

2008 annual report



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Chairman's report

For year ending 30 June 2008

On behalf of the Board of Directors of Goodwood/Highgate Community Financial Services Ltd we are pleased to provide a report on the Company for the 2007/08 financial year.

2007/08 has once more been a year of significant growth. Branch Manager Annette Seeliger has led her committed and enthusiastic staff team to reach almost \$30 million in funds under management by the end of the financial year. We are confident that our **Community Bank**[®] branch will begin making regular, monthly profits in late-2008.

The Board and its various committees have again functioned well during the year to support our Branch Manager and her staff and ensuring the efficient management of the affairs of the Company.

In keeping with a drive to renew the Board to reflect our branch's coming of maturity, there have been some changes in Board Directorship during the year. The change-over has been harmonious and voluntary and those Directors who have left, have created a legacy that is most appreciated. At the last AGM Diana Jukes, Paula Stacy-Thomas, Rufus Salaman, Diana Swanson and Michael Keenan were elected to the Board. During the year they were joined by Tim Campbell and Jane Zadow, whilst Pam Dale, who had retired at the 2007 AGM, returned. They will all stand for re-election at the AGM, in accordance with our constitution.

I have also decided to retire. I leave my commitment commencing with my role as Chair of the original Steering Committee and then of the Board with regret but having retired as Chair in May due to an interstate move, I was happy to commend Michael Keenan to the Board. He was elected unanimously as the new Chair in April 2008. I commend him to the shareholders.

In accordance with our constitution, four of the current Directors will retire at the AGM as part of the 'rotation' process: Ken Bridge, Les Birch, Susan Straschko and Rufus Salaman. They are all eligible to stand for re-election.

The Board has continued its strategic sponsorship of local organisations and projects to maximise the benefit to the growth of the branch and its business while also benefiting the local community. Thus, we have made further donations to local sporting clubs, schools and charities, as well as continuing to sponsor the Adelaide Showgrounds Farmers' Market. We also continue to maintain a presence at local events such as the local Goodwood Fair and Xmas Market and the Unley Way to Go.

We maintain our ongoing commitment to the development of banking services to the Highgate community. The ATM installed at the Highgate Pharmacy in late-2006 continues to provide a valued service to the area and we are near to completing negotiations regarding the establishment of a Highgate Goodwood **Community Bank**[®] Branch Agency in late 2008.

Bendigo Bank's recent merger with Adelaide Bank (in late-2007) has progressed smoothly, and we are pleased that Bendigo Bank's approach to banking and customer relations has become the model for the staff of the merged entity. The merger has already given a much-needed boost to the profile of Bendigo Bank in SA which we expect it to be of significant benefit to **Community Bank**[®] branches, their customers and shareholders.

Chairman's report continued

On behalf of the Board we would like to thank all those whose contributions continue to build a successful **Community Bank**[®] branch: Anna Peshanoff and staff of our franchise partner Bendigo Bank Ltd; Frank Tassone, Chair of Virginia **Community Bank**[®] branch and our mentor; Branch Manager Annette Seeliger, and her committed staff team. We also thank Directors and office holders who serve on the Board and committees, particularly our Treasurer, Diana Jukes and Tim Campbell, our Secretary.

As the retiring Chair of the Board, I would like to say how much I have appreciated being involved in the establishment of Goodwood **Community Bank**[®] branch from the outset. It has been rewarding to be part of a group that set up our community-owned branch in 2005 and saw it develop into a thriving business providing much-needed banking services to the local community. Even more rewarding has been the opportunity to work together with a group of fine people who also have a strong commitment to a wider community role. With the profitability of the Company in sight, I am confident that we will soon be able to contribute to the community in more substantial ways, and also to offer shareholders a return for their investment. Although I am resigning for personal reasons, I will retain strong memories of my time with Directors, our Branch Manager and her staff. I will continue to have a strong interest in a project that is both a worthwhile business and an important community venture.



Ken Bridge

When I took over the Chair from Ken, I was keenly aware of the range and depth of the work done by Ken for our **Community Bank**[®] branch. So much so that I organised for Board members to take on more and specific roles as few could do as much as Ken. I am sure his family is pleased to finally see him after almost six years of working to get the branch up and then making it work. Ken leaves with the Company just as it reaches its first surplus.

In the coming year the branch is at a critical stage – not that every year hasn't been, but this year is keener as we are now operating in a highly unstable financial environment. Our **Community Bank**[®] branch must now start to record regular monthly profits as the grace given us by the shareholders funds is at its end. Now that the community knows their **Community Bank**[®] branch is here to stay, they want to see it become a **Community Bank**[®] branch with financial contributions to the community and shareholders.

This presents a set of tasks for the Board, particularly in accelerating the sourcing introductions for the Manager and in getting out into the community and building trust and belief in the values and value of our **Community Bank**[®] branch.

The Boards challenge for 2008/09 is getting "U" into the Bank.



Michael Keenan

Ken Bridge (retiring Chair)

Michael Keenan (incoming Chair)

Chairman, Board of Directors

Manager's report

For year ending 30 June 2008

The year 2007/2008 has seen our **Community Bank**[®] branch aggressively and successfully pursuing its five (5) year business plan, particularly the strategy of increasing our exposure in the community.

Key elements of this strategy have seen me make extensive visits to local businesses. I also remain a member of the Goodwood Traders Association and have had the pleasure of addressing a number of organisations in the Goodwood area.

As a sponsor of the Adelaide Showground Farmers Market we held a sponsorship day by having a stall at the event. As a consequence the **Community Bank**[®] branch lifted its profile and also gained new loan and deposit customers. The goal for the day for me, and the branch team, was 10 potential customer referrals from market day – a goal which we achieved. Additionally we aimed for 15 customer leads and 74 contacts. Our outcomes were three customer referrals resulting in \$2.1 million in new lending and three new term deposits for \$50,000.

Our school banking program is continuing to help us grow. With our sponsorship and grants we have been able to lift our profile in the community and help various sporting, school groups and associations in small but significant ways. Overall funding given back to the community over the last 12 months has been in excess of \$18,000.

A key strategic goal and commitment to our shareholders was the setting up of an Agency at Highgate. After much preparation in the 2007/2008 reporting period our Highgate Agency was launched on 6 September 2008. It is situated in the Chemmart Chemist owned by Susan and Paul Straschko who have been staunch advocates for the **Community Bank**[®] branch since its inception. The agency team has proven to be very enthusiastic and willing to learn the Bendigo Bank systems and products. This new venture will enable our branch team to provide a total financial solution for residents and businesses of the eastern suburbs of Unley.

Alongside these specific goals, our staff as a team has been keen to be a part of our local community activities. This past year has seen us participate in the Unley Way to Go Fair, Street Markets and the Christmas Market.

In summary, together with the Board and its marketing committee, we have been implementing unique ways to make us a sustainable business.

The fruit of such strategies has been realised in that since July 2007 we have sustained a consistent upward trend. Our business has grown by 48 per cent with end of financial year funds under management sitting at more than \$31 million. The branch has a total of 1,833 accounts, \$17.5 million in deposits and \$13 million in lending. The continuance of this current trend will see us in recording monthly profits in late-2008.

As the report reveals, committed staff are an important aspect of the branch's success. We had one staff change, with Sonya Phelps leaving us to study health and massage with a view to starting her own business.

Manager's report continued

We wish her luck in her new venture. Her replacement, Julie Lewis, comes to us with a wealth of experience gained from Savings and Loans Credit Union and running a banking Agency in Quorn. Julie has proven to be an asset to our business and we welcome her to the Bendigo way of banking.

There is no doubt that it has been a challenging year. We have seen the merger of our parent bank, Bendigo Bank with Adelaide Bank and global financial instability.

However, your community owned branch continues to achieve its goals of increasing market share and moving towards a sustainable and profitable business. It is no mistake that this year we have seen Bendigo Bank celebrate 150 years in operation and 10 years since the launch of Australia's first **Community Bank**[®] branch. It is a strong and unique banking model that makes the most of an enthusiastic community such as ours. There is good cause for 'Our Bank' to be proud of our achievements and accomplishments this past financial year. With our strategy we will continue to engage and retain the ongoing support of our local community. As always I encourage everyone to come in and have a chat with us.



Annette Seeliger
Manager

Directors' report

For year ending 30 June 2008

Your Directors present their report on the Company for the year ended 30 June 2008.

Directors

The names of Directors in office at any time during or since the end of the year are:

Michael Anthony Keenan (Appointed 12 December 2007)

Position: Chairperson

Occupation: Executive Officer

Background Information: Michael Keenan, B.A., Dip. Ed., B.Ed., M.Ed., Executive Officer, Club One (SA) Ltd; Registered Industrial Advocate; Registered Teacher; Chair, Goodwood Community Services; Councillor and then Mayor Unley 1982-2006.

Michael is Co-Director, Cognition (psychology practice) and CDM Superannuation Fund.

Directorships held in other entities: Meditarre Pty Ltd, CDM Superannuation Fund.

Interest in shares and options: Nil

Leslie Ronald Birch

Position: Non-Executive Director

Occupation: Union Official

Background Information: Vice President of the Australian Workers Union as well as Industrial Officer for the Australian Railways Union. Served as a Board member of the Workcover Corporation. Member of various council committees.

Directorships held in other entities: Nil

Interest in shares and options: 2001 ordinary shares

Ken James Bridge

Position: Non-Executive Director

Occupation: Part time University researcher

Background Information: Semi-retired academic, teaching and researching for three universities.

Facilitated a community development project in a Housing Trust suburb. Involved in local community campaigns in Goodwood.

Directorships held in other entities: Nil

Interest in shares and options: 501 ordinary shares

Directors' report continued

Pamela Anne Dale (Ceased 12 December 2007)

Position: Non-Executive Director

Occupation: Community Centre Coordinator

Background Information: Employee of Goodwood Community Services Inc for the past 20 years, Co-publisher Darwin community newspaper, Tourist Resort Manager, Diploma in Community Service Management.

Directorships held in other entities: Nil

Interest in shares and options: 1 ordinary share

Graham Ralph Pitman

Position: Non-Executive Director

Occupation: Retired Banker

Background Information: Former Manager Bank SA Highgate, Treasurer Theatre Organ Society of Australia, Owner/operator Capri Cinema Goodwood.

Directorships held in other entities: Nil

Interest in shares and options: 1,001 ordinary shares

Susan Patricia Straschko

Position: Non-Executive Director

Occupation: Pharmacy – Co-owner

Background Information: Owner/operator Highgate Pharmacy and Newsagent. Member Highgate Village Traders Association. Represents Association on the Unley Street Life Trust.

Directorships held in other entities: Straschko Holdings Ltd, P S Beneficiaries Pty Ltd, PS and SS Investment Nominees Pty Ltd.

Interest in shares and options: 1 ordinary share

Paula Stacey Thomas

Position: Non-Executive Director

Occupation: Chiropractor

Background Information: Dr Paula Stacey has been a practising Chiropractor for 12 years, running her own clinic the last 10 years in Goodwood, Mt Barker and more recently Mt Gambier. She also served for 6 years on the Chiropractors' Association of Australia state branch managing the public relations and education portfolios, media spokesperson and a year as state president. She was honoured as National Chiropractor of the Year in 2006 for her work in developing the national 'Healthy Spines' health promotion program.

Directorships held in other entities: Nil

Interest in shares and options: 1,500 ordinary shares

Directors' report continued

Rufus Luke Salaman

Position: Non-Executive Director

Occupation: Building Inspector

Background Information: Migrated from the UK in 1966. Has lived in Unley for 36 years. Employed by Herriot Consulting (Engineers). A former Councillor of the City of Unley.

Directorships held in other entities: Nil

Interest in shares and options: Nil

Jane Zadow (Appointed 23 April 2008)

Position: Non-Executive Director

Occupation: General Manager, Corporate Services Winemakers' Federation of Australia Inc.

Background Information: Jane is a Chartered Accountant with 7 years experience in major professional accounting firms followed by more than 15 years general banking and commercial experience.

Directorships held in other entities: Nil

Interest in shares and options: Nil

Diana Anthea Swanson (Appointed 12 November 2007)

Position: Non-Executive Director

Occupation: Marketing Consultant

Background Information: Diana has an extensive background in sales and marketing holding senior roles in companies including McDonald's Family Restaurants, Orlando Wyndham (Pernod Ricard), National Foods, Detmold Packaging and Southcorp. She has a Bachelor of Arts from Flinders University. She has travelled and studied overseas including marketing courses through the University of Chicago and the HEC Management Programmes Pour Dirigeants, Paris.

Directorships held in other entities: Nil

Interest in shares and options: Nil

Diana Jukes (Appointed 12 November 2007)

Position: Non-Executive Director

Occupation: Financial Manager

Background Information: Works for the local Farmers' Market and has lived in the Goodwood area for over 20 years. She has a Bachelor of Economics from Adelaide University.

Directorships held in other entities: Nil

Interest in shares and options: Nil

Directors' report continued

Ian Telfer (Ceased 12 December 2007)

Position: Non-Executive Director

Occupation: Building Contractor

Background Information: Manages small construction Company, Accreditation as an international BMX Official.

Directorships held in other entities: Nil

Interest in shares and options: 1 ordinary share

Anthony Lapidge (Ceased 15 February 2008)

Position: Non-Executive Director

Occupation: Company Director

Background Information: Anthony has been an industrial designer and for the past 14 years as a Director in a family business supplying to the picture framing , interior design and tourist industry in SA and NT.

Anthony is in his third term as a councillor for the city of Unley.

Directorships held in other entities: Centennial Park Cemetery Authority, Design Image Pty Ltd.

Interest in shares and options: Nil

Simon Wood (Ceased 12 November 2007)

Position: Non-Executive Director

Occupation: Co owner Shoex Goodwood

Background Information: Owner of a shoe shop.

Directorships held in other entities: Nil

Interest in shares and options: Nil

Timothy Maxwell Campbell (Appointed 23 April 2008)

Position: Non-Executive Director

Occupation: Solicitor

Background Information: Tim is a solicitor and Chartered Accountant currently working as a solicitor with an international law firm. Tim has over 30 years experience in business, local government and community bodies.

Directorships held in other entities: Centennial Park Cemetery Authority, Tunfite Pty Ltd.

Interest in shares and options: Nil

Company Secretary

Michael Anthony Keenan (Appointed 12 December 2007)

Timothy Maxwell Campbell (Appointed 23 April 2008)

Pamela Anne Dale (Ceased 12 November 2007)

Directors' report continued

Directors meetings attended

During the financial year, 11 meetings of Directors were held. Attendances by each Director during the year were as follows:

Names of Directors	Directors' meetings	
	Number eligible to attend	Number attended
Ken Bridge	11	10
Diana Jukes	11	11
Graham Pitman	11	11
Leslie Birch	11	6
Rufus Salaman	11	9
Susan Straschko	11	10
Paula Stacey Thomas	11	8
Ian Telfer	4	4
Anthony Lapidge	4	4
Simon Wood	4	4
Pamela Dale	4	3
Diana Swanson	7	7
Michael Keenan	7	7
Timothy Campbell	3	3
Jane Zadow	3	3

Principal activity and review of operations

The principal activity and focus of the Company's operations during the year was the operation of a Branch of Bendigo Bank, pursuant to a franchise agreement.

Operating results

The loss of the Company after providing for income tax amounted to \$122,913.

Dividends paid or recommended

The Company did not pay or declare a dividend during the financial year.

Directors' report continued

Financial position

The net assets of the Company at year end were \$108,148, which was a decrease on prior year due to the loss incurred during the financial year.

The Directors believe the Company is heading towards a stable financial position.

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review, not otherwise disclosed in these financial statements.

After balance date events

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

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Remuneration report

This report details the nature and amount of remuneration for each key management person of the Company, and for the Executives receiving the highest remuneration.

Remuneration of Directors or Executives

No income was paid or was payable or otherwise made available, to the Directors or Executives of the Company during the years ended 30 June 2008 and 30 June 2007.

Remuneration policy

The remuneration policy of the Company has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between Directors, Executives and shareholders.

Directors' report continued

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), and superannuation.
- The Board reviews key management personnel packages annually by reference to the Company's performance, Executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each Executive and is based predominantly on the forecast growth of the Company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and bonuses, which must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals may have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed.

Performance-based remuneration

As part of each key management personnel's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each key management personnel are involved in and have a level of control over. The KPIs target areas the Board believes hold greater potential for Company expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Company's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, the Company bases the assessment on audited figures.

Directors' report continued

Company performance, shareholder wealth and Executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Executives. The method applied in achieving this aim is a performance based bonus based on key performance indicators. The Company believes this policy to have been effective in increasing shareholder wealth over the past years.

Key management personnel remuneration policy

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

The employment conditions of the key management personnel are formalised in contracts of employment. All Executives are permanent employees of the Company.

The employment contracts stipulate a resignation periods. The Company may terminate an employment contract without cause by providing appropriate written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Performance income as a proportion of total remuneration

Executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The Board has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the Company.

The Board will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit, to ensure use of the most cost effective and efficient methods.

Options

No options over issued shares or interests in the Company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

Indemnifying Officers or Auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an Officer, but not an Auditor, of the Company. The insurance contract prohibits disclosure of any details of the cover.

Directors' report continued

Share options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Environmental issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Corporate governance

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

- a) Director approval of operating budgets and monitoring of progress against these budgets;
- b) Ongoing Director training; and
- c) Monthly Director meetings to discuss performance and strategic plans

The Company has appointed a separate audit committee.

Non-audit services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2002. The Directors are satisfied that the services disclosed below did not compromise the external Auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided do not compromise the general principles relating to Auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

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

Taxation services: \$2,379

Directors' report continued

Auditor's independence declaration

A copy of the Auditor's independence declaration is included within the financial statements.

This report is signed in accordance with a resolution of the Board of Directors.



Michael Keenan
Director



Tim Campbell
Director

Dated 18 October 2008.

Auditor's independence declaration

RSM Bird Cameron Partners
Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Goodwood/Highgate Community Financial Services Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall
D J WALL
Partner

Perth, WA
Dated: 18 October 2008

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenue	2	278,006	171,265
Employee benefits expense		(199,656)	(184,788)
Depreciation and amortisation expense		(24,492)	(24,492)
Finance costs		(6,874)	(130)
Other expenses	3	(169,897)	(153,042)
Loss before income tax		(122,913)	(191,187)
Income tax expense	4	-	-
Loss attributable to members		(122,913)	(191,187)
Overall operations			
Basic (loss) per share (cents per share)		(15.0)	(23.3)
Diluted (loss) per share (cents per share)		(15.0)	(23.3)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
Current assets			
Cash and cash equivalents	5	10	10
Other current assets	6	6,000	6,000
Total current assets		6,010	6,010
Non-current assets			
Property, plant and equipment	7	223,480	229,972
Intangible assets	8	23,258	35,258
Other current assets	6	5,629	11,629
Deferred tax asset	20	-	-
Total non-current assets		252,367	276,859
Total assets		258,377	282,869
Current liabilities			
Trade and other payables	9	9,373	7,094
Financial liability	10	133,686	31,672
Short-term provisions	11	7,170	13,042
Current tax liability	20	-	-
Total current liabilities		150,229	51,808
Total liabilities		150,229	51,808
Net assets		108,148	231,061
Equity			
Issued capital	12	802,691	802,691
Retained profits/(accumulated losses)		(694,543)	(571,630)
Total equity		108,148	231,061

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from customers		278,006	170,855
Payments to suppliers and employees		(373,146)	(344,397)
Interest received		-	3,182
Borrowing costs paid		(6,874)	-
Net cash provided by/(used in) operating activities	13(a)	(102,014)	(170,360)
Net increase/(decrease) in cash held		(102,014)	(170,360)
Cash held at the beginning of the financial year		(31,662)	138,698
Cash held at the end of the financial year	5	(133,676)	(31,662)

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Share capital (Ordinary shares)	Retained profits/ (accumulated losses)	Total
	\$	\$	\$
Balance at 1 July 2006	802,691	(380,443)	422,248
Loss attributable to the members of the Company	-	(191,187)	(191,187)
Balance at 30 June 2007	802,691	(571,630)	231,061
Balance at 1 July 2007	802,691	(571,630)	231,061
Loss attributable to the members of the Company	-	(122,913)	(122,913)
Balance at 30 June 2008	802,691	(694,543)	108,148

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Statement of significant accounting policies

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

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

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

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

The financial report covers Goodwood/Highgate Community Financial Services Limited as an individual entity. Community Financial Services Limited is a public Company, incorporated and domiciled in Australia.

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

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

(a) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(a) Income tax (continued)

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(b) Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(d) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement

i. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(d) Financial instruments (continued)

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

The Company does not hold any derivative instruments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all un securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the Company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The Company has not issued any financial guarantees.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

- Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs

(f) Intangibles

Franchise fee

The franchise fee paid by the Company pursuant to a Franchise Agreement with Bendigo Bank is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(h) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(j) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(j) Revenue and other income (continued)

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of Goods and Services Tax (GST).

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative figures

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

(n) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2008. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2008 amounting to \$23,258.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(o) Authorisation for financial report

The financial report was authorised for issue on 18 September 2008 by the Board of Directors.

	2008 \$	2007 \$
Note 2. Revenue		
Franchise margin income	278,006	170,856
Interest revenue from:		
Other parties	-	409
	278,006	171,265

Note 3. Expenses

Rental on operating lease	33,035	27,690
IT leasing and running costs	22,831	25,855
Other operating expenses	114,031	98,674
Bad debts	-	823
	169,897	153,042
Remuneration of the Auditors of the Company		
Audit services	5,993	7,499
Other services	2,379	2,475
	8,372	9,974

Note 4. Income tax expense

No income tax is payable by the Company as it has recouped tax losses previously brought to account for income tax purposes.

a. The components of tax expense comprise:

Current tax	-	-
Deferred tax (Note 20)	-	-
	-	-

Notes to the financial statements continued

	2008 \$	2007 \$
Note 4. Income tax expense (continued)		
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 30% (2007: 30%)	(36,873)	(57,356)
Add:		
Tax effect of:		
• non-deductible depreciation and amortisation	3,600	3,600
• other non-allowable items	169	4,139
Less:		
Tax effect of:		
• tax losses not brought to account	36,900	52,550
• other allowable items	(3,796)	(2,933)
Income tax attributable to the Company	-	-

At balance date, the Company had tax losses of \$628,797 (2007: \$504,520) which are available to offset future years' taxable income.

The future income tax benefit of these tax losses is \$188,639 (2007: \$151,356). This benefit has not been recognised as an asset in the statement of financial position. The benefits will only be obtained if:

- a. the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- b. the Company continues to comply with the conditions for deductibility imposed by the law; and
- c. no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

Notes to the financial statements continued

	2008 \$	2007 \$
Note 5. Cash and cash equivalents		
Cash at bank and in hand	10	10
Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Bank overdrafts	(133,686)	(31,672)
	(133,676)	(31,662)

Note 6. Other assets

Current

Prepayments	6,000	6,000
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Non current

Prepayments	5,629	11,629
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Note 7. Property, plant and equipment

Plant and equipment

Cost	242,352	242,352
Accumulated depreciation	(18,872)	(12,380)
	223,480	229,972

Movement in carrying amount

Balance at the beginning of the year	229,972	236,463
Additions	-	-
Disposals	-	-
Depreciation expense	(6,492)	(6,491)
Carrying amount at the end of the year	223,480	229,972

Notes to the financial statements continued

	2008 \$	2007 \$
Note 8. Intangible assets		
Franchise fee		
Cost	60,000	60,000
Accumulated amortisation	(36,742)	(24,742)
	23,258	35,258

Pursuant to a five year franchise agreement with Bendigo Bank, the Company operates a branch of Bendigo Bank, providing a core range of banking products and services.

Note 9. Trade and other payables

Trade creditors and accruals	3,245	4,021
GST payable	6,128	3,073
	9,373	7,094

Note 10. Financial liabilities

Current

Bank overdraft	133,686	31,672
	133,686	31,672

Security:

The bank overdraft is secured by a floating charge over the Company's assets.

Note 11. Provisions

Current

Provision for employee entitlements	7,170	13,042
Number of employees at year end	6	5

Notes to the financial statements continued

	2008 \$	2007 \$
Note 12. Equity		
817,810 fully paid ordinary shares	802,691	802,691

Note 13. Cash flow information

a. Reconciliation of cash flow from operations with Loss after tax

Loss after tax	(122,913)	(191,187)
Depreciation and amortisation	24,492	24,492
Movement in assets and liabilities		
Receivables	-	2,773
Payables	2,279	(12,702)
Provisions	(5,872)	6,265
Net cash provided by/(used in) operating Activities	(102,014)	(170,359)

b. Credit Standby Arrangement and Loan Facilities

The Company has a bank overdraft facility amounting to \$200,000 (2007: \$120,000). This may be terminated at any time at the option of the bank. At 30 June 2008, \$133,686 of this facility was used (2007 \$31,672). Interest rates are variable.

Note 14. Related party transactions

The related parties have not entered into a transaction with the Company during the financial years ended 30 June 2008 and 30 June 2007.

Note 15. Leasing commitments

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

Payable

Not longer than 1 year	31,200	27,690
Longer than 1 year but not longer than 5 years	-	-
	31,200	27,690

Notes to the financial statements continued

Note 16. Financial instruments

a. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and leases.

The Directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

The Company does not have any derivative instruments at 30 June 2008.

b. Financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

i. Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

ii. Foreign currency risk

The Company is not exposed to fluctuations in foreign currencies.

iii. Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

iv. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2008.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Credit risk is managed reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an 'A' rating are utilised;
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and

Notes to the financial statements continued

Note 16. Financial instruments (continued)

- customers that do not meet the Company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2008 and 30 June 2007 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

v. Price risk

The Company is not exposed to any material commodity price risk.

c. Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

2008	Variable		Fixed		Non interest bearing	Total
	Weighted average effective interest rate	Floating interest rate	Within 1 year	Within 1 to 5 years		
Financial assets						
Cash and cash equivalents	-	-	-	-	10	10
Total financial assets	-	-	-	-	10	10
Financial liability						
Bank overdraft secured	11.23%	133,686	-	-	-	133,686
Trade and other payables	-	-	-	-	9,373	9,373
Total financial liabilities	-	133,686	-	-	9,373	143,059
2007						
2007	Variable		Fixed		Non interest bearing	Total
	Weighted average effective interest rate	Floating interest rate	Within 1 year	Within 1 to 5 years		
Financial assets						
Cash and cash equivalents	-	-	-	-	10	10
Total financial assets	-	-	-	-	10	10
Financial liability						
Bank overdraft secured	10.15%	31,672	-	-	-	31,672
Trade and other payables	-	-	-	-	7,094	7,094
Total financial liabilities	-	31,672	-	-	7,094	38,766

Notes to the financial statements continued

	2008 \$	2007 \$
Note 16. Financial instruments (continued)		
Trade and sundry payables are expected to be paid as followed:		
Less than 6 months	9,373	7,094
	9,373	7,094

d. Net fair values

The net fair values of investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Fair values are materially in line with carrying values.

e. Sensitivity analysis

i. Interest rate risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

ii. Interest rate sensitivity analysis

At 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2008 \$	2007 \$
Change in profit		
- Increase in interest rate by 2%	(2,674)	(633)
- Decrease in interest rate by 2%	2,674	633
Change in equity		
- Increase in interest rate by 2%	(2,674)	(633)
- Decrease in interest rate by 2%	2,674	633

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The Company has no exposure to fluctuations in foreign currency.

Notes to the financial statements continued

Note 17. Segment reporting

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

Note 18. Events after the balance sheet date

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

Note 19. Contingent liabilities and contingent assets

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

	2008 \$	2007 \$
Note 20. Tax		
a. Liability		
Current		
Income tax	-	-
b. Assets		
Deferred tax assets not brought to account comprise:		
Provisions	2,151	3,913
Other	188,639	151,356
	190,790	155,269
c. Reconciliations		
i. Gross movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	-	-
Charge/(credit) to income statement	-	-
Closing balance	-	-

Notes to the financial statements continued

	2008 \$	2007 \$
Note 20. Tax (continued)		
ii. Deferred tax assets		
Deferred tax assets not brought to account the benefits of which will be realised only if the conditions for deductibility set out in note 4 occur:		
Provisions	2,151	3,913
Tax losses	188,639	151,356
Closing balance	190,790	155,269

Note 21. Key management personnel compensation

- a. Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.
- b. Options provided as remuneration and shares issued on exercise of such options
No options were provided as remuneration or shares issued on exercise of options.
- c. Option holdings
No options over ordinary shares in the Company are held by any Director of the Company or other key management personnel, including their personally related parties.
- d. Shareholdings
Number of ordinary shares held by key management personnel

2008 Directors	Ordinary shares			
	Balance at beginning of period	Purchased during the period	Other changes	Balance at end of period
Paula Stacey Thomas	1,500	-	-	1,500
Ken Bridge	501	-	-	501
Diana Jukes	-	-	-	-
Graham Pitman	1,001	-	-	1,001
Susan Straschko	1	-	-	1
Diana Swanson	-	-	-	-
Leslie Birch	2,001	-	-	2,001
Michael Keenan	-	-	-	-
Rufus Salaman	-	-	-	-
Jane Zadow	-	-	-	-
Timothy Campbell	-	-	-	-
	5,004	-	-	5,004

Notes to the financial statements continued

Note 22. Changes in accounting policy

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group	
AASB 2007-3 Amendments to Australian Accounting Standards	AASB 5	Non-current Assets Held for Sale and Discontinued Operations	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report	1.1.2009	1.7.2009
	AASB 6	Exploration for and Evaluation of Mineral			
	AASB 102	Inventories			
	AASB 107	Cash Flow Statements			
	AASB 119	Employee Benefits			
	AASB 127	Consolidated and Separate Financial Statements			
	AASB 134	Interim Financial Reporting			
	AASB 136	Impairment of Assets			
	AASB 1023	General Insurance Contracts			
	AASB 1038	Life Insurance Contracts			
AASB 8 Operating Segments	AASB 114	Segment Reporting	As above	1.1.2009	1.7.2009
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as they already capitalise borrowing costs related to qualifying assets.	1.1.2009	1.7.2009
	AASB 101	Presentation of Financial Statements			
	AASB 107	Cash Flow Statements			
	AASB 111	Construction Contracts			
	AASB 116	Property, Plant and Equipment			
AASB 138	Intangible Assets				
AASB 123 Borrowing Costs	AASB 123	Borrowing Costs	As above	1.1.2009	1.7.2009

Notes to the financial statements continued

Note 22. Changes in accounting policy (continued)

AASB Amendment	Standards Affected		Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income.	1.1.2009	1.7.2009
AASB 101	AASB 101	Presentation of Financial Statements	As above	1.1.2009	1.7.2009

Note 23. Company details

The registered office of the Company is:

Level 4, 191 Pulteney Street,
Adelaide SA 5000

Note 24. Principal place of business

97 Goodwood Road,
Goodwood SA 5034

Director's declaration

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:
 - a. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company
2. the Chairperson and Treasurer have each declared that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable:

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



Michael Keenan
Director



Tim Campbell
Director

Dated 18 October 2008.

Independent audit report

RSM Bird Cameron Partners
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Goodwood/Highgate Community Financial Services Limited ("the company"), which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, that compliance with the Australian Accounting Standards ensures that the financial statements and notes, comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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Major Offices in:
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Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



Independent audit report continued

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Goodwood/Highgate Community Financial Services Limited on 18 October 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of Goodwood/Highgate Community Financial Services Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

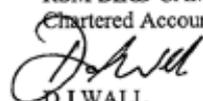
Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Goodwood/Highgate Community Financial Services Limited for the financial year ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.

Perth, WA
Dated: 21 October 2008


RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J WALL
Partner

BSX report

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 30 September 2008.

A. Corporate governance statement

The Board guides and monitors the business and affairs on behalf of the Shareholders to whom they are accountable.

The Board recognises the importance of a strong corporate governance focus and methodology. The Board has adopted policies and procedures that will govern out Company into the future. We believe that building policy framework will assist clarify the future of our local Company, provide accountability and transparency and ensure there are guiding principles in place for future decision making.

B. Substantial shareholders – largest shareholdings

Shareholder	Number of shares	Shareholding %
M&M Hassan ATF Australian Motors SA Pty Ltd Staff Fund	20,000	2.45%
Smart Business Centre	20,000	2.45%
Romaldi Construction Pty Ltd	20,000	2.45%
Alf Russo Construction Pty Ltd	10,000	1.22%
Conanda Pty Ltd	10,000	1.22%
Dr Peter Grahman Bell	10,000	1.22%
Ms Efthalia Rovolopoulos	10,000	1.22%
I.N. Gambling Nominees Pty Ltd	10,000	1.22%
Mr John Rovolopoulos	10,000	1.22%
Larone Pty Ltd	10,000	1.22%
Lindsay Carthew & Richard Skyes	10,000	1.22%
Mr Brian Batley & Mrs Mary Madeline Batley	10,000	1.22%
Mr William Howell Edwards & Ms Valerie Norma Edwards	10,000	1.22%
Ms Mary Veronica Emery	10,000	1.22%
Ms Paquita Margaret Bulbeck	10,000	1.22%
Ms Margeret Stuart & Mr David Keith Mallett	10,000	1.22%
Newry Pty Ltd	10,000	1.22%
Panagiotis Rovolopoulos	10,000	1.22%
Scipio Nominees Pty Ltd	10,000	1.22%
Ms Angela Angeliki Kallas	10,000	1.22%
Winpar Holdings Pty Ltd	10,000	1.22%

BSX report continued

C. Voting rights

Each Shareholder has one vote.

D. Distribution of shareholders

The number of shareholders, by size of holding, is:

	Ordinary shares	
	Number of holders	Number of shares
1 – 1,000	257	178,310
1,001 – 5,000	114	374,500
5,001 – 10,000	22	205,000
10,001 – 100,000	4	60,000
100,001 and over	-	-
Total	397	817,810

There are no shareholders holding less than a marketable parcel of shares.

E. Monitoring of the Board's performance and communication to shareholders

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors' is reviewed annually by the chairperson. Directors' whose performance is unsatisfactory are asked to retire.

The Board and Directors' aims to ensure that shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors.

The Board has an Audit committee.

F. Address and telephone number of the office which securities register is kept:

RSM Bird Cameron
4/191 Pulteney Street,
Adelaide SA 5000
Telephone: (08) 8232 3000

G. Goodwood/Highgate Community Financial Services Limited

Company Secretary
97 Goodwood Road,
Goodwood SA 5034

Goodwood **Community Bank**[®] Branch
97 Goodwood Road, Goodwood SA 5034
Phone: (08) 8357 7702

Franchisee: Goodwood/Highgate Community Financial Services Limited
c/- RSM Bird Cameron, 191 Pulteney Street, Adelaide SA 5000
Phone: (08) 8232 3000 Fax: (08) 8223 3555
www.rsmi.com.au
ABN 54 112 676 294

www.bendigobank.com.au/goodwood
Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR8022) (08/08)

