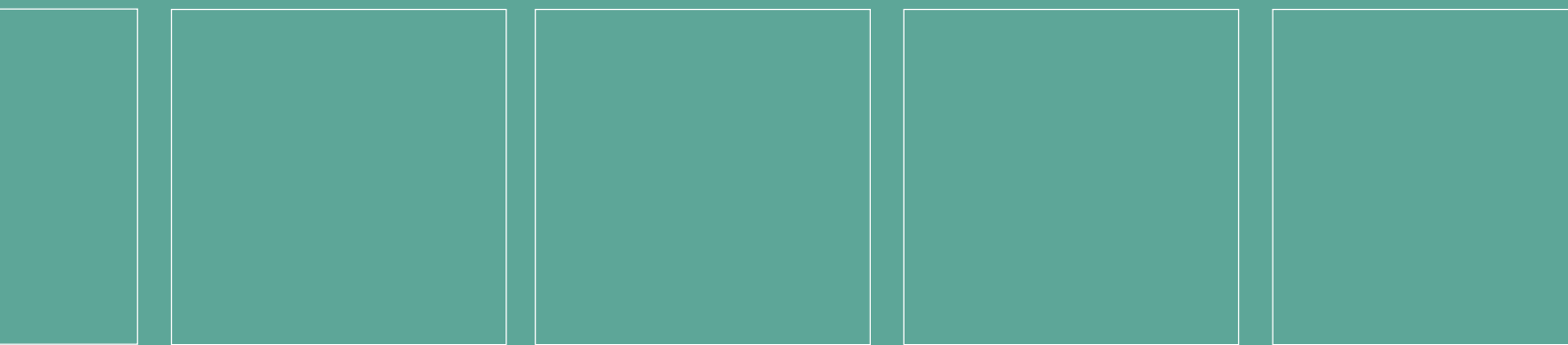


2008  
annualreport



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# Chairman's report

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For year ending 30 June 2008

The last twelve months saw another year of solid growth in our business as the community awareness of our banking services and objectives continued to gain momentum.

Our overall business book grew from \$23 million to \$39 million. We have performed particularly well in new lending business, both commercial and retail, and have exceeded expectations with insurance sales commissions.

As forecast in last year's Annual Report, we attained a breakeven trading position for the first time late in the 2008 financial year and now have the comfort of trading in profit albeit with small margins at this time. We are confident that with the continued increase in business volumes, this profit margin will grow and that both shareholders and the community will benefit from profit distributions in the not too distant future. We will, however, be operating in a tougher economic environment over the ensuing 12 months and this presents challenges for the continuation of business growth at the same rate achieved over the past two years.

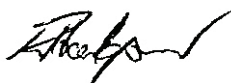
As outlined in the financial statements, the Company still carries an overdraft facility, which was drawn for ongoing working capital requirements prior to attaining profitability. The Board will monitor this facility and make permanent reductions to the debt, as it deems appropriate.

The staff and Board have participated in numerous community events during the year and provided some well received sponsorship and awards to members and groups within the community.

On the personnel front, we welcomed Gayle Pidd to the branch team in the role of Customer Service Officer.

The Board acknowledges the wonderful performance of all the branch staff who continue to provide a very professional and friendly service to all of their customers as well as giving much of their own time to support local community events. During the last 12 months, the branch has gained recognition for their efforts by winning 10 out of 12 monthly awards for being the best-performing Bendigo Bank branch within our region. They also received the annual award for best branch against the seven other branches within the region.

We all look forward to another exciting year for the Emu Park **Community Bank**<sup>®</sup> Branch and thank the shareholders and customers for their continued support.



Robert Hodgson  
Chairman

# Manager's report

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For year ending 30 June 2008

The 2008 financial year ended with the branch managing business of a value approaching \$40 million. During the year, we introduced many new customers to the **Community Bank**<sup>®</sup> style of banking.

It was a year of highlights. Our team was awarded Branch of the Year in the Central Queensland region. Our team comprises Branch Supervisor Suzy Hill, customer service officers Sue May, Kathy McPhail and Gayle Pidd, Business Banker Steve Myers, Financial Planner Luke Caruana and myself, Branch Manager Denise Weisse.

Congratulations to all team members and I have to make personal acknowledgement of their support and enthusiasm. This award reinforces the level of service and experience that we offer to our customers.

In June 2008 we finally achieved our first profitable month – this result came about four months before our third birthday.

Emu Park **Community Bank**<sup>®</sup> Branch is your bank. We are here to not only provide exceptional banking service to you, but promote the success of our community. We spend many hours in community service on the weekends, and assist local clubs and organisations.

Bendigo Bank continues to provide funds to the branch for market development and sponsorship which has enabled us to support many of the local not-for-profit groups in the district.

Our branch is always looking for opportunities to support our local community.

The message from all of the Emu Park branch team is, we welcome you into the branch, to meet and talk to us about how we can help you and the community.

During the year, our staff came up with a fundraising promotion that will grant \$10,000 in ten lots of \$1000 to local community groups by the end of this financial year. We have an article in the newsletter on how you can contribute. Simply discuss with us your CTP insurance and help us raise the funds.

I recommend that the committees of your local groups call into the branch to discuss how we can assist with marquees, prizes and promotion of your events. In return, we request the opportunity to promote our banking services with your members.

In closing for this year, thank you to everyone who has contributed to the success of the Emu Park **Community Bank**<sup>®</sup> Branch. Please make the time to call into the branch or give us a call to discuss your financial needs. We look forward to meeting you.



Denise Weisse  
Branch Manager

# Directors' report

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For year ending 30 June 2008

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

## Directors

The names and details of the Company's Directors who held office during or since the end of the financial year are:

### **Robert George HODGSON**

Chairman

Age: 49

Finance Manager

Has managed his family owned business for over 9 years, has 20 years banking experience and has been a Justice of the Peace for 18 years.

No other current listed Company Directorships nor any in the last 3 years. Ex-officio member of all committees.

Interests in shares - 2,501 beneficially and 25,000 non-beneficially.

### **Heather CLELLAND**

Secretary

Age: 54

Financial Co-ordinator

Held senior administrative roles with major event management, tourism and hospitality organisations. Currently responsible for managing the finances of a large privately owned CQ Company with major interests in beef cattle, steel importation, wholesale liquor supply and retail outlets, hotels and motels. No other current listed Company Directorships nor any in the last 3 years.

Member of the Marketing & Sponsorship Committees.

Interests in shares - Joint interest in 7,500.

### **Ian Peter CHAMBERS**

Director

Age: 40

Train Driver/Trustee

Business experience as a Grazier and Motelier. No other current listed Company Directorships nor any in the last 3 years.

Member of the Marketing & Sponsorship Committees.

Interests in shares - 3000.

### **Murray Charles MCLAY**

Director (Resigned 30 October 2007)

Age: 47

Small Business Owner

Has extensive experience in small business ownership, catering and training. Skilled in event organisation.

No other current listed Company Directorships nor any in the last 3 years.

Member of the Premises Committee.

Interest in shares - 1 Directors Initial Subscriber share.

# Directors' report continued

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## **Lance Steven CUMMINS**

Treasurer

Age: 30

Manager/Director Family Business

Is the Manager and financial Manager of a family owned business with keen interest in investment management of equities and property. Has a Bachelor of Business (Accounting).

No other current listed Company Directorships nor any in the last 3 years.

Member of the Finance & Audit Committee.

Interests in shares - 1 beneficially and 30,000 non-beneficially.

## **Graham Richard CUMMINS**

Director

Age: 53

Self Employed Builder/Director

Is a self-employed Company Director and Builder with a Building Diploma and Medium Rise Builder's Licence.

No other current listed Company Directorships nor any in the last 3 years.

Member of the Finance & Audit, Premises Committees.

Interests in shares - 1 beneficially and 30,000 non-beneficially.

## **Gregory Cecil THOMASSON**

Director

Age: 56

Real Estate Marketing and Sales

Has recent Real Estate experience and prior mining experience with qualifications in each.

No other current listed Company Directorships nor any in the last 3 years.

Member of the Premises Committee.

Interests in shares - 5001.

## **Pamela Patricia HARRISON**

Director (Appointed 11 September 2007)

Age: 52

Business & Personal Coach

Certified Financial Planner 18 years. Organiser & key coordinator Yacht Rally raising funds for Challenge - a cancer support network for children and their families living with cancer.

No other current listed Company Directorships nor any in the last 3 years.

Member of Marketing & Sponsorship Committees.

Interest in shares - Nil.

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

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

## **Company secretary**

The Company Secretary is Heather Clelland. Heather was appointed to the position of Secretary on 26 September 2006. She has no formal qualifications in this field but has gained considerable experience while in the position.

## **Principal activities**

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

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

# Directors' report continued

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## Operating results

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

	Year ended 30 June 2008 \$	Year ended 30 June 2007 \$
	(105,091)	(180,396)

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## Remuneration report

### a) Remuneration of Directors

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

### b) Remuneration of Senior Management

The Company aims to provide market competitive compensation by offering a package of fixed pay and benefits.

As such, the Company is guided by Bendigo Bank in determining remuneration payable.

### c) Performance Conditions

Whilst the Company has in place a policy for pay increments and bonus payments dependent on performance, these elements have not been applied during the reporting period.

### d) Payments to Senior Management

Payments made to Branch Manager Denise Weisse during the reporting period was in the range \$60,000 to \$65,000.

No other staff members are classified as Senior Management.

## Dividends

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

## Significant changes in the state of affairs

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

## Matters subsequent to the end of the financial year

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

# Directors' report continued

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## Likely developments

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

## Environmental regulation

The Company is not subject to any significant environmental regulation.

## Directors' benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest except as disclosed in note 18 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

## Indemnification and insurance of directors and officers

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

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

## Directors meetings

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

	Number of Board Meetings eligible to attend	Number attended:
Robert George HODGSON, Chairman	11	10
Heather CLELLAND, Secretary	11	8
Lance Steven CUMMINS, Treasurer	11	10
Graham Richard CUMMINS	11	6
Gregory Cecil THOMASSON	11	5
Ian Peter CHAMBERS	11	10
Pamela Patricia HARRISON (Appointed 11 September 2007)	9	8
Murray Charles MCLAY (Resigned 30 October 2007)	4	0



# Directors' report continued

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## **Non Audit services**

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

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

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

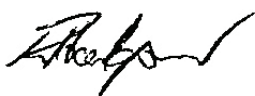
all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the Auditor;

none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

## **Auditors' independence declaration**

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

Signed in accordance with a resolution of the Board of Directors at Emu Park, Queensland on 19 September 2008.



**Robert George Hodgson, Chairman**



**Lance Steven Cummins, Treasurer**

# Directors' report continued

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ABN 51 061 795 337

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

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

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

**David Hutchings**  
**Auditor**

**Andrew Frewin & Stewart**  
Bendigo, Victoria

Dated this 19<sup>th</sup> day of September 2008

# Financial statements

## Income statement As at 30 June 2008

	Note	2008 \$	2007 \$
<b>Revenues from ordinary activities</b>	<b>3</b>	<b>305,884</b>	<b>196,845</b>
Salaries and employee benefits expense		(225,863)	(206,371)
Advertising and promotion expenses		(7,591)	(6,676)
Occupancy and associated costs		(46,963)	(43,804)
Systems costs		(22,987)	(22,589)
Depreciation and amortisation expense	4	(26,433)	(27,438)
Finance costs	4	(5,128)	(426)
General administration expenses		(76,012)	(69,937)
<b>Loss before income tax expense</b>		<b>(105,091)</b>	<b>(180,396)</b>
Income tax expense	5	-	-
<b>Loss for the period</b>		<b>(105,091)</b>	<b>(180,396)</b>
<b>Loss attributable to members of the entity</b>		<b>(105,091)</b>	<b>(180,396)</b>
<b>Earnings per share (cents per share)</b>		<b>c</b>	<b>c</b>
- basic for loss for the year	21	(15.65)	(26.86)

The accompanying notes form part of these financial statements.

## Financial statements continued

### Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash assets	6	-	402
Trade and other receivables	7	40,856	31,983
<b>Total current assets</b>		<b>40,856</b>	<b>32,385</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	173,149	187,145
Intangible assets	9	27,000	39,000
Deferred tax assets	10	71,906	71,906
<b>Total non-current assets</b>		<b>272,055</b>	<b>298,051</b>
<b>Total assets</b>		<b>312,911</b>	<b>330,436</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	14,769	10,034
Borrowings	12	111,993	34,072
Provisions	13	11,661	8,969
<b>Total current liabilities</b>		<b>138,423</b>	<b>53,075</b>
<b>Non-current liabilities</b>			
Provisions	13	2,218	-
<b>Total non-current liabilities</b>		<b>2,218</b>	<b>-</b>
<b>Total liabilities</b>		<b>140,641</b>	<b>53,075</b>
<b>Net assets</b>		<b>172,270</b>	<b>277,361</b>
<b>Equity</b>			
Issued capital	14	638,214	638,214
Accumulated losses	15	(465,944)	(360,852)
<b>Total equity</b>		<b>172,270</b>	<b>277,361</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

---

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

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>Total equity at the beginning of the period</b>	277,361	457,757
Net loss for the period	(105,091)	(180,396)
Net income/expense recognised directly in equity	-	-
Dividends provided for or paid	-	-
Shares issued during period	-	-
<b>Total equity at the end of the period</b>	<b>172,270</b>	<b>277,361</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

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

	Note	2008 \$	2007 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		338,214	183,496
Payments to suppliers and employees		(412,008)	(340,362)
Interest paid		(4,093)	(427)
Interest received		-	1,156
<b>Net cash used in operating activities</b>	<b>16</b>	<b>(77,887)</b>	<b>(156,137)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(436)	(3,509)
<b>Net cash used in investing activities</b>		<b>(436)</b>	<b>(3,509)</b>
<b>Net decrease in cash held</b>		<b>(78,323)</b>	<b>(159,646)</b>
Cash at the beginning of the financial year		(33,670)	125,976
<b>Cash at the end of the financial year</b>	<b>6(a)</b>	<b>(111,993)</b>	<b>(33,670)</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. Summary of significant accounting policies

### **Basis of preparation**

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

#### *Compliance with IFRS*

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

#### *Historical cost convention*

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

### **Revenue**

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

### **Goods and services tax**

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

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

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

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

### **Income tax**

#### *Current tax*

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

# Notes to the financial statements continued

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

### **Income tax (continued)**

#### *Deferred tax*

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

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

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

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

#### *Current and deferred tax for the period*

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

### **Employee entitlements**

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

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

### **Intangibles**

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



# Notes to the financial statements continued

---

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

### **Cash**

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

### **Comparative figures**

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

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

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

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

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

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

### **Critical Accounting Estimates and Judgements**

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

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

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

### **Payment terms**

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

# Notes to the financial statements continued

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Note 1. Summary of significant accounting policies (continued)

## **Trade receivables and payables**

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

## **Borrowings**

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

## **Provisions**

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

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

## **Contributed equity**

Ordinary shares are recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

## **Earnings per share**

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

# Notes to the financial statements continued

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## Note 2. Financial risk management

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

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

### *(i) Market Risk*

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

### *(ii) Price Risk*

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

### *(iii) Credit Risk*

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

### *(iv) Liquidity Risk*

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

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

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

## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 3. Revenue from ordinary activities</b>		
<b>Operating activities:</b>		
- services commissions	305,884	195,948
<b>Total revenue from operating activities</b>	<b>305,884</b>	<b>195,948</b>
<b>Non-operating activities:</b>		
- interest received	-	897
<b>Total revenue from non-operating activities</b>	<b>-</b>	<b>897</b>
<b>Total revenues from ordinary activities</b>	<b>305,884</b>	<b>196,845</b>

## Note 4. Expenses

<b>Depreciation of non-current assets:</b>		
- plant and equipment	8,141	9,146
- leasehold improvements	6,292	6,292
<b>Amortisation of non-current assets:</b>		
- franchise agreement	12,000	12,000
	<b>26,433</b>	<b>27,438</b>
<b>Finance costs:</b>		
- interest paid	5,128	426
Bad debts	-	125

## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 5. Income tax expense</b>		
<b>The components of tax expense comprise:</b>		
- Current tax	-	-
- Deferred tax on provisions	(4,583)	-
- Recoupment of prior year tax losses	-	-
- Future income tax benefit attributable to losses	(28,125)	(51,848)
- Income tax credit not brought to account	32,708	51,848
	-	-
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Operating loss	(105,091)	(180,396)
Prima facie tax on loss from ordinary activities at 30%	(31,527)	(54,119)
<b>Add tax effect of:</b>		
- non-deductible expenses	3,600	3,795
- timing difference expenses	1,812	485
- other deductible expenses	(2,010)	(2,010)
Movement in deferred tax	<b>10.</b> (4,583)	-
Income tax credit not brought to account	32,708	51,848
	-	-
<b>Unused tax losses for which no deferred tax asset has been recognised</b>		
	506,265	412,515
<b>Potential tax benefit at 30%</b>	<b>151,880</b>	<b>123,755</b>

## Notes to the financial statements continued

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	2008 \$	2007 \$
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### Note 6. Cash assets

<b>Cash at bank and on hand</b>	-	<b>402</b>
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The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

#### 6(a) Reconciliation of cash

Cash at bank and on hand	-	402
Bank overdraft	(111,993)	(34,072)
	<b>(111,993)</b>	<b>(33,670)</b>

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### Note 7. Trade and other receivables

Trade receivables	27,524	12,651
Prepayments	13,332	19,332
	<b>40,856</b>	<b>31,983</b>

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## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 8. Property, plant and equipment</b>		
<b>Plant and equipment</b>		
At cost	58,201	57,765
Less accumulated depreciation	(24,043)	(15,903)
	34,158	41,862
<b>Leasehold improvements</b>		
At cost	156,281	156,281
Less accumulated depreciation	(17,290)	(10,998)
	138,991	145,283
<b>Total written down amount</b>	<b>173,149</b>	<b>187,145</b>
<b>Movements in carrying amounts:</b>		
<b>Plant and equipment</b>		
Carrying amount at beginning	41,862	47,499
Additions	437	3,509
Disposals	-	-
Less: depreciation expense	(8,141)	(9,146)
<b>Carrying amount at end</b>	<b>34,158</b>	<b>41,862</b>
<b>Leasehold improvements</b>		
Carrying amount at beginning	145,283	151,575
Additions	-	-
Disposals	-	-
Less: depreciation expense	(6,292)	(6,292)
<b>Carrying amount at end</b>	<b>138,991</b>	<b>145,283</b>
<b>Total written down amount</b>	<b>173,149</b>	<b>187,145</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	(33,000)	(21,000)
	<b>27,000</b>	<b>39,000</b>

## Note 10. Deferred tax

<b>Deferred tax asset</b>		
- Opening Balance	71,906	71,906
Future income tax benefits attributable to losses	28,125	51,848
Recoupment of prior year tax losses	-	-
Deferred tax on provisions	4,583	-
Income tax credit not brought to account	(32,708)	(51,848)
<b>- Closing balance</b>	<b>71,906</b>	<b>71,906</b>

## Note 11. Trade and other payables

Trade creditors	5,282	4,200
Other creditors & accruals	9,487	5,834
	<b>14,769</b>	<b>10,034</b>

## Note 12. Borrowings

### Current

<b>Bank overdraft</b>	<b>(111,993)</b>	<b>(34,072)</b>
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The above bank overdraft facility is the Bendigo and Adelaide Bank Limited's Business Solutions Loan Overdraft. The Business Solutions Non-Residential Secured Overdraft Interest Rate is currently 11.6%, varying from time to time.

The formal overdraft limit was increased as of 25 June 2008 to \$130,000.



## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 13. Provisions</b>		
<b>Current</b>		
Employee benefits	11,661	8,969
<b>Non-current</b>		
Employee benefits	2,218	-
<b>Number of employees at year end</b>	<b>5</b>	<b>4</b>

## Note 14. Contributed equity

671,710 Ordinary shares fully paid of \$1 each (2007: 671,710)	671,710	671,710
Less: equity raising expenses	(33,496)	(33,496)
	<b>638,214</b>	<b>638,214</b>

## Note 15. Accumulated losses

Balance at the beginning of the financial year	(360,852)	(180,456)
Net loss from ordinary activities after income tax	(105,091)	(180,396)
<b>Balance at the end of the financial year</b>	<b>(465,943)</b>	<b>(360,852)</b>

## Note 16. Statement of cashflows

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

Loss from ordinary activities after income tax	(105,091)	(180,396)
<b>Non cash items:</b>		
- depreciation	14,433	15,438
- amortisation	12,000	12,000
<b>Changes in assets and liabilities:</b>		
- (increase)/decrease in receivables	(8,873)	(6,194)
- increase/(decrease) in payables	4,734	1,039
-increase/(decrease) in provisions	4,910	1,976
<b>Net cashflows provided by/(used in) operating activities</b>	<b>(77,887)</b>	<b>(156,137)</b>

## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 17. Auditors' remuneration</b>		
Amounts received or due and receivable by the Auditor of the Company for:		
- audit & review services	4,000	4,465
- non audit services	660	150
	<b>4,660</b>	<b>4,615</b>

## Note 18. Director and related party disclosures

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

Robert George HODGSON, Chairman

Heather CLELLAND, Secretary

Lance Steven CUMMINS, Treasurer

Graham Richard CUMMINS

Gregory Cecil THOMASSON

Ian Peter CHAMBERS

Pamela Patricia HARRISON (Appointed 11 September 2007)

Murray Charles MCLAY (Resigned 30 October 2007)

No Director or related entity has entered into a material contract with the Company. No Director's fees have been paid as the positions are held on a voluntary basis.

<b>Directors shareholdings</b>	<b>2008</b>	<b>2007</b>
Robert George HODGSON, Chairman	27,501	2,501
Heather CLELLAND, Secretary	7,500	2,500
Lance Steven CUMMINS, Treasurer	30,001	1
Graham Richard CUMMINS	30,001	1
Gregory Cecil THOMASSON	5,001	5,001
Ian Peter CHAMBERS	3,000	-
Pamela Patricia HARRISON (Appointed 11 September 2007)	-	-
Murray Charles MCLAY (Resigned 30 October 2007)	1	1

Movements in Directors shareholdings are outlined above. Each share held is valued at \$1.

## Notes to the financial statements continued

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	2008 \$	2007 \$
<b>Note 19. Earnings per share</b>		
(a) Loss attributable to the ordinary equity holders of the Company used in calculating earnings per share	(105,091)	(180,396)
	<b>2008 Number</b>	<b>2007 Number</b>
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	671,710	671,710

### Note 20. Events occurring after the balance sheet date

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

### Note 21. Contingent liabilities

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

### Note 22. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**<sup>®</sup> services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Emu Park and district, Queensland.

### Note 23. Registered office/Principal place of business

The registered office and principal place of business is:

**Registered office**

25 Pattison Street  
Emu Park QLD 4710  
Phone: (07) 4939 6441

**Principal place of business**

25 Pattison Street  
Emu Park QLD 4710  
Phone: (07) 4939 6441

# Notes to the financial statements continued

## Note 24. Financial instruments

### Net fair values

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

### Credit risk

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

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

### Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Financial assets</b>												
Cash assets	-	-	-	-	-	-	-	-	-	402	-	-
Receivables	-	-	-	-	-	-	-	-	40,856	31,983	N/A	N/A
<b>Financial liabilities</b>												
Interest bearing liabilities	111,993	34,072	-	-	-	-	-	-	-	-	11.02	10.15
Payables	-	-	-	-	-	-	-	-	14,769	10,035	N/A	N/A

# Director's declaration

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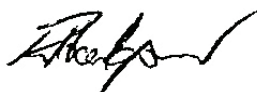
In accordance with a resolution of the Directors of Emu Park & District Financial Services Limited, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the Corporations Act.

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



**Robert George Hodgson, Chairman**



**Lance Steven Cummins, Treasurer**

Signed on the 19th of September 2008.

# Independent audit report



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

## INDEPENDENT AUDITOR'S REPORT

To the members of Emu Park & District Financial Services Limited

We have audited the accompanying financial report of Emu Park & District Financial Services Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the director's declaration.

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

### Directors Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the director's report.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standards AASB 124 Related Party Disclosures.

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

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

Liability limited by a scheme approved under Professional Standards Legislation

# Independent audit report continued

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## **Independence**

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

## **Auditor's Opinion**

In our opinion:

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



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

Dated this 19<sup>th</sup> day of September 2008

# BSX report

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## Share information

In accordance with Bendigo Stock Exchange listing rules the Company provides the following information as at 19 September 2008, which is within 6 weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

<b>Number of shares Held</b>	<b>Number of shareholders</b>
1 to 1,000	149
1,001 to 5,000	83
5,001 to 10,000	10
10,001 to 100,000	7
100,001 and over	Nil
<b>Total shareholders</b>	<b>249</b>

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There are 7 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.



# BSX report continued

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The following table shows the 10 largest shareholders.

<b>Shareholder</b>		<b>Number of Shares</b>	<b>Percentage of Capital</b>
David & Wendy Rollston	<Hexham Pastoral Co A/C>	60,000	8.93%
TT Cummins & Son Pty Ltd	<Cummins Family A/C>	30,000	4.47%
Caselgo Pty Ltd		25,000	3.72%
Robert & Pamela Hodgson	<Golobadana P/L Super Fund A/C>	25,000	3.72%
Doyle Nominees Pty Ltd	<Doyle Super Fund A/C>	20,000	2.98%
Sharonne Gillian & William Ernest Lang		20,000	2.98%
William Leslie Price		15,000	2.23%
Trevor Gordon Boswood		10,000	1.49%
Pamela Howle		10,000	1.49%
Laurie & Helen Johansen	<Johansen Family A/C>	10,000	1.49%
		<b>225,000</b>	<b>33.50%</b>

## **Registered office and principal administrative office**

The registered office of the Company is located at:

25 Pattison Street  
Emu Park QLD 4710  
Phone: (07) 4939 6441

The principal administrative office of the Company is located at:

25 Pattison Street  
Emu Park QLD 4710  
Phone: (07) 4939 6441

## **Security register**

The security register (share register) is kept at:

Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne VIC 3001

## **Other information**

Please refer to the Directors Report, within the annual report, for details of the Company Secretary and main corporate governance practices of the entity.

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its annual report.

Emu Park **Community Bank**<sup>®</sup> Branch  
25 Pattison Street, Emu Park QLD 4710  
Phone: (07) 4939 6441 Fax: (07) 4939 6040

Franchisee: Emu Park & District Financial Services Limited  
25 Pattison Street, Emu Park QLD 4710  
Phone: (07) 4939 6441  
ABN 41 113 396 768

[www.bendigobank.com.au/public/emu\\_park](http://www.bendigobank.com.au/public/emu_park)  
Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550  
ABN 11 068 049 178. AFSL 237879. (KKQAR8014) (09/08)

