business. We look forward to the future with Luke at the helm.

Kelly McLeay and Margie Reid – I cannot thank these ladies enough as they held the counter business together while we had staff changes and times between staff finishing and starting. I appreciate their professionalism and commitment.

With the growth in business and the need for Luke to visit clients on farm and in business, the Board decided to create a new part time position which also would include the filling in for staff holidays and sick leave. Once again the quality of applicants was great and with much pleasure we welcomed Chris Carter to the role. Chris has fitted in very well.

## **Business**

Growth in the last year has been very good, averaging \$500,000 a month. As at 30 June 2008, we were at \$25.6 million. I feel sure that by the time I present my report in November, we will have broken even and looking at the possibility of some profits. This is a position the Board will rejoice in as it has been a long road for us.

It was with regret that we closed on Saturday mornings. This decision was not taken lightly. Our staff hours were better redirected through the week to increase our service to customers. We continue to be the only 24 hour ATM in the area, which was not a service we provided when we opened in 2003. The ATM continues to be a huge asset to our community and our branch. It is averaging over 2000 transactions per month. As chairman, and with such a great team and a consistently growing business, the future looks very strong.

# Chairman's report continued

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## **Bendigo and Adelaide Bank – our partner**

The support our staff and Board receive from Regional Manager, Simon Cornwell and his staff, especially Jodie McLeod, is what makes us all as good as we are. Marty Reither, our agri-business Manager and Alison Butler, our financial planner help make our services complete. Big thanks to all at the Bendigo for the last year.

## **Board**

The Board has been under a lot of pressure this last year with staff recruitments and trying to keep our business moving forward. It was with regret that the Board accepted two resignations. Thank you to Eve Van-Brugel for her professional input into the Board. Also a huge thank you to Greg Carter, whose resignation came as a big shock. I have worked with Greg right from the start. He has been a tireless worker, incredible thinker and a very astute decision maker and his presence on the Board will be greatly missed, especially by me.

Recently, we have been pleased to announce the appointment of Neil Harvey to our Board. Neil brings financial expertise and a community spirit. I look forward to working with Neil.

## **Shareholders**

Without the backing and commitment of you, our shareholders, we would not be here today. The patient support that we have been given is much appreciated by the Board and staff. This is an important measure of your commitment to the future of your community.

## **Thanks**

I would like to take this opportunity to thank the community for their support and understanding in the role I have as Chairman of Edenhope and District Financial Services.



**Wayne Caldwell**

**Chairman**

# Manager's report

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For year ending 30 June 2008

They say time flies when you're having fun. Well I must be having a ball because it's hard to believe that it's been 12 months since my first day as Manager of Edenhope & District **Community Bank**<sup>®</sup> Branch. I think a 'rollercoaster ride' as Wayne Caldow described it in his report sums up my first 12 months perfectly.

I took on the Manager's position after the previous Manager, Tony Bonnici had resigned. Branch staff were under pressure during this period keeping up the day to day functioning of the branch.

The way that they carried on throughout this period is a real testament to their character. I commenced work just months after Kym Cameron had started and already it seemed like she had been in the role for some time. Her previous customer service and banking experience has been a great asset to the team. Margie Reid and Kelly McLeay had experienced numerous changes over a short period of time but remained focused on keeping the everyday running of the branch under control. Their professional conduct over this period was second to none and I'm sure that the Board and our customers really appreciated their efforts.

Stepping into this dedicated team certainly made my job a lot easier and their assistance and support is greatly appreciated.

Chris Carter has since joined our team as a part time Customer Service Officer and has made an instant impact. He has fitted into our team perfectly and his presence has allowed us extra time and flexibility within our personal lives as well as allowing me to get out of the branch more often.

Business is growing rapidly. As at 30 June 2007 our branch had total business of \$20,747 million. As at 30 June 2008 our total business was \$25,602 million and it continues to grow every month. Let's not forget that in the past 12 months we have employed two new part time customer service Officers and a new Branch Manager. It takes time for everyone to gel as a team, and I am confident we have 'steadied the ship' and are collectively striving towards the same goals.

I cannot thank the Board of Directors enough for giving me the opportunity to take on the Branch Manager's role. They are a great mix of personalities and are all very approachable. Their persistence and drive has been a key contributor in the success of our branch. I thank them for their guidance and support over the past 12 months.

Equally I must extend a big thank you to the Bendigo and Adelaide Bank state support staff in Ballarat. Their support and willingness to assist is very much appreciated.

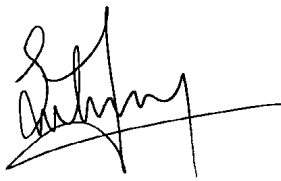
To the shareholders who I'm sure are eagerly awaiting the news of the magical 'breakeven' date – I assure you it is coming. Directors and staff members continue to work hard to grow our business so that we can achieve this goal as soon as possible. We know that without the initial support of you, our shareholders, our branch would not be here today. I appreciate your patience and look forward with excitement to the day that we can announce 'breakeven'.

## Manager's report continued

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To date the Edenhope & District **Community Bank**<sup>®</sup> Branch has contributed over \$15,000 to 28 community groups and/or individuals. While this is a fantastic effort, I cannot stress enough that this is merely a hint of our potential. Rupanyup and Minyip **Community Bank**<sup>®</sup> branches have contributed more than \$418,259 to 53 community groups. Granted this has been over a period of 10 years, but I can't help but stress how easy this would be for our branch to achieve. But this can only happen with the full support of our local community. If Rupanyup and Minyip **Community Bank**<sup>®</sup> branches has enough business to provide this amount of sponsorship then why can't we?

Support your **Community Bank**<sup>®</sup> branch and together we can support your community.

A handwritten signature in black ink, appearing to read 'Luke Riley', with a long horizontal stroke extending to the right.

**Luke Riley**  
**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 are:

### **Wayne David Caldwell**

Chairman  
Occupation - Farmer

### **Gregory Ivan Carter** (resigned 26 March 2008)

Director  
Occupation - Cleaning Contractor

### **Luke Simon Munro**

Director  
Occupation - Business Proprietor

### **Ashley Rohan Caldwell**

Director  
Occupation - Farmer

### **Austin David Grigg**

Director  
Occupation - Shearing Contractor/Farmer

### **Neil Harvey** (appointed 2 July 2008)

Director  
Occupation - Deputy CEO Edenhope Hospital

### **Alison Margaret Leishman**

Company Secretary  
Occupation - Business Proprietor

### **Stephen Edmund Ryan**

Director  
Occupation - Business Proprietor

### **Kathryn Elizabeth Hausler**

Director  
Occupation - Farmer

### **Julie West**

Director  
Occupation - Accountant

### **Eve Van Bruegel** (resigned 26 September 2007)

Director  
Occupation - Business Proprietor

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

Other than detailed below no Directors have material interests in contracts or proposed contracts with the Company.

During the year ended 30 June 2008 fees of \$7,940 (2007: \$7,700) were paid to West Currie Consultants for accounting services. Julie West is the Principal of West Currie Consultants.

An amount of \$4,747 (2007: \$4,652) was paid to Dawmock Pty Ltd for cleaning services for the year ended 30 June 2008. Gregory Carter is a Director of Dawmock Pty Ltd.

Total rental for the year ended 30 June 2008 of \$11,035 (2007: \$10,749) was paid for the property located at 63 Elizabeth Street, Edenhope. Directors, Wayne Caldwell and Austin Grigg, each own a 10% share of 63 Elizabeth Street.

All of the above Director related transactions were on normal commercial terms and conditions.

# Directors' report continued

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## **Principal activities**

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

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

## **Operating results**

The loss of the Company for the financial year after provision for income tax was \$75,945 (2007: \$86,842).

## **Dividends**

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.

## **Significant events after the balance date**

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

## **Likely developments**

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

## **Directors' benefits**

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

## **Indemnification and Insurance of Directors and Officers**

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

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



# Directors' report continued

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## Corporate governance

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

- (a) The establishment of an audit committee. Members of the audit committee are Alison Leishman, Julie West and Luke Riley (Bank Manager);
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

## Company Secretary

Alison Leishman has been the Company Secretary of Edenhope & District Financial Services Ltd for 5 years. Alison's qualifications and experience include 17 years banking experience with the CBA and former State Bank of Victoria and seven years as a self employed bookkeeper.

## Directors meetings

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

<b>Number of meetings held:</b>	<b>10</b>
<hr/>	
<b>Number of meetings attended:</b>	
<hr/>	
Wayne David Caldow	10
<hr/>	
Gregory Ivan Carter (resigned 26 March 2008)	7
<hr/>	
Alison Margaret Leishman	8
<hr/>	
Luke Simon Munro	8
<hr/>	
Stephen Edmund Ryan	8
<hr/>	
Ashley Rohan Caldow	9
<hr/>	
Eve Van Bruegel (resigned 26 September 2007)	2
<hr/>	
Austin David Grigg	5
<hr/>	
Kathryn Elizabeth Hausler	9
<hr/>	
Julie West	8
<hr/>	
Neil Harvey (appointed 2 July 2008)	-
<hr/>	

## Auditor independence declaration

The Directors received the following declaration from the Auditor of the Company:

Richmond Sinnott & Delahunty  
Chartered Accountants.

# Directors' report continued

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## **Richmond Sinnott & Delahunty** Chartered Accountants



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

3 September 2008

The Directors  
Edenhope & District Financial Services Limited  
C/- Ms Alison Leishman  
7 Wannon Avenue  
EDENHOPE VIC 3318

Dear Directors

### **Auditor's Independence Declaration**

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

**Warren Sinnott**  
Partner  
Richmond Sinnott & Delahunty

Signed in accordance with a resolution of the Board of Directors at Edenhope, Victoria on 3 September 2008.

**Wayne David Caldwell**  
Chairman

# Financial statements

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## Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	2	249,960	205,960
Employee benefits expense	3	(177,862)	(163,628)
Charitable donations and sponsorship		(5,730)	(1,131)
Depreciation and amortisation expense	3	(38,297)	(38,298)
Finance costs	3	(28,829)	(18,115)
Other expenses from ordinary activities		(102,881)	(106,885)
<b>Loss before income tax expense</b>		<b>(103,639)</b>	<b>(122,097)</b>
Income tax benefit / (expense)	4	27,694	35,255
<b>Loss after income tax expense</b>		<b>(75,945)</b>	<b>(86,842)</b>
<b>Earnings per share (cents per share)</b>			
- basic for loss for the year	20	(15.95)	(18.24)
- diluted for loss for the year	20	(15.95)	(18.24)

The accompanying notes form part of these financial statements.

## Financial statements continued

### Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
<b>Current assets</b>			
Receivables	7	18,545	16,631
<b>Total current assets</b>		<b>18,545</b>	<b>16,631</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	2,739	12,927
Deferred income tax asset	4	215,220	187,526
Intangible assets	9	-	28,109
<b>Total non-current assets</b>		<b>217,959</b>	<b>228,562</b>
<b>Total assets</b>		<b>236,504</b>	<b>245,193</b>
<b>Current liabilities</b>			
Bank overdraft	6	299,093	230,781
Payables	10	21,486	21,868
Provisions	11	11,064	11,738
<b>Total current liabilities</b>		<b>331,643</b>	<b>264,387</b>
<b>Total liabilities</b>		<b>331,643</b>	<b>264,387</b>
<b>Net assets / (liabilities)</b>		<b>(95,139)</b>	<b>(19,194)</b>
<b>Equity</b>			
Share capital	12	476,160	476,160
Accumulated losses	13	(571,299)	(495,354)
<b>Total equity</b>		<b>(95,139)</b>	<b>(19,194)</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

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

	Note	2008 \$	2007 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		273,000	220,267
Cash payments in the course of operations		(312,483)	(301,909)
Interest paid		(28,829)	(18,115)
<b>Net cash flows from/(used in) operating activities</b>	<b>14b</b>	<b>(68,312)</b>	<b>(99,757)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(68,312)</b>	<b>(99,757)</b>
Add opening cash brought forward		(230,781)	(131,024)
<b>Closing cash carried forward</b>	<b>14a</b>	<b>(299,093)</b>	<b>(230,781)</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

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

	Note	2008 \$	2007 \$
<b>SHARE CAPITAL</b>			
<b>Ordinary shares</b>			
Balance at start of year		476,160	476,160
Issue of share capital		-	-
Share issue costs		-	-
<b>Balance at end of year</b>		<b>476,160</b>	<b>476,160</b>
<b>Retained earnings / (accumulated losses)</b>			
Balance at start of year		(495,354)	(408,512)
Loss after income tax		(75,945)	(86,842)
Dividends paid		-	-
<b>Balance at end of year</b>		<b>(571,299)</b>	<b>(495,354)</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ending 30 June 2008

## Note 1. Basis of preparation of the financial report

### **(a) Basis of accounting**

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

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

The financial report was authorised for issue by the Directors on 3 September 2008.

### **(b) Statement of compliance**

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

### **(c) Significant accounting policies**

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2007 financial statements.

#### **Income tax**

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

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

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

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

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

# Notes to the financial statements continued

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## Note 1. Basis of preparation of the financial report (continued)

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

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

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

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

<b>Class of asset</b>	<b>Depreciation rate</b>
Leasehold improvements	20%
Plant & equipment	7.5 - 20%

### **Impairment**

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

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

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

### **Recoverable amount of assets**

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

### **Goods and services tax**

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

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

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

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



# Notes to the financial statements continued

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## Note 1. Basis of preparation of the financial report (continued)

### **Employee benefits**

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

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

### **Intangibles**

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

### **Cash**

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

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

### **Comparative figures**

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

### **Revenue**

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

### **Receivables and payables**

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

### **Interest bearing liabilities**

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

### **Provisions**

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

# Notes to the financial statements continued

## Note 1. Basis of preparation of the financial report (continued)

### Provisions (continued)

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

### Contributed capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

	2008 \$	2007 \$
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## Note 2. Revenue from ordinary activities

### Operating activities

- services commissions and fee income	249,960	205,960
- other revenue	-	-
<b>Total revenue from operating activities</b>	<b>249,960</b>	<b>205,960</b>

### Non-operating activities:

- interest received	-	-
- other revenue	-	-
<b>Total revenue from non-operating activities</b>	<b>-</b>	<b>-</b>
<b>Total revenue from ordinary activities</b>	<b>249,960</b>	<b>205,960</b>

## Note 3. Expenses

### Employee benefits expense

- wages and salaries	156,169	148,292
- superannuation costs	12,876	12,677
- workers' compensation costs	482	472
- other costs	8,335	2,187
	<b>177,862</b>	<b>163,628</b>

## Notes to the financial statements continued

	2008 \$	2007 \$
Note 3. Expenses (continued)		
<b>Depreciation of non-current assets:</b>		
- plant and equipment	4,322	4,324
- leasehold improvements	5,866	5,866
Amortisation of non-current assets:		
- intangibles	28,109	28,108
	<b>38,297</b>	<b>38,298</b>
<b>Finance costs:</b>		
- Interest paid	28,829	18,115
Bad debts	-	-

### Note 4. Income tax expense

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

Prima facie tax on loss before income tax at 30%	(31,092)	(36,629)
Add tax effect of:		
- Non-deductible expenses	3,398	1,374
<b>Current income tax (benefit) / expense</b>	<b>(27,694)</b>	<b>(35,255)</b>
<b>Income tax (benefit) / expense</b>	<b>(27,694)</b>	<b>(35,255)</b>
<b>Deferred income tax losses</b>		
<b>Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable</b>	<b>215,220</b>	<b>187,526</b>

### Note 5. Auditors' remuneration

Amounts received or due and receivable by

Richmond, Sinnott & Delahunty for audit or review of the financial report of the Company

3,650	3,650
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## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 6. Cash assets</b>		
<b>Cash at bank and on hand / (bank overdraft)</b>	<b>(299,093)</b>	<b>(230,781)</b>
<b>7. Receivables</b>		
<b>Debtor - Bendigo &amp; Adelaide Bank Limited</b>	<b>18,545</b>	<b>16,631</b>
<b>Note 8. Property, plant and equipment</b>		
<b>Leasehold improvements</b>		
At cost	29,330	29,330
Less accumulated depreciation	(29,330)	(23,464)
	-	<b>5,866</b>
<b>Plant and equipment</b>		
At cost	24,356	24,356
Less accumulated depreciation	(21,617)	(17,295)
	<b>2,739</b>	<b>7,061</b>
<b>Total written down amount</b>	<b>2,739</b>	<b>12,927</b>
<b>Movements in carrying amounts</b>		
<b>Leasehold improvements</b>		
Carrying amount at beginning of year	5,866	11,732
Additions	-	-
Disposals	-	-
Amortisation expense	(5,866)	(5,866)
<b>Carrying amount at end of year</b>	<b>-</b>	<b>5,866</b>
<b>Plant and equipment</b>		
Carrying amount at beginning of year	7,061	11,385
Additions	-	-
Disposals	-	-
Depreciation expense	(4,322)	(4,324)
<b>Carrying amount at end of year</b>	<b>2,739</b>	<b>7,061</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	(60,000)	(48,000)
	-	<b>12,000</b>
<b>Preliminary expenses</b>		
At cost	80,541	80,541
Less accumulated amortisation	(80,541)	(64,432)
	-	<b>16,109</b>
	-	<b>28,109</b>

## 10. Payables

Trade creditors	4,384	7,986
Other creditors and accruals	17,102	13,882
	<b>21,486</b>	<b>21,868</b>

## Note 11. Provisions

Employee benefits	11,064	11,738
<b>Number of employees at year end</b>	<b>5</b>	<b>4</b>

## Note 12. Share capital

<b>476,160 Ordinary Shares fully paid of \$1 each</b>	<b>476,160</b>	<b>476,160</b>
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## Note 13. Accumulated losses

Balance at the beginning of the financial year	(495,354)	(408,512)
Loss after income tax	(75,945)	(86,842)
Dividends	-	-
<b>Balance at the end of the financial year</b>	<b>(571,299)</b>	<b>(495,354)</b>

## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 14. Cash flow statement</b>		
<b>(a) Reconciliation of cash</b>		
<b>Cash assets / (bank overdraft)</b>	<b>(299,093)</b>	<b>(230,781)</b>
<b>(b) Reconciliation of loss after tax to net cash provided from/(used in) operating activities</b>		
Loss after income tax	(75,945)	(86,842)
Non cash items		
- Depreciation	10,188	10,190
- Amortisation	28,109	28,108
Changes in assets and liabilities		
- (Increase) decrease in receivables	(1,914)	(6,098)
- Increase (decrease) in payables	(382)	(2,340)
- Increase (decrease) in provisions	(674)	(7,520)
- (Increase) decrease in deferred tax asset	(27,694)	(35,255)
<b>Net cash flows from/(used in) operating activities</b>	<b>(68,312)</b>	<b>(99,757)</b>

## Note 15. Director and related party disclosures

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

Wayne David Caldow

Gregory Ivan Carter (resigned 26 March 2008)

Alison Margaret Leishman

Luke Simon Munro

Stephen Edmund Ryan

Ashley Rohan Caldow

Eve Van Bruegel (resigned 26 September 2007)

Austin David Grigg

Kathryn Elizabeth Hausler

Julie West

Neil Harvey (appointed 2 July 2008)

Other than detailed below 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.

## Notes to the financial statements continued

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### Note 15. Director and related party disclosures (continued)

During the year ended 30 June 2008 fees of \$7,940 (2007: \$7,700) were paid to West Currie Consultants for accounting services. Julie West is the Principal of West Currie Consultants.

An amount of \$4,747 (2007: \$4,652) was paid to Dawmock Pty Ltd for cleaning services for the year ended 30 June 2008. Gregory Carter is a Director of Dawmock Pty Ltd.

Total rental for the year ended 30 June 2008 of \$11,035 (2007: \$10,749) was paid for the property located at 63 Elizabeth Street, Edenhope. Directors, Wayne Caldow and Austin Grigg, each own a 10% share of 63 Elizabeth Street.

All of the above Director related transactions were on normal commercial terms and conditions.

<b>Directors shareholdings</b>	<b>2008</b>	<b>2007</b>
Wayne David Caldow	1,101	1,101
Gregory Ivan Carter (resigned 26 March 2008)	2,601	2,601
Alison Margaret Leishman	2,001	2,001
Luke Simon Munro	3,001	3,001
Stephen Edmund Ryan	2,401	2,401
Ashley Rohan Caldow	3,001	3,001
Eve Van Bruegel (resigned 26 September 2007)	-	-
Austin David Grigg	2,001	2,001
Kathryn Elizabeth Hausler	1,000	1,000
Julie West	1,000	1,000
Neil Harvey (appointed 2 July 2008)	-	-

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

### Note 16. Subsequent events

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

### Note 17. Contingent liabilities

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

# Notes to the financial statements continued

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## Note 18. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients.

The economic entity operates in one geographic area being Edenhope, Victoria.

## Note 19. Corporate information

Edenhope & District Community Financial Services Ltd is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is:

63 Elizabeth Street,

Edenhope VIC 3318

**2008**

**\$**

**2007**

**\$**

## Note 20. Earnings per share

Basic earnings per share amounts are calculated by dividing loss after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing loss after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

<b>Loss after income tax expense</b>	<b>(75,945)</b>	<b>(86,842)</b>
<b>Weighted average number of ordinary shares for basic and diluted earnings per share</b>	<b>476,160</b>	<b>476,160</b>

## Note 21. Financial risk management

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

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

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



# Notes to the financial statements continued

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## Note 21. Financial risk management (continued)

### (a) Credit risk

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

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

	Carrying amount	
	2008	2007
	\$	\$
Cash assets	-	-
Receivables	18,545	16,631
	<b>18,545</b>	<b>16,631</b>

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Ltd.

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

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

### (b) Liquidity risk

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

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

In addition, the Company has an established overdraft facility of \$350,000 with Bendigo and Adelaide Bank Ltd.

## Notes to the financial statements continued

### Note 21. Financial risk management (continued)

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

	<b>Carrying amount \$</b>	<b>Contractual cash flows \$</b>	<b>1 year or less \$</b>	<b>over 1 to 5 years \$</b>	<b>more than 5 years \$</b>
<b>30 June 2008</b>					
Payables	21,486	(21,486)	(21,486)	-	-
Bank overdraft	299,093	(299,093)*	(299,093)	-	-
	<b>320,579</b>	<b>(320,579)</b>	<b>(320,579)</b>	-	-
<b>30 June 2007</b>					
Payables	21,868	(21,868)	(21,868)	-	-
Bank overdraft	230,781	(230,781)*	(230,781)	-	-
	<b>252,649</b>	<b>(252,649)</b>	<b>(252,649)</b>	-	-

\* The bank overdraft is held with Bendigo & Adelaide Bank Ltd and has no set repayment terms. As such the principal outstanding has been shown as payable within one year and no allowance has been made for interest costs. The interest rate as at 30 June 2008 was 11.60% (30 June 2007: 10.15%).

#### (c) Market risk

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

#### Interest rate risk

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

# Notes to the financial statements continued

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Note 21. Financial risk management (continued)

## Sensitivity analysis

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

	Carrying amount	
	2008	2007
	\$	\$
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	-	-
	-	-
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	(299,093)	(230,781)
	<b>(299,093)</b>	<b>(230,781)</b>

## Fair value sensitivity analysis for fixed rate instruments

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

## Cash flow sensitivity analysis for variable rate instruments

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

## (d) Net fair values

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

## (e) Capital management

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

## Notes to the financial statements continued

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### Note 21. Financial risk management (continued)

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

- (i) the Distribution Limit is the greater of:
  - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
  - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

# Director's declaration

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

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



**Wayne David Caldwell**

**Chairman**

Signed at Edenhope on 3 September 2008.

# Independent audit report

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## Richmond Sinnott & Delahunty Chartered Accountants



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

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

#### **SCOPE**

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

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

#### *Audit approach*

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

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

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

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

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

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

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Woodbury Court, 172 Melvor Road Bendigo 3550. PO Box 30 Bendigo 3552. Ph: (03) 5443 1177. Fax: (03) 5444 4344. Email: [rsd@rsdadvisors.com.au](mailto:rsd@rsdadvisors.com.au)

ABN 60 616 244 309

Liability limited by a scheme approved under Professional Standards Legislation

## Independent audit report continued

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### **INDEPENDENCE**

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

### **AUDIT OPINION**

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

- (a) the Corporations Act 2001 including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the period ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

*Richmond Sinnott & Delahunty*

### **RICHMOND SINNOTT & DELAHUNTY**

Chartered Accountants

*Sinnott.*

### **W. J. SINNOTT**

Partner  
Bendigo

Date: 3 September 2008







Edenhope & District **Community Bank**<sup>®</sup> Branch  
63 Elizabeth Street, Edenhope VIC 3318  
Phone: (03) 5585 1822

Franchisee: Edenhope & District Financial Services Limited  
63 Elizabeth Street, Edenhope VIC 3318  
Phone: (03) 5585 1822  
ABN 68 103 869 227

[www.bendigobank.com.au](http://www.bendigobank.com.au)

Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550  
ABN 11 068 049 178. AFSL 237879. (BMPAR8078) (09/08)

