

2008 annual report



Contents

Chairman's report	2-3
Manager's report	4
Bendigo Bank Ltd report	5
Directors' report	6-10
Auditor's independence declaration	11
Financial statements	12-15
Notes to the financial statements	16-29
Directors' declaration	30
Independent audit report	31-32
BSX report	33-34

Chairman's report

For year ending 30 June 2008

2007/2008 has been an exciting year for Deloraine & Districts **Community Bank**[®] Branch. The Company has achieved consistent monthly profits as the business continues to exceed budget forecasts and expectations. In the past year the number of accounts held in the branch has increased by 26 per cent from 1917 to 2420 and the total value of banking business in the accounts from \$31 million to \$42 million, which represents an excellent result of 35 per cent growth in an increasingly challenging economic environment.

These great results come from very hard work over the year on the part of the branch staff, and the Meander Valley Financial Services Ltd. Board. John Tabor, who was Branch Manager since the branch opened in July 2005 built a strong business base for the branch. John's commitment to the **Community Bank**[®] ethos, together with his experience and the high regard in which he is held in the Meander Valley community have been the linchpin of the Company's successful result this year. John retired in April and leaves with our thanks and best wishes for a fulfilling retirement. We welcome our new Branch Manager, Darren Rumble, who lives locally and who comes with wide experience in the banking and financial planning industry and a passionate interest in community development. Also joining us, is our new supervisor, Kelly Hills, who has worked for Bendigo in Tasmania for over six years, and who brings a wealth of knowledge and experience to the front of counter service. Those of you who come in to our branch regularly will know how well our branch staff look after your banking needs, and how friendly and interested in providing a quality service.

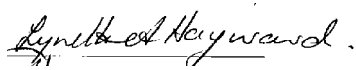
On behalf of the Board I express my deep appreciation for the dedication, and commitment to our customers shown by branch staff, Kim Walters, Kelly Challis, Susan Drake and Kim Hanson, and Darren and Kelly.

As the branch's business and resultant profit share grows, we are able to improve our capacity to support community initiatives. Recent beneficiaries this year have been Meander Valley Council's Art Awards, Rotary Deloraine's Craft Fair, junior basketball and netball clubs, Deloraine on the Move, Deloraine Dramatic Society, and Women in Agriculture as just some of the local groups who have been supported. As the branch grows and profit share increases, the Board will be able to engage in projects of a much larger nature and we expect to be able to announce our first substantial community grants program in 2008/09. We also expect to be able to pay a first dividend to our shareholders within the next eight to 10 months. These two milestones will be a significant achievement for our Board Directors, all of whom give many hours of service each week to the Company and community on a totally voluntary basis. As the new chairman, I would like to thank every Director for his/her support and hard work. This year, we have farewelled Director and Treasurer, Virginia De Groot, who has given wonderful service, as a steering committee member and then as our first treasurer. Taking her place as treasurer is Nikki Atkins, dairy farmer, who has considerable experience with Company financial management and who is making a very valuable contribution to MVFS. Also welcomed to the Board is Ken Philpott, a shareholder of the Company with a wide work background including small business management and investment.

Chairman's report continued

Heartfelt thanks also to Dr Chris Moorhouse, who has stepped down as chairman after almost three years, for his thoughtful and skilful stewardship of the Board. We are delighted that Chris will continue to serve as a Director of the Company, ensuring that his skills and experience will continue to be available to us.

Finally, thanks to you our shareholders, who continue to support us with your banking business as evidence of your faith in and commitment to your community. All of us on the Board appreciate the interest and encouragement you show as we work hard to build on the benefits Deloraine & Districts **Community Bank**[®] Branch provides for our community.



Lynn Hayward
Chairperson MVFS Ltd.

Manager's report

For year ending 30 June 2008

At the time of writing this report Deloraine & District **Community Bank**[®] Branch has been operating for almost three years. We now have \$42 million of business on our books with 2420 accounts.

It has been a year of great change at the branch with the appointment of myself as new Branch Manager and Kelly Hills as the new supervisor. John Tabor has now retired from his position as founding Branch Manager, although he will have a continuing role at the branch as a mentor and lending consultant. John has done an exceptional job in his time as Branch Manager and has handed over the reins of the branch in a very strong position with plenty of forward momentum. It would be remiss of me not to acknowledge John's accomplishments as Branch Manager and the incredible, unselfish support that he has given me while I have settled in to the role.

Although I have only been in my new role for a short time, I feel as though I already have a great appreciation of what a wonderful community Meander Valley is and its vast potential for success. This potential however, will remain untapped and financial benefits back to the community restricted, without the continued and growing support of the community and our shareholders. I encourage everyone to support the branch as much as possible so in turn we can support the community to our full potential.

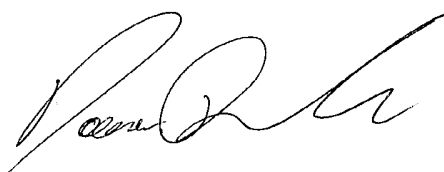
We offer a full suite of lending and deposit products, great friendly service and advice with the security of our partner Bendigo and Adelaide Bank Ltd that is celebrating 150 years of operation.

In a year of many challenges and changes the branch staff continues to offer an outstanding quality of customer service and support to our customers and community.

On top of this they have been incredibly supportive and welcoming of both myself and Kelly in our new roles and we would like to thank them for their understanding as we settle in.

Last but not least, I would like to thank the Meander Valley Financial Services Board for their support, faith and understanding. They are incredibly giving of their time for which I am greatly appreciative. Without the efforts of the Board the branch would fail to function anywhere near as well as it does.

I am looking forward to a challenging year with great optimism, and am sure with the support of the community and our shareholders we can start to make a marked impact on the well being of our community. I look forward to seeing you all at the branch through out the year.



Darren Rumble
Branch Manager

Bendigo Bank Ltd report

For year ending 30 June 2008

Celebrating 10 years of the **Community Bank**[®] Network

June 2008 marks ten years since Bendigo Bank and the people of Rupanyup and Minyip unveiled the first **Community Bank**[®] branches in Australia, marking a turning point not only for the two small Victorian wheat belt towns, but for the Bendigo as well.

Today, these two towns have been joined by more than 210 communities to form Australia's fastest growing banking network – the **Community Bank**[®] concept. It is a significant milestone for Bendigo Bank and our **Community Bank**[®] partners.

The number of **Community Bank**[®] branches has doubled in the last four years and in the same time frame, customers have tripled their commitment of banking business to the community network, increasing it to more than \$11 billion.

More importantly, in excess of \$18 million in **Community Bank**[®] branch profits have been returned to community projects and \$12 million has been paid in dividends to more than 50,000 local shareholders. Behind those numbers are hundreds of stories of **Community Bank**[®] branches making a real difference to the lives of local people.

Whether it's building a community hall, sponsoring an art prize or even buying new footy jumpers for the local side – these **Community Bank**[®] branches are helping improve the economic and social prospects of their local communities. Add to those contributions the employment of more than 1000 staff members and daily expenses in the local economy and you have a truly meaningful contribution to those communities and to local prosperity.

As we reflect on the past 10 years, it's with a feeling of great pride and accomplishment for what has been achieved in partnership between our team at the Bendigo and our community partners. The landscape of banking has changed dramatically, but more importantly – so have the communities we partner and our own organisation.

Our partners have taken charge of outcomes locally that will impact positively for many years to come. Likewise, our organisation has built on our community focussed heritage and evolved to become a true partner to community.

Your commitment, enthusiasm and belief in the **Community Bank**[®] model has been instrumental, and for that we thank you. And here we are, only 10 years into this wonderful journey. Who knows what positive outcomes we'll be talking about in 10 years time, as the **Community Bank**[®] network matures?

It's an exciting prospect – and we are very proud of what our team and the communities we partner have achieved together.



Russell Jenkins

Chief General Manager Retail & Distribution

Directors' report

For year ending 30 June 2008

Your Directors submit the financial report of the Company for the financial year ended 30 June 2008.

Directors

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

Lynette Ann Hayward

Chairman
Age: 58
Community Volunteer
Management, Human Resource
Chair of Board, Staff Officer, Strategic

Nicole Beverley Atkins

Treasurer (Appointed 2 June 2008)
Age: 30
Home duties & Farmer
Child Health & Rural Youth
Treasurer

Gordon Wayne Brookes

Director
Age: 49
Motelier
Business, Commercial Development
Strategic

Barbara Anne Harvey

Director
Age: 50
Business Owner
Business & Food Industry
Business Development, Accommodation

Grant Anthony Ward

Director
Age: 51
Business Owner
Business Tourism, Food Industry
Tourism, Recruitment

Laura Jane Richardson

Secretary
Age: 29
Customer Service Officer
Rural Youth Affairs, Agriculture
Company Secretary, Governance, Strategy

Christopher Philip Moorhouse

Director
Age: 56
Manager/Consultant
Community Development
Corporate Governance

Andrew Lindon Badcock

Director
Age: 60
Craftsman/Farmer
Fine Woodwork/Farming
Business Development

David Anthony Bounds

Director
Age: 51
Biological Agriculture Product Distributor
Community Service
Business Development & Sponsorship

Stephen Allen Blakeney

Director
Age: 65
Business Owner/Furniture Designer/Maker
Fine Woodcraft
Business Development

Directors' report continued

Janice Marie English Blakeney

Director

Age: 61

Retired Business Owner

Retail Health

Marketing, Business Development & Governance

George David Christie

Director

Age: 81

Retired Farmer

Farming, Commercial Development

Business Development, Financial, Sponsorship

Ronald Edgar John Dare

Director

Age: 64

Manager

Business Management, Company Directorships

Strategic

Virginia Maree De Groot

Director (Resigned 15 July 2008)

Age: 57

Company Systems Manager

Management, Education

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 Laura Richardson. Laura has been a Director of the Company since inception and has acted as assistant Secretary until elected to the role of Secretary effective from 30 June 2007. Laura has been involved in a number of community organisations in the Deloraine area including the Chudleigh Show and Deloraine Basketball Association, is a former state president of the Rural Youth Organisation of Tasmania and has been an executive member of the Agfest Field Days organising committee.

Principal activities

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

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

Operating results

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

Year ended	Year ended
30 June 2008	30 June 2007
\$	\$
15,936	(58,250)

Directors' report continued

Remuneration report

No Director receives remuneration for services as a Company Director or Committee Member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

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.

Likely developments

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

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest except as disclosed in note 17 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

Indemnification and Insurance of Directors and Officers

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

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

Directors' report continued

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
Lynette Ann Hayward	13	11
Laura Jane Richardson	13	13
Nicole Beverley Atkins (Appointed 2 June 2008)	1	1
Christopher Phillip Moorhouse	13	11
Gordon Wayne Brookes	13	9
Andrew Linton Badcock	13	10
Barbara Anne Harvey	13	9
David Anthony Bounds	13	13
Grant Anthony Ward	13	10
Stephen Allen Blakeney	13	13
Janice Marie English Blakeney	13	13
George David Christie	13	11
Ronald Edgar John Dare	13	9
Virginia Maree De Groot (Resigned 15 July 2008)	13	11

Non Audit services

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

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

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

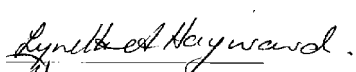
- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the Auditor;
- none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or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

Directors' report continued

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 11.

Signed in accordance with a resolution of the Board of Directors at Deloraine, Tasmania on 11 September 2008.



Lynette Ann Hayward
Chairman



Nicole Beverley Atkins
Treasurer

Auditor's independence declaration



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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Meander Valley 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 11th day of September 2008

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	3	432,518	298,572
Salaries and employee benefits expense		(238,789)	(197,196)
Advertising and promotion expenses		(4,832)	(3,013)
Occupancy and associated costs		(34,241)	(36,572)
Systems costs		(23,189)	(21,929)
Depreciation and amortisation expense	4	(24,211)	(24,021)
Borrowing cost expense	4	(3,555)	(4,140)
General administration expenses		(78,458)	(69,951)
Profit/(loss) before income tax expense/credit		25,243	(58,250)
Income tax expense	5	9,307	-
Profit/(loss) for the period		15,936	(58,250)
Profit/(loss) attributable to members of the entity		15,936	(58,250)
Earnings per share (cents per share)		c	c
- basic for profit for the year	19	2.5	(9)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
Assets			
Current assets			
Cash assets	6	53,021	10,286
Trade and other receivables	7	17,615	16,226
Total current assets		70,636	26,512
Non-current assets			
Property, plant and equipment	8	202,586	214,797
Intangible assets	9	24,000	36,000
Deferred tax assets	10	21,596	30,903
Total non-current assets		248,182	281,700
Total assets		318,818	308,212
Liabilities			
Current liabilities			
Trade and other payables	11	8,122	10,168
Borrowings	12	6,840	3,284
Total current liabilities		14,962	13,452
Non-current liabilities			
Borrowings	12	29,775	36,615
Total non-current liabilities		29,775	36,615
Total liabilities		44,737	50,066
Net assets		274,081	258,146
Equity			
Contributed equity	13	618,894	618,894
Accumulated losses	14	(344,813)	(360,748)
Total equity		274,081	258,146

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		463,687	357,400
Payments to suppliers and employees		(414,424)	(399,625)
Interest received		311	83
Interest paid		(3,555)	(4,140)
Net cash inflow/(outflow) from operating activities	15	46,019	(46,282)
Cash flows from investing activities			
Payments for property, plant and equipment		-	41,181
Net cash inflow from investing activities		-	41,181
Cash flows from financing activities			
Repayment of borrowings		(3,284)	(2,819)
Net cash outflow from financing activities		(3,284)	(2,819)
Net increase/(decrease) in cash held		42,735	(7,920)
Cash at the beginning of the financial year		10,286	18,206
Cash at the end of the financial year	6(a)	53,021	10,286

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Note	2008 \$	2007 \$
Total equity at the beginning of the period		258,146	316,396
Net profit/(loss) for the period		15,936	(58,250)
Net income/expense recognised directly in equity		-	-
Dividends provided for or paid		-	-
Shares issued during period		-	-
Total equity at the end of the period		274,081	258,146

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Summary of significant accounting policies

Basis of preparation

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

Compliance with IFRS

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

Historical cost convention

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

Revenue

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

Goods and services tax

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

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

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

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Income tax

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Employee entitlements

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

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

Intangibles

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

Cash

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

Comparative figures

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

Property, plant and equipment

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

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

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

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Critical accounting estimates and judgements

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

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

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

Payment terms

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

Trade receivables and payables

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

Borrowings

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

Provisions

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

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

Contributed equity

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Earnings per share

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

Notes to the financial statements continued

	2008 \$	2007 \$
Note 3. Revenue from ordinary activities		
Operating activities:		
- services commissions	420,495	286,097
- other revenue	178	853
Total revenue from operating activities	420,673	286,950
Non-operating activities:		
- interest received	433	83
- rental revenue	11,412	11,539
Total revenue from non-operating activities	11,845	11,622
Total revenues from ordinary activities	432,518	298,572

Note 4. Expenses

Depreciation of non-current assets:		
- plant and equipment	5,615	5,425
- leasehold improvements	6,596	6,596
Amortisation of non-current assets:		
- franchise agreement	12,000	12,000
	24,211	24,021
Finance costs:		
- interest paid	3,555	4,140
Bad debts	121	4

Note 5. Income tax expense

The components of tax expense comprise:

- Current tax	-	-
- Deferred tax on provisions	-	-
- Recoupment of prior year tax losses	9,307	-
- Future income tax benefit attributable to losses	-	-
	9,307	-

Notes to the financial statements continued

	Note	2008 \$	2007 \$
Note 5. Income tax expense (continued)			
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit/(loss)		15,936	(58,250)
Prima facie tax on profit/(loss) from ordinary activities at 30%		4,781	(17,475)
Add tax effect of:			
- non-deductible expenses		3,600	3,600
- blackhole expenses		(1,866)	(1,866)
Tax losses not brought to account		-	15,741
Movement in deferred tax	10.	9,307	-
		9,307	-

Income tax losses:

Future income tax benefits arising from tax losses are not recognised at reporting date as realisation of the benefit is not regarded as virtually certain.

Future income tax benefit carried forward is:		83,125	83,125
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Note 6. Cash assets

Cash at bank and on hand		53,021	10,286
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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		53,021	10,286
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Note 7. Trade and other receivables

Trade receivables		16,316	11,402
Prepayments		1,299	4,824
		17,615	16,226

Notes to the financial statements continued

	2008 \$	2007 \$
Note 8. Property, plant and equipment		
Plant and equipment		
At cost	45,966	45,966
Less accumulated depreciation	(16,228)	(10,613)
	29,738	35,353
Leasehold improvements		
At cost	193,772	193,772
Less accumulated depreciation	(20,924)	(14,328)
	172,848	179,444
Total written down amount	202,586	214,797
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	35,353	36,504
Additions	-	4,274
Disposals	-	-
Less: depreciation expense	(5,615)	(5,425)
Carrying amount at end	29,738	35,353
Leasehold improvements		
Carrying amount at beginning	179,444	231,495
Additions	-	(45,455)
Disposals	-	-
Less: depreciation expense	(6,596)	(6,596)
Carrying amount at end	172,848	179,444
Total written down amount	202,586	214,797

Note 9. Intangible assets

Franchise fee		
At cost	60,000	60,000
Less: accumulated amortisation	(36,000)	(24,000)
	24,000	36,000

Notes to the financial statements continued

	2008 \$	2007 \$
Note 10. Deferred tax		
Deferred tax asset		
Opening balance	30,903	30,903
Future income tax benefits attributable to losses	-	-
Recoupment of prior year tax losses	(9,307)	-
Closing balance	21,596	30,903

Note 11. Trade and other payables

Trade creditors	5,122	7,168
Other creditors & accruals	3,000	3,000
	8,122	10,168

Note 12. Borrowings

Current:

Interest bearing liability	6,840	3,284
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Non-current:

Interest bearing liability	29,775	36,615
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Note 13. Contributed equity

650,000 Ordinary shares fully paid of \$1 each (2007: 650,000)	650,000	650,000
Less: equity raising expenses	(31,106)	(31,106)
	618,894	618,894

Note 14. Accumulated losses

Balance at the beginning of the financial year	(360,748)	(302,498)
Net profit/(loss) from ordinary activities after income tax	15,936	(58,250)
Dividends paid	-	-
Balance at the end of the financial year	(344,813)	(360,748)

Notes to the financial statements continued

	2008 \$	2007 \$
Note 15. Statement of cash flows		
Reconciliation of loss from ordinary activities after tax to net cash provided by/(used in) operating activities		
Profit/(loss) from ordinary activities after income tax	15,936	(58,250)
Non cash items:		
- depreciation	12,211	12,021
- amortisation	12,000	12,000
Changes in assets and liabilities:		
- increase in receivables	(1,389)	(14,206)
- (increase)/decrease in other assets	9,307	-
- increase/(decrease) in payables	(2,046)	2,153
Net cash flows provided by/(used in) operating activities	46,019	(46,282)

Note 16. Auditors' remuneration

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

- audit & review services	4,000	4,000
- non audit services	3,128	1,335
	7,128	5,335

Notes to the financial statements continued

Note 17. Director and related party disclosures

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

Lynette Ann Hayward
Laura Jane Richardson
Nicole Beverley Atkins (Appointed 2 June 2008)
Christopher Phillip Moorhouse
Gordon Wayne Brookes
Andrew Linton Badcock
Barbara Anne Harvey
David Anthony Bounds
Grant Anthony Ward
Stephen Allen Blakeney
Janice Marie English Blakeney
George David Christie
Ronald Edgar John Dare
Virginia Maree De Groot (Resigned 15 July 2008)

Directors Barbara Harvey and Grant Ward jointly provided catering services to the Company during the year to the value of \$1,513 (2007: Nil).

Director Ronald Edgar John Dare a principal of Andrew Dare Electrical Service provided specialist electrical work to the Company during the year to the value of \$74.25 (2007: Nil).

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

Notes to the financial statements continued

Note 17. Director and related party disclosures (continued)

Directors shareholdings	2008	2007
Lynette Ann Hayward	3,001	3,001
Laura Jane Richardson	501	501
Nicole Beverley Atkins (Appointed 2 June 2008)	-	-
Christopher Phillip Moorhouse	3,001	3,001
Gordon Wayne Brookes	2,001	2,001
Andrew Linton Badcock	1,001	1,001
Barbara Anne Harvey #	4,002	4,002
David Anthony Bounds	5,001	5,001
Grant Anthony Ward #	4,002	4,002
Stephen Allen Blakeney *	15,002	15,002
Janice Marie English Blakeney *	15,002	15,002
George David Christie	501	501
Ronald Edgar John Dare	5,000	5,000
Virginia Maree De Groot (Resigned 15 July 2008)	501	501

* - Stephen Blakeney owns 10,001 and Janice Blakeney owns 5,001 shares.

- Barbara Harvey and Grant Ward jointly own 4,002 shares.

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

Note 18. Key management personnel disclosures

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

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

Notes to the financial statements continued

	2008 \$	2007 \$
Note 19. Earnings per share		
(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	15,936	(58,250)

	2008 Number	2007 Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	650,000	650,000

Note 20. Events occurring after the balance sheet date

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

Note 21. Contingent liabilities

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

Note 22. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being the Meander Valley District of Tasmania.

Note 23. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
49 Emu Bay Road,	49 Emu Bay Road,
Deloraine TAS 7304	Deloraine TAS 7304

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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	25,804	10,286	-	-	-	-	-	-	-	-	0.05	0.05
Cash management	27,217	-	-	-	-	-	-	-	-	-	5.45	N/A
Receivables	-	-	-	-	-	-	-	-	17,615	11,402	N/A	N/A
Financial liabilities												
Interest bearing liabilities	6,840	3,284	29,775	36,615	-	-	-	-	-	-	10.03	10.03
Payables	-	-	-	-	-	-	-	-	8,122	10,168	N/A	N/A

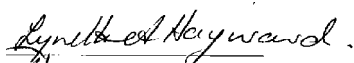
Director's declaration

In accordance with a resolution of the Directors of Meander Valley Financial Services Limited, we state that:

In the opinion of the Directors:

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

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



Lynette Ann Hayward,
Chairman



Nicole Beverley Atkins
Treasurer

Signed on 11 September 2008.

Independent audit report



Chartered Accountants & Business Advisors

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

INDEPENDENT AUDITOR'S REPORT

To the members of Meander Valley Financial Services Limited

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

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

Directors Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent audit report continued

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 Meander Valley 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 11th day of September 2008

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 12 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 is currently working towards adopting policies and procedures that will govern the company into the future. We believe that building policy framework will assist in clarifying the future direction of our local company, provide accountability and transparency and ensure there are guiding principles in place for future decision making.

The Board does have an audit committee.

B. Substantial shareholders – ten largest shareholders

	Ordinary shares	Number of ordinary shares
1. Mr Nigel and Mrs Jo-Anne Burfitt	20000	3.08%
2. Mr Barry D Hickman (Meander Valley On-line Acc.)	20000	3.08%
3. The Rev. Helen P Smith	10500	1.62%
4. Mr Henry B Smith	10500	1.62%
5. Mr Stephen A Blakeney	10001	1.54%
6. Ms Gloria Barlow and Mr. Bart Radings	10000	1.54%
7. Mrs Eileen J Belkner	10000	1.54%
8. Mr Joseph P M Belkner	10000	1.54%
9. Mr Jeffrey J Booker	10000	1.54%
10. Darrel J Green Pty. Ltd.	10000	1.54%

C. Voting rights

Each shareholder has one vote.

BSX report continued

D. Distribution of shareholders

The number of shareholders by size of shareholding is:

	Number of holders	Ordinary shares Number of shares
1 – 1000	230	149,004
1001 – 5000	101	277,492
5001 – 10,000	17	152,503
10,001 – 100,000	5	71,001
1000,000 and over	-	-
Total	353	650,000

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 will be reviewed annually by the Chairperson. Directors whose performance is unsatisfactory will be asked to retire.

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

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

Essential Registry Team
Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Telephone: 1300 85 05 05

G. Company Secretary and registered office

Laura Richardson
Company Secretary
49 Emu Bay Road
Deloraine TAS 7304
Telephone: (03) 6362 4152

Deloraine & Districts **Community Bank**[®] Branch
49 Emu Bay Road, Deloraine TAS 7304
Phone: (03) 6362 4801 Fax: (03) 6362 4803

Franchisee: Meander Valley Financial Services Limited
49 Emu Bay Road, Deloraine TAS 7304
Phone: (03) 6362 4801 Fax: (03) 6362 4803
ABN 27 111 858 078

www.bendigobank.com.au

Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR8070) (09/08)

