

**Tuggeranong Valley**  
Financial Services Limited  
ABN 77 100 097 443

2005  
**Annual**  
Report



## **ANNUAL REPORT**

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**

**BENDIGO COMMUNITY BANK – CALWELL & WANNIASSA**

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## CHAIRMAN'S REPORT

I have pleasure in presenting the company's third annual report for the year ended 30 June 2005 and to invite you to attend the 2005 annual general meeting to be held on Monday 14 November 2005.

The company's operations for the year resulted in a loss of \$39,821 giving total carry forward losses at 30 June 2005 of \$751,776. These results have been achieved after charging for depreciation and amortisation of \$27,441 and are in line with budget projections.

The company has reached maturity in its operations where it is now trading profitably on a regular monthly basis and budget projections are for a profit of the order of \$80,000 for the 2006 financial year. If these budget forecasts are achieved and sufficient cash flow is generated, it is possible that a first interim dividend might be declared towards the end of the 2006 financial year. The directors will monitor this situation closely and shareholders will be advised nearer the time.

The company now has over \$78 million in combined banking business with over 5,300 customer accounts.

As forecast in my report for the year ended 30 June 2004, the company's shares have now been listed on the Bendigo Stock Exchange (BSX). The BSX has a separate trading board to facilitate the listing of Community Bank® companies and this listing will smooth the process for those shareholders and investors wishing to buy or sell shares in the company.

I would like to take this opportunity to thank our dedicated staff for their efforts in achieving the company's results and servicing our customer's needs during the year. Their contribution has been outstanding as we continue to improve our services.



Robert J Yeomans AM  
Chairman

## MANAGER'S REPORT

We are nearing the end of three years of operations.

I believe that our local communities have taken to the Bendigo Way, which can be evidenced from results to date.

As at the 25 September 2005, we have total business assets of \$78 million and account holders now number over 5,300. We are still averaging 100 new accounts per month.

Since my last report to the shareholders we have grown business by over \$20 million and have increased account numbers by approximately 1200.

We could not have created the results without the strong support of the staff we have at our branches at Calwell and Wanniassa. They are a credit to the local community.

The support that both the staff and myself have received from the Board of Directors has also been exceptional. Special mention must be made of both Wayne Simpson and Maria Porreca.

In the coming few months we will be rolling out to local schools the concept of school banking. We have already strong interest from a number of the schools in the area.

All the staff are looking forward to the next step in the company. We are very hopeful of cracking the \$100 million target by end of this financial year.



Ray Haley  
Business Development Manager

## Message from Bendigo Bank

Today, more than 160 communities are running their own Community Bank branch. The Community Bank brand is represented in a diverse range of communities. From your own community here in the Tuggeranong Valley, to communities such as Queenstown in Tasmania, Paradise Point on the Gold Coast, the Perth suburb of Gosnells, the NSW town of Narrandera and the Melbourne suburb of Flemington. All of these communities have one thing in common – a commitment to not only ensuring access to banking services, but a focus on sharing the profits of their business to the wider community.

When we first launched this banking model in 1998, it was to fill a gap in rural communities, where banks were withdrawing their services.

In 2005, you will very rarely read a media story about a community up in arms about a bank branch closure. The closures have literally dried up.

However, you will continue to read about communities undertaking a Community Bank campaign, and more often than not, in a metropolitan suburb. At least once a fortnight, somewhere in Australia a community is celebrating the opening of the doors to their Community Bank branch. There is no indication that this growth is slowing.

We are proud to be able to say that these communities are now returning more than simply banking services. Some of the statistics are very impressive.

- Communities have received \$159 million in revenue paid to them by Bendigo Bank, \$61 million of this in the past 12 months.
- More than 11,000 community shareholders have received dividends totalling almost \$3 million.
- Local boards have paid out more than \$3 million in sponsorships, donations and contributions.
- In 2004/2005, communities spent \$27.3 million in their communities on wages, rent, accounting, cleaning and so on. Given a multiplier effect of three, this means branches inject nearly \$82 million into their communities every year.

These are significant numbers. They represent the hard work and dedication of communities like yours to help themselves. It also reinforces the commitment of Bendigo Bank to partner and work with communities.

You will often hear us say, “successful customers and successful communities create a successful bank, and in that order”. The figures above, which are impressive in themselves but which continue to grow, are proof that this strategy is working for communities across Australia, as well as for our company.

That’s not to say this is an easy journey for Bendigo Bank, or for your community. It’s not. However, while we continue to follow through with our promises of providing a superior customer service experience and distributing profits to communities, both in dividends to shareholders and community projects and organisations, we will all continue to be successful.

Bendigo Bank is proud to be your partner and congratulates you on a great year. You are a fabulous example of a community willing to work together to achieve great things and we are proud to continue to work with you.



Wayne Simpson  
**Relationship Manager – ACT and Southern NSW**  
Bendigo Bank

**TUGGERANONG VALLEY  
FINANCIAL SERVICES LIMITED  
ABN 77 100 097 443**

**FINANCIAL REPORT**

**30 JUNE 2005**

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
**ABN 77 100 097 443**

**FINANCIAL REPORT – 30 JUNE 2005**

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**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
**ABN 77 100 097 443**

**DIRECTORS' REPORT**

In respect of the year ended 30 June 2005, the directors of Tuggeranong Valley Financial Services Limited submit the following report of the company made out in accordance with a resolution of the directors:

**1. Names of Directors**

The names of the directors who have been in office for the whole of the financial year and the period up to the date of this report, except as otherwise noted below, are as follows:

R Yeomans – Chairman	G Kelly
W Simpson – Treasurer	R Kingsbury (appointed 17 November 2004)
H Chalmers – Company Secretary	M Porreca
M Coleman (appointed 17 November 2004)	K Saxby-Junna (appointed 17 November 2004)
M Crozier (resigned 17 November 2004)	P Strong (appointed 17 November 2004)
P Hilborn (appointed 17 November 2004)	

**2. Principal Activities**

The principal activity of the company is to operate community bank branches of the Bendigo Bank under a franchise arrangement. No significant change in the nature of these activities occurred during the year.

**3. Trading Results**

The net loss of the company for the year ended 30 June 2005 was \$39,821 (2004: \$298,625).

**4. Review of Operations**

The company commenced operations during the 2003 financial year and has continued to expand its revenue base. The company is still in the early stages of developing new business. The company incurred a loss of \$39,821 (2004 loss of \$298,625) for the year ended 30 June 2005. The company's results are consistent with the expectations of the directors.

**5. Financial Position**

Whilst the company incurred a loss for the 2005 financial year it is now generating monthly profits and shareholder equity is increasing each month. The company has a standby overdraft facility, which has been approved by Bendigo Bank to assist to manage working capital requirements. This overdraft is being used infrequently. The company's financial position is consistent with the directors' expectations and is continuing to improve.

**6. Future Developments, Prospects and Business Strategies**

The company is still growing its banking business and expects to grow the business by approximately 30% in the coming financial year. The strategy for the coming 12 months is to consolidate the business, use profits to replenish cash reserves with a view to declaring a dividend for shareholders as soon as is practicable and commencing a community grants scheme. The prospects for the company are good as the Bendigo Bank network continues to grow. A Bendigo Bank owned branch is approved for establishment in Belconnen, which will occur as soon as a site can be located and an ATM will be installed in a new shopping centre being constructed in Gunghalin. It is also expected that a new Community Bank<sup>®</sup> Branch will open in Bungendore in early 2006.



**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
**ABN 77 100 097 443**

**DIRECTORS' REPORT**

**7. Changes in the State of Affairs**

On 2 June 2005 the company's application to list on the Bendigo Stock Exchange was approved with 1,008,007 ordinary shares being quoted.

There were no other significant changes in the company's state of affairs during the year.

**8. Dividends**

No dividend was paid during the financial year. The directors do not recommend the payment of any dividends.

**9. Share Options**

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

**10. Directors Details**

*Robert Yeomans – Chairman*

- Chartered Accountant and former partner of Duesburys, Chartered Accountants
- Fellow of the Australian Institute of Company Directors
- Member of Governance Committee, Audit Committee and Human Resources Committee
- Other Directorships
  - Chairman, Construction Industry Long Service Leave Board
  - Chairman, Cleaning Industry Long Service Leave Board
  - Board member, Anglican Retirement Community Services Inc
- 5,001 ordinary shares are held in the company by the director and a related entity

*Wayne Simpson – Treasurer*

- Consultant with 20 years experience in banking and small business
- Member of the Australian Institute of Company Directors
- Member of Governance Committee, Audit Committee and Human Resources Committee
- Employed by Bendigo Bank Limited as Community Bank Relationship Manager for southern NSW and ACT
- 2,501 ordinary shares are held in the company by the director

*Hugh Chalmers – Company Secretary*

- Solicitor and partner of Bradley Allen, Solicitors
- Fellow of the Australian Institute of Company Directors and Fellow of the Australian Institute of Management
- Member of Governance Committee
- 3,000 ordinary shares are held in the company by a related entity

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
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**DIRECTORS' REPORT**

*Matthew Coleman*

- Agricultural Scientist and Agricultural Economist employed with the Indigenous Land Corporation
- Member of Australasian Institute of Banking and Finance
- Member of the Governance Committee and Marketing, Sponsorship and Business Development Committee
- 500 ordinary shares are held in the company by the director

*Peter Hilborn*

- Broadcast Technologist employed with the Australian Broadcasting Corporation
- 5,000 ordinary shares are held in the company by the director

*George Kelly*

- Real Estate Agent and life member of Real Estate Institute of the ACT for over 30 years
- Member of Canberra Valley Lions Club for over 37 years
- Awarded Malvern Jones Fellow from Lions International in 1991
- Awarded Order of Australia 1997
- Member of Marketing, Sponsorship and Business Development Committee
- 501 ordinary shares are held in the company by the director and related parties

*Ronald Kingsbury*

- Chairman of Lions Youth Haven Inc.
- Chairman of Respite Care ACT Inc.
- Treasurer of Handy Help ACT Inc.
- Member of Canberra Woden Lions Club
- Awarded Order of Australia 2003
- Member of the Marketing, Sponsorship and Business Development Committee

*Maria Porreca*

- Company Director, Porreca Homes Pty Limited
- Involved in building industry in ACT for over 20 years
- Member of Marketing, Sponsorship and Business Development Committee
- 1,001 ordinary shares are held in the company by the director and related parties

*Kerry Saxby-Junna*

- Three times Australian Olympic Representative (Walking)
- Two times Commonwealth Games Representative (gold & silver medals)
- World Indoor Champion and World Championship Medallist
- Awarded Order of Australia 1992
- Former Australian Sports Person of the Year and other awards
- Member of the Marketing, Sponsorship and Business Development Committee

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
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**DIRECTORS' REPORT**

*Peter Strong*

- Owns and operates Smiths Alternative Bookshop in the CBD of Canberra
- Also operates a consulting business involved with community capacity building, human resource management and research activities for Australian Government departments, community based organisations, the World Bank and the United Nations
- Past member of various community based committees and boards including education centres, skills and employment organisations and private hospitals
- Member of the Human Resources Committee

**11. Remuneration Report**

The company has applied ASIC Class Order 98/2395 in relation to its disclosure of information on the remuneration of directors and the specified executive. Disclosures in accordance with the Corporations Act 2001 and Accounting Standard AASB 1046 'Director and Executive Disclosures by Disclosing Entities' are included in Note 17 to the attached financial statements.

**12. Board Meetings**

The Board met on 10 occasions during the year ended 30 June 2005. The number of meetings attended by each director while in office was:

<b>Name of Director</b>	<b>No of Meeting Eligible to Attend</b>	<b>No of Meetings Attended</b>
H Chalmers	10	8
M Coleman	6	5
M Crozier	4	1
P Hilborn	6	3
G Kelly	10	9
R Kingsbury	6	6
M Porreca	10	10
K Saxby-Junna	6	6
W Simpson	10	9
P Strong	6	5
R Yeomans	10	8

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
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**DIRECTORS' REPORT**

**13. Committee Meetings**

The Board members also participate on various committees. Details of the number of meetings attended by each director while in office was:

Name of Director	Audit Committee		Governance Committee		Marketing, Sponsorship and Business Development Committee		Human Resources Committee	
	# of eligible meetings	# of meetings attended	# of eligible meetings	# of meetings attended	# of eligible meetings	# of meetings attended	# of eligible meetings	# of meetings attended
H Chalmers	-	-	2	2	-	-	-	-
M Coleman	-	-	1	1	1	1	-	-
M Crozier	-	-	-	-	-	-	-	-
P Hilborn	-	-	-	-	-	-	-	-
G Kelly	-	-	-	-	6	3	-	-
R Kingsbury	-	-	-	-	2	2	-	-
M Porreca	-	-	-	-	6	6	-	-
K Saxby-Junna	-	-	-	-	2	2	-	-
W Simpson	2	2	2	2		-	2	2
P Strong	-	-	-	-	-	-	1	1
R Yeomans	2	2	2	2		-	2	2

**14. Events Subsequent to Balance Date**

Since the end of the year the Directors are not aware of any matter or circumstance not otherwise dealt with in the report or financial statements that has significantly affected, or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

**15. Insurance of Officers**

During the financial year a premium of \$4,715 (2004: \$5,270) was paid to insure the directors and officers of the company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the company, other than conduct involving a wilful breach of duty in relation to the company.

**16. Company Information**

Tuggeranong Valley Financial Services Limited is incorporated under the Corporations Act 2001 as a public company limited by shares. On 2 June 2005 the company's ordinary shares became quoted on the Bendigo Stock Exchange. The company is incorporated and domiciled in Australia. It's registered office is c/- Bradley Allen Lawyers, Level 9, Canberra House, 40 Marcus Clarke Street, Canberra City, ACT and its principal places of business are located at Unit 13 & 14, Wanniasa Shopping Centre, Sangster Place, Wanniasa, ACT and Shop 19, Calwell Shopping Centre, Weber Crescent, Calwell, ACT.

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
**ABN 77 100 097 443**

At 30 June 2005 the company had 8.25 (2004: 9.5) full time equivalent employees.

**DIRECTORS' REPORT**

**17. Non-Audit Services**

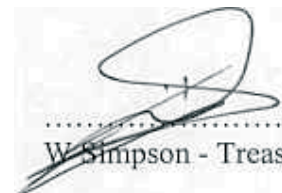
The auditor did not provide any non-audit services to the company during the financial year.

**18. Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 follows this Directors' Report.

Signed at Canberra this 4th day of October 2005, in accordance with a resolution of the Board of Directors.

  
.....  
R Yeomans - Chairman

  
.....  
W Simpson - Treasurer



Duesburys Nexia

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AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF  
TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED  
ABN 77 100 097 443

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2005 there have been:

- i. no contraventions of the independence requirements of the Corporations Act in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

*Duesburys Nexia*

Duesburys Nexia  
Canberra, 4 October 2005

*R C Scott*

R C Scott  
Partner

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
**ABN 77 100 097 443**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2005**

	Notes	2005 \$	2004 \$
<b>CURRENT ASSETS</b>			
Cash assets	3	139	24,912
Receivables	4	<u>74,891</u>	<u>52,297</u>
<b>TOTAL CURRENT ASSETS</b>		<u>75,030</u>	<u>77,209</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	297,179	323,870
Other	6	<u>58,194</u>	<u>84,962</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>355,373</u>	<u>408,832</u>
<b>TOTAL ASSETS</b>		<u>430,403</u>	<u>486,041</u>
<b>CURRENT LIABILITIES</b>			
Payables	7	65,254	140,153
Interest bearing liabilities	8	40,131	4,282
Provisions	9	<u>23,708</u>	<u>28,829</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>129,093</u>	<u>173,264</u>
<b>NON-CURRENT LIABILITIES</b>			
Payables	7	33,008	-
Interest bearing liabilities	8	<u>12,071</u>	<u>16,725</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>45,079</u>	<u>16,725</u>
<b>TOTAL LIABILITIES</b>		<u>174,172</u>	<u>189,989</u>
<b>NET ASSETS</b>		\$ <u>256,231</u>	\$ <u>296,052</u>
<b>EQUITY</b>			
Contributed equity	10	1,008,007	1,008,007
Accumulated losses	11	<u>(751,776)</u>	<u>(711,955)</u>
<b>TOTAL EQUITY</b>		\$ <u>256,231</u>	\$ <u>296,052</u>

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
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**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	2005 \$	2004 \$
<b>Revenue from Ordinary Activities</b>			
Fee income		724,354	439,264
Bank interest		20	3,877
Sundry income		<u>336</u>	<u>436</u>
Total revenue from ordinary activities		<u>724,710</u>	<u>443,577</u>
<b>Expenditure from Ordinary Activities</b>			
Administration and general costs		84,091	73,526
Amortisation of franchise and establishment costs		26,768	26,842
ATM costs		27,757	25,060
Audit and accounting fees		15,205	19,581
Depreciation and amortisation		27,441	27,516
Employment costs		399,531	381,394
Insurance		15,653	23,907
Interest expense		1,314	1,626
IT costs		45,616	52,192
Motor vehicle costs		4,779	3,029
Occupancy costs excluding rental		28,943	24,102
Printing and stationery		11,876	13,177
Rental expense on operating leases		<u>75,557</u>	<u>70,250</u>
Total expenses from ordinary activities		<u>764,531</u>	<u>742,202</u>
Profit/(loss) from ordinary activities before income tax		(39,821)	(298,625)
Income tax expense relating to ordinary activities	2	<u>-</u>	<u>-</u>
Net loss	11	<u>(39,821)</u>	<u>(298,625)</u>
Total changes in equity other than those resulting from transactions with owners as owners		\$ <u>(39,821)</u>	\$ <u>(298,625)</u>
Basic earnings per share-cents per share	19	(3.95)	(29.63)
Diluted earning per share-cents per share	19	(3.95)	(29.63)



**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
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**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	2005 \$	2004 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and others		769,020	512,130
Interest received		20	3,877
Payments to suppliers and employees		(773,944)	(721,606)
Interest paid		<u>(1,314)</u>	<u>(1,626)</u>
Net cash flows from operating activities	12b)	<u>(6,218)</u>	<u>(207,225)</u>
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant and equipment		<u>(750)</u>	<u>(580)</u>
Net cash flows from investing activities		<u>(750)</u>	<u>(580)</u>
<b>Cash Flows from Financing Activities</b>			
Loans (to)/from shareholders/directors		(49,000)	49,000
Repayment of lease liabilities		<u>(4,345)</u>	<u>(3,993)</u>
Net cash flows from financing activities		<u>(53,345)</u>	<u>45,007</u>
Net increase/(decrease) in cash balance		<u>(60,313)</u>	<u>(162,798)</u>
Cash at the beginning of the year		<u>24,912</u>	<u>187,710</u>
Cash at the end of the year	12a) \$	<u><u>(35,401)</u></u>	\$ <u><u>24,912</u></u>

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
**ABN 77 100 097 443**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The financial report covers Tuggeranong Valley Financial Services Limited as an individual entity which was incorporated on 3 April 2002. On 2 June 2005 the company's ordinary shares became quoted on the Bendigo Stock Exchange.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**(a) Income Tax**

The company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
**ABN 77 100 097 443**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**(b) Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

**Plant and equipment**

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

**Depreciation**

The depreciable amount of all fixed assets including capitalised lease assets, is depreciated on either a diminishing value or a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use.

The useful lives for each class of depreciable assets are:

<b>Class of Asset</b>	<b>Useful Lives</b>
Furniture and fixtures	4-15 years
Leased motor vehicles	6 years

**(c) Capitalised Costs**

Costs incurred to establish the business and franchise arrangements are capitalised and amortised on a straight line basis over the period in which benefits are realised from the costs incurred. The capitalised costs are amortised over a period of 5 years.

**(d) Finance Leases**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of non-current assets and operating leases under which the lessor effectively retains all such risks and benefits. Where non-current assets are acquired by means of finance leases, the present value of minimum lease payments is established as an asset at the beginning of the lease term and amortised on a straight line basis over its estimated economic life, which is around 6 years. A corresponding liability is also established and each lease payment is allocated between such liability and interest expense.

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
**ABN 77 100 097 443**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**(e) Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amount expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured using the short-hand method of calculation.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

**(f) Cash**

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdraft, and investments in money market instruments with short terms to maturity.

**(g) Revenue**

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

Fee income is recognised in the month on which the fee calculations are based.

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

All revenue is stated net of the Goods and Services Tax.

**(h) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 ATO is included as a current asset or liability in the statement of financial position.

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 operating cash flows.

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
**ABN 77 100 097 443**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**(i) Comparative figures**

Comparative figures have been reclassified where necessary to facilitate comparison with figures in the current financial year.

**(j) Adoption of Australian Equivalents to International Financial Reporting Standards**

Australia is currently preparing for the introduction of International Financial Reporting Standards (AIFRS) effective for the company's 30 June 2006 financial year. This requires the production of accounting data at 30 June 2005 for comparative purposes.

The company's management, along with its auditors, have assessed the significance of the expected changes and are preparing for the implementation of AIFRS.

The directors are of the opinion that the key difference in the company's accounting policies and impact on the financial report which will arise from the adoption of AIFRS is in regards to income tax. Currently, the company adopts the liability method of tax-effect accounting as described in Note 1(a). Under AASB 112: Income Taxes, the company will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit. As the company has significant carried forward tax losses, no changes are expected to the 30 June 2005 figures to be reported in the financial statements for the year ending 30 June 2006.

	<b>2005</b>	<b>2004</b>
	\$	\$
NOTE 2 INCOME TAX		
(a) The amount of income tax attributable to the financial year differs from the amount prima facie payable on the profit/(loss) from ordinary activities.		
The differences are reconciled as follows:		
Prima facie income tax expense/(benefit) on profit/(loss) from ordinary activities at 30%	(11,946)	(89,588)
Tax effect of timing differences not recognised	3,587	9,875
Tax effect of tax losses not recognised	8,359	79,713
	\$ -	\$ -

Tax losses with a tax effect of \$188,224 (2004: \$179,865) have not been brought to account as a future income tax benefit as their realisation is not considered virtually certain. These benefits will be recognised only in accordance with the accounting policy outlined in Note 1(a).

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
**ABN 77 100 097 443**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 3 CASH ASSETS</b>		
Cash at bank	-	24,490
Cash on hand	<u>139</u>	<u>422</u>
	<b>\$ <u>139</u></b>	<b>\$ <u>24,912</u></b>
<b>NOTE 4 RECEIVABLES</b>		
Trade debtors	<u>\$ 74,891</u>	<u>\$ 52,297</u>
<b>NOTE 5 PROPERTY, PLANT AND EQUIPMENT</b>		
Fixtures and fittings – at cost	341,433	340,683
Less accumulated depreciation	<u>(60,227)</u>	<u>(37,258)</u>
	<u>281,206</u>	<u>303,425</u>
Leased motor vehicle – at cost	26,739	26,739
Less accumulated amortisation	<u>(10,766)</u>	<u>(6,294)</u>
	<u>15,973</u>	<u>20,445</u>
	<b>\$ <u>279,179</u></b>	<b>\$ <u>323,870</u></b>

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year:

	<b>Balance at beginning of year</b>	<b>Additions</b>	<b>Disposals</b>	<b>Depreciation expense</b>	<b>Carrying amount at end of year</b>
Furniture and fittings	303,425	750	-	(22,969)	281,206
Leased motor vehicle	<u>20,445</u>	-	-	(4,472)	<u>15,973</u>
	<u>323,870</u>	<u>750</u>	-	<u>(27,441)</u>	<u>297,179</u>

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 6 OTHER</b>		
Franchise and business establishment costs	134,208	134,208
Less accumulated amortisation	<u>(76,014)</u>	<u>(49,246)</u>
	<b>\$ <u>58,194</u></b>	<b>\$ <u>84,962</u></b>
 <b>NOTE 7 PAYABLES</b>		
<i>Current</i>		
Trade creditors and accruals	47,852	45,496
Net GST payable	14,402	6,657
Loan from shareholder/director	-	49,000
Lease incentive	<u>3,000</u>	<u>39,000</u>
	<b>\$ <u>65,254</u></b>	<b>\$ <u>140,153</u></b>
<i>Non-current</i>		
Lease incentive	<u>\$ 33,008</u>	<u>\$ -</u>
 <b>NOTE 8 INTEREST BEARING LIABILITES</b>		
<i>Current</i>		
Bank overdraft	35,540	-
Lease liabilities (Note 16)	<u>4,591</u>	<u>4,282</u>
	<b>\$ <u>40,131</u></b>	<b>\$ <u>4,282</u></b>
<i>Non-current</i>		
Lease liabilities (Note 16)	<u>\$ 12,071</u>	<u>\$ 16,725</u>

Lease liabilities are secured by the assets under lease.

The bank overdraft is not secured. The company has a temporary overdraft limit of \$50,000 which expires on 30 October 2005 and a credit card facility of \$5,000. \$19,460 of these facilities are unused at 30 June 2005.

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
**ABN 77 100 097 443**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
NOTE 9 PROVISIONS		
<i>Current</i>		
Provision for employee benefits	\$ <u>23,708</u>	\$ <u>28,829</u>

NOTE 10 CONTRIBUTED EQUITY

1,008,007 ordinary shares at the beginning of the year	1,008,007	1,008,007
shares issued during the year	<u>-</u>	<u>-</u>
1,008,007 shares at the end of the year	\$ <u>1,008,007</u>	\$ <u>1,008,007</u>

Ordinary shares participate in dividends and the proceeds on winding up in proportion to the number of shares held, subject to certain distribution limits contained in the Franchise Agreement with Bendigo Bank.

At shareholder meetings each person present as a member, attorney, corporate representative or by proxy, has one vote regardless of the number of shares held.

NOTE 11 ACCUMULATED LOSSES

Accumulated losses at the beginning of the year	711,955	413,330
Net loss for the year	<u>39,821</u>	<u>298,625</u>
Accumulated losses at the end of the year	\$ <u>751,776</u>	\$ <u>711,955</u>



**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 12 CASH FLOW INFORMATION</b>		
<i>a) Reconciliation of Cash</i>		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash at bank	-	24,490
Bank overdraft	(35,540)	-
Cash on hand	<u>139</u>	<u>422</u>
	<b>\$ <u>(35,401)</u></b>	<b>\$ <u>24,912</u></b>
<i>b) Reconciliation of net cash flows from operating activities to net loss</i>		
Net loss	(39,821)	(298,625)
Amortisation	26,768	26,842
Depreciation	27,441	27,516
Increase/(decrease) in provision for employee benefits	(5,121)	15,426
(Increase)/decrease in receivables	(22,594)	28,431
Increase/(decrease) in operating payables	<u>7,109</u>	<u>(6,815)</u>
	<b>\$ <u>(6,218)</u></b>	<b>\$ <u>(207,225)</u></b>
<i>c) Non-cash financing activities</i>		

There were no non-cash financing activities during the year ended 30 June 2005 (2004: \$nil).

**NOTE 13 SEGMENT INFORMATION**

The company operates in the financial services industry within the Australian Capital Territory.

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
**ABN 77 100 097 443**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 14 FINANCIAL INSTRUMENTS

(a) Terms, Conditions and Accounting Policies

The company's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument at the balance date are as follows:

<b>Recognised Financial Instruments</b>	<b>Accounting Policies</b>	<b>Terms and Conditions</b>
<i>(i) Financial Assets</i>		
Receivables	Assets are recognised for amounts to be received for goods or services provided in the financial year whether or not the amounts have been billed.  An allowance for doubtful debts is recognised when collection of the full amount is no longer probable.	Debtors are settled on normal commercial terms.
<i>(ii) Financial Liabilities</i>		
Payables	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the entity.	Trade creditors are normally settled on 30-day terms.
Lease liability	A lease liability is recognised as the present value of future lease payments. Repayments are allocated between principal and interest.	The lease liability is repayable over the term of the lease being 4 years.
Shareholder/ Director loan	Carried at nominal amount	The loan was provided on a short term basis with no set repayment terms. The loan was non-interest bearing.

(b) Net Fair Values

Financial assets and financial liabilities are carried at their net fair value at balance date. The carrying value of the company's financial assets and financial liabilities has been disclosed in part (d) of this note.

The following methods and assumptions are used to determine the net fair value of financial assets and liabilities:

**Recognised financial instruments**

*Cash, receivables and payables:* The carrying amount approximates fair value because of their short term to maturity.

*Lease liability:* The carrying values do not differ materially from the fair values due to the underlying market rate of interest.

**Unrecognised financial instruments**

There are no unrecognised financial instruments.

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 14 FINANCIAL INSTRUMENTS (CONT'D)

(c) Credit Risk Exposure

The credit risk on financial assets of the company is generally the carrying amount net of any allowance for doubtful debts.

(d) Interest Risk Exposure

The exposure to interest rate risk and the effective weighted average interest rate, where applicable, for each class of financial assets and financial liabilities is set out below:

	Floating Interest Rate		Fixed Interest Rate (less than 1 year)		Fixed Interest Rate (1 to 5 years)		Non Interest bearing		Total	
	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$
<b>Financial Assets</b>										
Cash Assets	-	24,490	-	-	-	-	139	422	139	24,912
Receivables	-	-	-	-	-	-	74,891	52,297	74,891	52,297
	-	24,490	-	-	-	-	75,030	52,719	\$ 75,030	\$ 77,209
Weighted average interest rate	-	0.5%	-	-	-	-	-	n/a	-	-
<b>Financial Liabilities</b>										
Payables	-	-	-	-	-	-	47,852	94,496	47,852	94,496
Bank overdraft	35,540	-	-	-	-	-	-	-	35,540	-
Lease Liabilities	-	-	4,591	4,282	12,071	16,725	-	-	16,662	21,007
	35,540	-	4,591	4,282	12,071	16,725	47,852	94,496	\$ 100,054	\$ 115,503
Weighted average interest rate	1.5%	-	7.0%	7.0%	7.0%	7.0%	n/a	n/a	-	-
Net financial assets/(liabilities)									<u>\$(25,024)</u>	<u>\$(38,294)</u>

**2005**  
**\$**

**2004**  
**\$**

NOTE 15 AUDITORS' REMUNERATION

Remuneration of the auditor of the company for:

- auditing the financial report	6,700	6,000
- other services	-	340
	<u>\$ 6,700</u>	<u>\$ 6,340</u>

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
**ABN 77 100 097 443**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 16 EXPENDITURE COMMITMENTS</b>		
a) Finance lease commitments		
Payable		
-not later than 1 year	5,659	5,659
-later than 1 year but not later than 5 years	<u>12,660</u>	<u>18,318</u>
Minimum lease payments	18,319	23,977
Less future finance charges	<u>(1,657)</u>	<u>(2,970)</u>
Total lease liabilities	\$ <u>16,662</u>	\$ <u>21,007</u>
Represented by		
- Current liability	4,591	4,282
- Non-current liability	<u>12,071</u>	<u>16,725</u>
	\$ <u>16,662</u>	\$ <u>21,007</u>
b) Non-cancellable operating lease commitments		
Payable		
- not later than 1 year	77,000	77,000
- later than 1 year but not later than 5 years	<u>97,833</u>	<u>174,833</u>
Total non-cancellable lease commitment	\$ <u>174,833</u>	\$ <u>251,833</u>

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
**ABN 77 100 097 443**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 17 DIRECTOR AND EXECUTIVE DISCLOSURES

*Directors and Specified Executive*

The directors of the company during the year were:

R Yeomans – Chairman	G Kelly
W Simpson – Treasurer	R Kingsbury (appointed 17 November 2004)
H Chalmers – Company Secretary	M Porreca
M Coleman (appointed 17 November 2004)	K Saxby-Junna (appointed 17 November 2004)
M Crozier (resigned 17 November 2004)	P Strong (appointed 17 November 2004)
P Hilborn (appointed 17 November 2004)	

The specified executive of the company during the year was:

R Haley – Business Development Manager

*Directors' and Specified Executive's Remuneration*

The remuneration for each director and the executive officer of the company was as follows:

<b>Directors</b>	Salary, Fees & Commissions		Non-cash Benefits		Total	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	\$	\$	\$	\$	\$	\$
H Chalmers	500	1,000	429	753	929	1,753
M Coleman	500	-	429	-	929	-
M Crozier	-	1,000	425	753	425	1,753
P Hilborn	500	-	429	-	929	-
G Kelly	500	1,000	429	753	929	1,753
R Kingsbury	500	-	429	-	929	-
M Lindfield	-	1,000	-	752	-	1,752
M Porreca	500	1,000	429	753	929	1,753
K Saxby-Junna	500	-	429	-	929	-
W Simpson	6,500	7,200	429	753	6,929	7,953
P Strong	500	-	429	-	929	-
R Yeomans	500	1,000	429	753	929	1,753
	11,000	13,200	4,715*	5,270*	15,715	18,270

\* Non-cash benefits relate to directors' and officers' liability insurance paid on behalf of all directors and officers of the company.

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 17 DIRECTOR AND EXECUTIVE DISCLOSURES (CONT'D)

The salary, fees and commissions for Mr Wayne Simpson include payments totalling \$6,000 (2004: \$6,200) to a related entity, Contract Service Solutions (Aust) Pty Ltd for management consulting services provided under normal commercial terms and conditions. The company pays \$500 per month for those services and they may be terminated at any time without notice.

The legal firm Bradley Allen Lawyers, of which Mr Hugh Chalmers, Director, is a Partner, provides the registered office for the company on normal commercial terms for an annual fee of \$295.

Other than the payments to Contract Service Solutions (Aust) Pty Ltd and Bradley Allen Lawyers, there are no formal contracts with the company to which a director is a party or receives a benefit.

<b>Specified Executive</b>	Salary, Fees & Commissions \$	Superannuation Contributions \$	Cash Bonus \$	Non-cash Benefits \$	Total \$
R Haley	74,701	6,723	-	-	81,424
	74,701	6,723	-	-	81,424

The employment conditions of Mr Ray Haley are formalised in a contract of employment and he is a permanent employee of the company. The contract specifies a notice period in accordance with the Workplace Relations Act 1996. Termination payments are also in terms of the same Act.

***Remuneration Practices***

In setting the remuneration policy of Tuggeranong Valley Financial Services Ltd, the Board recognises the company has been formed to govern the Community Bank<sup>®</sup> branch as it returns banking services to the community, provides a return to community projects and the shareholders who contributed the initial capital.

The legal and moral obligations of the Board are onerous, as is the time contributed by the Board on the ongoing governance of the company. In recognition of this, the Board may be remunerated for its efforts, at the Board's discretion.

The remuneration will be subject to the following:

- Consultation with shareholders prior to a recommendation being made by the Board.
- The amount payable to directors being ratified by shareholders at the Annual General Meeting.
- Directors' remuneration is made in line with the philosophies of community banking.

The remuneration for the specified executive is arrived at after consultation with Bendigo Bank and is set in line with the employee's peers in the bank network.

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 17 DIRECTOR AND EXECUTIVE DISCLOSURES (CONT'D)

At this stage performance payments are not a part of the remuneration package however the use of this form of remuneration may be considered in the future.

**Shares**

The number of shares held by the directors and the specified executive, or their related parties are as follows:

	Balance 1/7/04	Received as Remuneration	Net Change Other*	Balance 30/6/05
<b>Directors</b>				
H Chalmers	3,000	-	-	3,000
M Coleman	500	-	-	500
M Crozier	501	-	-	501
P Hilborn	5,000	-	-	5,000
G Kelly	501	-	-	501
R Kingsbury	-	-	-	-
M Porreca	1,001	-	-	1,001
K Saxby-Junna	-	-	-	-
W Simpson	1	-	2,500	2,501
P Strong	-	-	-	-
R Yeomans	5,001	-	-	5,001
<b>Specified Executive</b>				
R Haley	600	-	-	600

\* Net change other refers to shares purchased or sold during the financial year.

**Other Transactions of Directors**

A director, Mr Wayne Simpson, provided an unsecured, non interest bearing loan to the company. The loan was repaid in full during the financial year (30 June 2004 balance of \$49,000).

There were no other transactions with directors or their director related entities other than for the reimbursement of costs incurred on behalf of the company.

NOTE 18 RELATED PARTY DISCLOSURES

Apart from those transactions disclosed in Note 17, there were no other transactions with related parties during the financial year.

**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
**ABN 77 100 097 443**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 19 EARNINGS PER SHARE</b>		
(a) Reconciliation of Earnings to Net Profit or Loss		
Net Loss	(39,821)	(298,625)
Earnings used in the calculation of basic EPS	(39,821)	(298,625)
Earnings used in the calculation of diluted EPS	(39,821)	(298,625)
	<b>2005</b>	<b>2004</b>
	<b>No.</b>	<b>No.</b>
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	1,008,007	1,008,007
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	1,008,007	1,008,007

**NOTE 20 ECONOMIC DEPENDENCY**

A significant portion of the income of the company is obtained under the Franchise Agreement with Bendigo Bank.



**TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED**  
**ABN 77 100 097 443**

**DIRECTORS' DECLARATION**  
**FOR THE YEAR ENDED 30 JUNE 2005**


The directors of the company declare that the financial report comprising the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to and Forming and Part of the Financial Statements is in accordance with the Corporations Act 2001:

- (a) Complies with Accounting Standards and the Corporations Regulations 2001; and
- (b) Gives a true and fair view of the financial position as at 30 June 2005 and performance for the year ended on that date of the company and economic entity.

In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

  
.....  
R Yeomans - Chairman

  
.....  
W Simpson - Treasurer

Canberra, 4 October 2005



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INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF  
TUGGERANONG VALLEY FINANCIAL SERVICES LIMITED  
ABN 77 100 097 443

Scope

We have audited the financial report of Tuggeranong Valley Financial Services Limited (the company) for the financial year ended 30 June 2005 comprising the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows, Notes To and Forming Part of the Financial Statements and the Directors' Declaration. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the Corporations Act 2001 so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of the company is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Duesburys Nexia  
Canberra, 4 October 2005

R C Scott  
Partner

## BSX ADDITIONAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2005

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 31 August 2005.

### 1. Distribution of equity securities

	Number of Holders	Number of Shares
1 – 1,000	289	193,957
1,001 – 5,000	96	285,050
5,001 – 10,000	11	94,000
10,001 – 100,000	10	435,000
100,000 and over	—	—
	406	1,008,007

There are currently five shareholders holding less than a marketable parcel of shares. Their holdings total 5 shares.

### 2. Ten largest shareholders

The names of the ten largest shareholders of quoted shares are:

	Listed Ordinary Shares	
	Number of Shares	Percentage of Shares Held
AI & CI Pty Ltd ATF AI & CI Family	90,000	8.93%
Balesost Pty Ltd ATF Cairns Super Fund	80,000	7.94%
Muskdown Pty Ltd ATF Tall Super Fund	70,000	6.94%
Tsoulias Group	50,000	4.96%
E Wright ATF The Wright Super Fund	40,000	3.97%
P Downing	25,000	2.48%
R K Meyer	20,000	1.98%
B Owers	20,000	1.98%
J R Rivers & C Rivers	20,000	1.98%
R & M Tall	20,000	1.98%
<b>Total</b>	<b>435,000</b>	

### 3. Voting rights

Each shareholder has one vote, regardless of the number of shares held.

### 4. Corporate Governance Statement

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

The Board recognises the importance of a strong corporate governance focus and methodology. The Board has formulated and adopted various policies and procedures governing the company's activities. It is continuing a program to develop, extend and review its policies and procedures. This policy framework will assist to clarify the future direction of our company, provide accountability and transparency and ensure there are guiding principles in place for future decision-making.

**Composition of the Board**

The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board should comprise not less than three Directors and a maximum of 10; and
- The Board shall meet at least monthly and follow meeting guidelines set down to ensure all Directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

The Directors in office at the date of this statement are:

<b>Name</b>	<b>Position</b>
Robert John Yeomans	Chairman
Wayne Joseph Simpson	Treasurer
Hugh James Chalmers	Secretary
George William Kelly	Director
Maria Grazia Porreca	Director
Matthew John Coleman	Director
Peter Alain Hilborn	Director
Ronald Alfred Kingsbury	Director
Kerry Anne Saxby-Junna	Director
Peter James Strong	Director

## **Board Committees**

The Board has established the following committees:

- Audit Committee;
- Governance Committee;
- Marketing Sponsorship and Business Development Committee; and
- Human Resources Committee.

Details of the Board members of each committee are in the Director's Report.

## **Board responsibilities**

As a Board acts on behalf of and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways.

The Board is responsible for ensuring that management's objective and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved. These mechanisms include the following:

- Board approval of a business plan, which encompasses the entity's vision, mission and values statements, designed to meet stakeholders' needs and manage business risk;
- The business plan is a dynamic document and the board is actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of the entity;
- Implementation of operating plans and budgets by management and Board monitoring of progress against budget – this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for significant business processes;
- Procedures to allow Directors, in the furtherance of their duties, to seek independent professional advice at the company's expense.

## **Monitoring of the Board's performance and communication to shareholders**

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to the shareholders through:

- Newsletters to shareholders;

- The annual report which is distributed to all shareholders; and
- The annual general meeting and other meetings so called to obtain approval for Board action as appropriate.

**5. Name of Company Secretary**

Hugh James Chalmers

**6. Address and telephone number of registered office**

C/- Bradley Allen Lawyers, Level 9 Canberra House, 40 Marcus Clarke Street, Canberra ACT 2600. Phone (02) 6274 0999.

**7. Address and telephone number of administrative office**

Calwell Community Bank® Branch, Shop 19, Calwell Shopping Centre, Calwell ACT 2905. Phone (02) 6291 3385.

**8. Address and telephone number of office at which securities register is kept**

Bendigo Bank Limited, Share Registry Office, Fountain Court, Bendigo VIC 3552. Phone (03) 5433 9339.

**9. Trading history**

The trading history for the year ended 30 June 2005 for the Tuggeranong Valley Financial Services Limited is available on the BSX website at [www.bsx.com.au](http://www.bsx.com.au)

Wanniassa Community Bank® Branch.  
13/14 Wanniassa Shopping Centre, Wanniassa ACT 2903  
Phone: 6231 9024 Fax: 6231 9643

Calwell Community Bank® Branch.  
19-21 Calwell Shopping Centre, Calwell ACT 2905  
Phone: 6291 3385 Fax 6291 0054

Franchisee: Tuggeranong Valley Financial Services Limited  
19-21 Calwell Shopping Centre, Calwell ACT 2905  
Phone: 6291 3385 Fax: 6291 0054  
ABN 77 100 097 443

[www.bendigobank.com.au](http://www.bendigobank.com.au) Bendigo Bank Limited, Fountain Court,  
Bendigo, VIC. 3550 ABN 11 068 049 178. AFSL 237879 (S7778) (04/05)