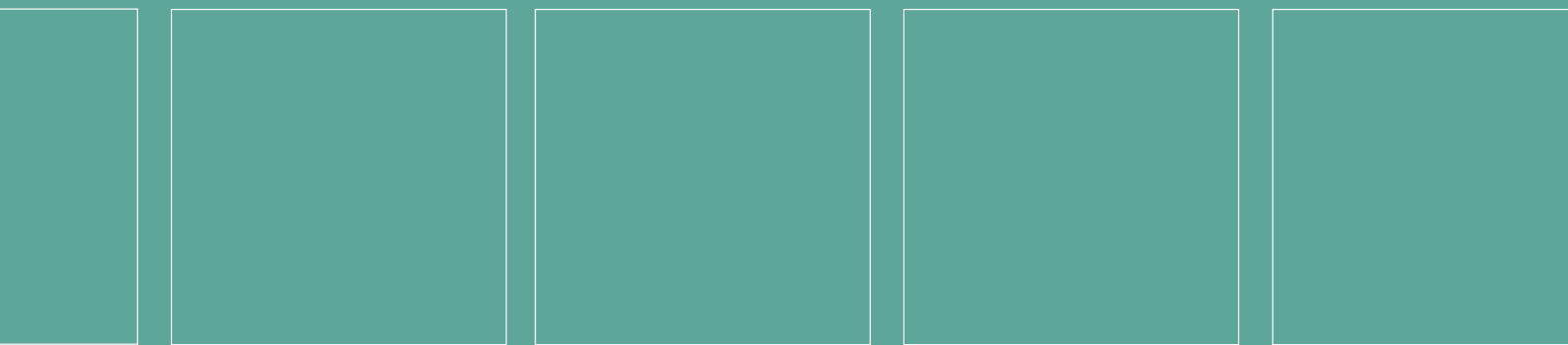


2008
annualreport



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Chairman's report

For year ending 30 June 2008

I am pleased to be able to present the sixth Annual Report for the Company for the year ended 30 June 2008. Our Company continues to build on previous profitable years and we have generated more substantial income from our trading activities.

Given the global and national economic situation I am pleased to report that our **Community Bank**[®] branch continues to grow. Many other financial institutions have experienced downturns in business levels, whereas we have continued to show growth in the number of new accounts and in the number of loan applications.

As a result of the current situation we believe it wise and prudent to increase our cash reserves and marketing activity. However, we are still expecting to pay a dividend of approximately \$0.03 (un-franked) to shareholders before the end of the year.

We have also rationalised and improved much of our governance and administration. We are now using the payroll department at Bendigo and Adelaide Bank Limited for our pay roll activity providing better service for our employees. We have also given notice that we will be delisting from the Bendigo Stock Exchange after the Annual General Meeting. We will instead be moving to low volume market, creating not only a saving in administration and accounting costs, but also greater flexibility for our shareholders.

We have also identified new skills required at the corporate level and as a result have expanded the membership of our Board. Our new Directors are Jayson Hinder, a Partner in a local law firm, Nick Kalogeropoulos, the Chief Financial Officer of a large government agency and Alan Hodges, a member of various local Boards and Consultant on Organisational Planning and Project Management. They have already contributed strongly to our strategic direction and, with our current Board members, I believe we have the team necessary to effectively build the business and deal with the challenges that will present themselves in the coming years. I thank all Board members for their time and effort during the last twelve months and also thank Mili Vujic, our Company Secretary and Executive Manager to the Board, for her contributions and support.

As required by the legislation, after five years we have changed our Auditor from Duesburys to David Hutchings of Andrew Frewin Stewart. David has been involved with the **Community Bank**[®] network for more than 10 years and currently audit community companies in all states and the Northern Territory.

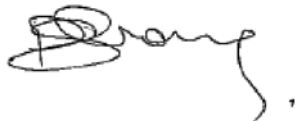
Most importantly, we are again very pleased to be able to continue a program of returning profits to our community by way of Community Contributions. These investments in our community have included:

- Scouts Australia ACT – rebuilding of Camp Cottermouth after 2003 bush fires.
- Woden Seniors Club – erection of new sign.
- Kulture Break – initiating dance programs throughout local schools.

As well as these major projects we also continue to fund a number of other smaller community projects such as several local schools and charities.

Chairman's report continued

Finally, I would like to thank Ray Haley, our CEO, and all staff at both the Calwell and Wanniasa **Community Bank**® branches for their dedication and their ongoing commitment and contributions that have been made throughout the year. There is no doubt that our staff, and their hard work, are the basis of our achievements and I look forward to another successful and exciting year ahead.

A handwritten signature in black ink, appearing to read 'Peter Strong', with a stylized flourish at the end.

Peter Strong
Chairman

Manager's report

For year ending 30 June 2008

The **Community Bank**[®] Branches celebrated their fifth birthdays last December, and we continue to increase our presence in the local communities of Calwell and Wanniasa as well as expand further into the rest of the Tuggeranong Valley.

Since our last annual report, we have increased business by more than \$8 million and increased account numbers by over 700. We have now accumulated over \$118 million in banking assets, and have 8,300 operational accounts. These are great results when looking at the financial industry as a whole.

Our Company's franchise agreement with Bendigo Bank was up for renewal last year and it was extended for a further five years.

During the year, our staffing levels remained steady. We had no major staff movements. Since balance date we have had one resignation, being Naomi Dinning who resigned in August. She is moving onto to the Public Service. I wish Naomi all the best in the future, and thank her for her efforts over the past 12 months.

It is a pleasure to work with the current staff. We recruited seven staff in May and June of 2007, and all staff have fitted-in exceptionally well and have embraced the Bendigo ethos providing exceptional customer service.

We also employed Tania Hobson in February of this year, to effectively fill the void while Rachael Puric took maternity leave. Tania has also excelled.

During the financial year we contributed over \$80,000 to many locally based organisations. It is a wonderful feeling for myself and our staff to see such positive outcomes from our hard work.

Finally, I would like to take this opportunity to thank all my staff for their continued hard work, and I would also like to thank all our Directors (both past and present), in guiding the Company to the position it now enjoys.



Ray Haley
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

In respect of the year ended 30 June 2008, the Directors of Tuggeranong Valley Financial Services Limited submits 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:

P Strong	Chairman	N Kalogeropoulos	Appointed (12 May 2008)
M Porreca		L Prior	
G Kelly		R Kingsbury	
J Hinder	Appointed (31 July 2007)	A Hodges	Appointed (3 March 2008)
M Coleman	Resigned (31 January 2008)	S Proctor	Resigned (31 July 2007)
W Simpson	Resigned (31 July 2007)		

2. Principal activities

The principal activity of the Company is to operate **Community Bank**[®] branches of the Bendigo and Adelaide Bank Limited under a franchise arrangement. No significant change in the nature of these activities occurred during the year.

3. Trading results

The profit of the Company for the year ended 30 June 2008 was \$126,816 (2007: \$242,960).

4. Review of operations

The Company commenced operations during the 2003 financial year and has continued to expand its revenue base. The Company continues to develop new business and is now in the process of increasing the return to shareholders through strategic planning and analysis of trading data. The Company has engaged expert consultants to assist the Board's transition from start up phase to a governance model more appropriate for a corporate entity in its seventh year. 07/08 was a year of consolidation and renewal. The Company realised a profit of \$126,816 (2007: \$242,960) for the year ended 30 June 2008. The Company's results are consistent with the expectations of the Directors.

5. Financial position

The Company consolidated its financial position during the year. It is now generating monthly profits and shareholder equity is increasing each month. The Company is able to fund working capital requirements through normal operations. The Company is considered to be in a sound and improving financial position and the forward thinking of previous Boards had seen fit to quarantine the funds required for franchise renewal which occurred in December 2007. Sufficient reserves were also set aside to cover the cost of

Directors' report continued

refurbishment of the branches in the second half of 2007 and to enable expansion of the Community Contributions scheme, which was established during the 2006/07 financial year.

6. Future developments, prospects and business strategies

Notwithstanding the prospects of a slowing in the building sector and the possibility of US financial markets impacting on the World economy during 08/09, the Company is still growing its banking business and expects to grow the business by approximately 13% in the coming financial year. Having distributed a dividend to shareholders for the first time last year and again this year, the strategy for the coming 12 months is to continue to consolidate the business, use accumulated profits to replenish cash reserves with a view to declaring a dividend for shareholders and expanding the community grants scheme.

The prospects for the Company are good as the Bendigo and Adelaide Bank network continues to grow. A Bendigo and Adelaide Bank owned branch is still planned for Belconnen. And it is likely that the Company will look to expand its presence in the region while working to extend our penetration through our existing branches. There is also interest from other community groups in the ACT who wish to set up their own **Community Bank**[®] branches, and prospects for the Company to play a part in that development.

7. Dividends

An unfranked dividend of 4.5 cents (2007: 3.5 cents) was paid during the financial year.

8. Likely developments

The Board looks forward to continued healthy growth for the business in the coming year.

9. Share options and prices

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

Peter Strong – Chairman

- Owns and operates Smiths Alternative Bookshop in the CBD of Canberra
- Member of the Australian Institute of Training and Development
- Also operates a consulting business involved with the 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

Directors' report continued

Jayson Hinder (Appointed 31 July 2007) – Deputy Chairman

- Solicitor and Barrister, partner Meyer Vandenberg Lawyers
- Degrees in Law and Political Science – ANU
- Vice President North Canberra Futsal
- Member Futsal Standing Committee – Capital Football
- Member Law Society ACT – Property Committee
- Member – Property Council of Australia – ACT Residential Property Committee
- Past member of Minister's advisory group – Multi-unit Developments
- Past Director Canberra Stadium
- Past Chair Phillip Oval Redevelopment Committee

Matthew Coleman (Resigned 31 January 2008)

- Agricultural Scientist and Agricultural Economist, employed as a Senior Manager, Export Wheat Commission
- 1994 Awarded Chevening Scholarship
- 2001 Participant in Australia-Britain Young Leaders Forum (Centenary of Federation Event)
- Member of the Governance Committee and Human Resource Committees
- 500 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.
- Member of Canberra Woden Lions Club
- Past District Governor Lions Clubs International
- Life Member Lions Clubs International
- Past Board Member of Community Organisations, Council on the Ageing, Handy Help ACT Inc, Carers Association ACT Inc.
- Awarded Order of Australia 2003
- Member of the Audit and Governance Committees

Directors' report continued

Maria Porreca

- Company Director, Porreca Homes Pty Limited
- Involved in building industry in ACT for over 30 years
- Member of Audit Committee
- 1,001 ordinary shares are held in the Company by the Director and related parties

Lance Prior

- Club Manager, Eastlake Football Club Ltd
- 19 Years experience in ACT Club Industry, including management of Community Engagement activities and Community Grants Schemes
- Chairman of the Marketing, Sponsorship and Business Development Committee

Susan Proctor (Resigned 31 July 2007)

- Solicitor and partner Bradley Allen Lawyers
- Member of the Property Council of Australia serving on the Planning and Marketing Committees
- Chair of the Human Resource Committee

Wayne Simpson (Resigned 31 July 2007)

- Consultant with 21 years experience in banking and small business
- Member of the Australian Institute of Company Directors
- Member of Board of Respite Care ACT Inc.
- Member of Board Hartley Lifecare Inc.
- Employed by Bendigo and Adelaide Bank Limited as Regional manager for South West NSW
- 2,501 ordinary shares are held in the Company by the Director and a related entity

Nick Kalogeropoulos (Appointed 12 May 2008)

- Public Servant
- Chief Finance Officer – Territory & Municipal Services
- Responsible for managing approximately \$5 billion of assets
- Previously Director of Greek Orthodox Community and Church of Canberra and Districts

Alan Hodges (Appointed 3March 2008)

- Consultant
- Member of various community groups and Boards
- Experienced in consulting on strategic planning and direction for non-for-profit groups

Company Secretary

Milica Dukic (Appointed 17 December 2007)

- Mili is the Company's Administration Officer; she was appointed the Company Secretary on 17 December 2007 replacing Sally Anne Hudson. Mili has 17 years of administration experience for legal firms.

11. Remuneration report

In setting the remuneration policy of Tuggeranong Valley Financial Services Ltd, the Board recognises the Company has been formed to govern the **Community Bank**[®] branches 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 the **Community Bank**[®] concept.

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

The remuneration for each Director and each of the executive Officers of the Company during the year was as follows:

Directors	Salary, fees & commissions	Superannuation contributions	Cash bonus	Non-cash benefits	Total
	\$	\$	\$	\$	\$
M Coleman	412	Nil	Nil	-	412
G Kelly	500	Nil	Nil	453	953
R Kingsbury	500	Nil	Nil	453	953
M Porreca	500	Nil	Nil	453	953
L Prior	500	Nil	Nil	453	953
S Proctor	-	Nil	Nil	-	-
W Simpson	-	Nil	Nil	-	-
P Strong	500	Nil	Nil	453	953
J Hinder	459	Nil	Nil	453	912
A Hodges	164	Nil	Nil	453	617
N Kalogeropoulos	68	Nil	Nil	453	521
	3,603	Nil	Nil	3,624	7,227

Specified Executives	Salary, fees & commissions	Superannuation contributions	Cash bonus	Non-cash benefits	Total
	\$	\$	\$	\$	\$
R Haley	87,722	8,566	7,530	453	104,271
	87,722	8,566	7,530	453	104,271

Employment contracts of Directors and senior Executives

During the financial year, payments totaling \$8,202 (2007: \$3,465) were made to Bradley Allen Solicitors, a firm that Susan Proctor is a Partner and Jayson Hinder was a former Partner, for legal services.

The employment conditions of Ray Haley are formalised in a contract of employment and he is a permanent employee of the Company. The contract has no specified duration. The contract specifies a notice period in accordance with the Workplace Relations Act 1996. Termination payments are also in terms of the same Act.

Share prices

The share price of the Company on 30 June 2008 was \$0.85. The Company's highest and lowest prices in the year end 30 June 2008 were \$1.05 (3 October 2007) and \$0.85 (30 June 2008) respectively.

12. Board meetings

The Board met on 12 occasions during the year ended 30 June 2008. The number of meetings attended by each Director while in office was:

Name of Director	No of meetings Eligible to attend	No of meetings attended
M Coleman	7	4
G Kelly	12	9
R Kingsbury	12	12
M Porreca	12	8
L Prior	12	10
S Proctor	1	1
W Simpson	1	-
P Strong	12	10
J Hinder	11	10
A Hodges	4	4
N Kalogeropoulos	2	2

13. 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, which 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.

14. Insurance of Officers

During the financial year a premium of \$4,081.00 (2007: \$4,262.50) 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.

15. Company information

Tuggeranong Valley Financial Services Limited is incorporated under the Corporations Act 2001 as a public Company limited by shares. The Company's ordinary shares are quoted on the Bendigo Stock Exchange. The Company is incorporated and domiciled in Australia.

Its registered office is:

C/- Bradley Allen Lawyers

Level 9, Canberra House, 40 Marcus Clarke Street, Canberra City ACT 2600.

Its principal places of business are located at:

Unit 13 & 14, Wanniasa Shopping Centre, Sangster Place, Wanniasa ACT 2903.T

Shop 19, Calwell Shopping Centre, Weber Crescent, Calwell ACT 2905.

At 30 June 2008 the Company had 10.44 (2007: 10.5) full time equivalent employees.

16. Non-Audit services

The Auditor did not provide any non-audit services to the Company during the financial year.

17. Environmental regulation

The Company is not subject to any significant environmental regulation.

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.

19. Changes in the state of affairs

There were no significant changes in the Company's state of affairs during the period.

Signed at Canberra this 30th day of September 2008, in accordance with a resolution of the Board of Directors.



Jayson Hinder
Deputy Chairman

Auditor's independence declaration



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ABN 51 061 795 337

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 2008 there have been:

- i. no contraventions of the Auditor 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.

David Hutchings

Partner

Andrew Frewin & Stewart

Bendigo, Victoria 30th September 2008

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues			
Fee income		1,319,940	1,168,476
Bank interest		20,180	3,121
Sundry income		-	54
Total revenue		1,340,120	1,171,651
Expenditure			
Administration and general costs		124,426	87,362
Advertising, marketing, donations & sponsorship		54,593	40,374
Amortisation of franchise and establishment costs		6,548	26,842
ATM costs		31,690	31,597
Audit and accounting fees		32,356	28,727
Depreciation		31,935	27,512
Employment costs (excluding superannuation)		669,883	456,082
Superannuation		50,369	37,454
Insurance		13,765	18,657
Finance costs		1,893	589
IT costs		44,710	43,457
Motor vehicle costs		7,462	6,721
Occupancy costs excluding rental		25,581	24,519
Printing and stationery		22,604	18,101
Rental expense on operating leases		95,489	80,727
Total expenses		1,213,304	928,691
Profit before income tax expense		126,816	242,960
Income tax expense	2	-	-
Profit for the year		126,816	242,960
Basic earnings per share (cents per share)	18	12.58	24.10
Diluted earnings per share (cents per share)	18	12.58	24.10

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
Current assets			
Cash and cash equivalents	3	397,651	337,273
Trade and other receivables	4	178,214	117,889
Total current assets		575,865	455,162
Non-current assets			
Property, plant and equipment	5	256,373	243,854
Other assets	6	18,000	4,584
Total non-current assets		274,373	248,438
Total assets		850,238	703,600
Current liabilities			
Trade and other payables	7	82,145	88,418
Borrowings	8	8,550	1,521
Provisions	9	48,872	36,853
Total current liabilities		139,567	126,792
Non-current liabilities			
Trade and other payables	7	24,024	27,024
Borrowings	8	31,710	-
Provisions	9	23,698	-
Total non-current liabilities		79,432	27,024
Total liabilities		218,999	153,816
Net assets		631,239	549,784
Equity			
Issued capital	10	1,008,007	1,008,007
Accumulated losses		(376,768)	(458,223)
Total equity		631,239	549,784

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 and others		1,337,926	1,262,432
Interest received		13,869	3,121
Payments to suppliers and employees		(1,228,446)	(956,470)
Finance costs		-	(589)
Net cash provided by operating activities	11(b)	123,349	308,494
Cash flows from investing activities			
Payments for property, plant and equipment		(37,870)	(1,725)
Payments for intangible asset		(20,000)	-
Net cash used in investing activities		(57,870)	(1,725)
Cash flows from financing activities			
Dividends paid		(45,360)	(35,280)
Proceeds from borrowing		40,259	-
Repayment of lease liabilities		-	(12,071)
Net cash used in financing activities		(5,101)	(47,351)
Net increase in cash		60,378	259,418
Cash at the beginning of financial year		337,273	77,855
Cash at the end of financial year	11(a)	397,651	337,273

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 \$
Issued capital			
Balance at the beginning of the year		1,008,007	1,008,007
Shares issued during the year		-	-
Balance at the end of the year		1,008,007	1,008,007
Accumulated losses			
Balance at the beginning of the year		(458,223)	(665,903)
Profit for the year		126,816	242,960
		(331,407)	(422,943)
Dividends paid	22	(45,360)	(35,280)
Balance at the end of the year		(376,768)	(458,223)

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

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

Tuggeranong Valley Financial Services Limited (the Company) is a public Company limited by shares, incorporated and domiciled in Australia. The financial report covers the Company as an individual entity. The Company's ordinary shares are quoted on the Bendigo Stock Exchange.

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.

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

Reporting basis and conventions

The financial report has been prepared under the historical cost conventions on an accrual 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 value of the consideration given in exchange for assets.

Accounting policies

a. Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

a. Income tax (continued)

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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 economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

b. Property, plant and equipment

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

Where a revaluation has been performed, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

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

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

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity. All other decreases are charged to the income statement.

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

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

b. Property, plant and equipment (continued)

Depreciation

The depreciable amounts of all fixed assets including capitalised leased assets are depreciated on either a straight line or diminishing value basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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 the benefits are realised from the costs incurred. The capitalised costs are amortised over a period of 5 years.

d. Leases

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

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

Leased assets are depreciated over their estimated useful lives.

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

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

e. Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

e. Financial instruments (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the intention to hold these investments to maturity. Any held-to-maturity investments held are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

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

Impairment

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

f. Impairment of assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash generating unit (CGU) to which the asset belongs is estimated.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

g. Employee benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to balance date. The benefits expected to be settled within one year to employees for their entitlements have been measured at the amounts expected to be paid including on-costs and are disclosed as current liabilities. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made in respect of those benefits. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

h. Provisions

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

i. Cash and cash equivalents

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

j. Revenue

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

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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 amount of goods and services tax (GST).

k. Goods and Services Tax (GST)

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

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

l. Comparatives

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

m. Intangibles

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

n. Payment terms

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

o. 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.

p. Borrowings

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

q. 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.

q. 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.

Critical accounting estimates and judgments

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

The Directors do not believe that there were any key estimates or key judgements used in the development of the financial report that give rise to a significant risk of material adjustment in the future.

Notes to the financial statements continued

	2008 \$	2007 \$
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Note 2. Income tax expense

(a) The components of tax expense are:

Current tax	44,338	89,002
Deferred tax	(16,905)	(3,947)
Tax losses not recognised	-	-
Tax losses recouped	44,338	(89,002)
Temporary difference not recognised	(16,905)	3,947
	-	-

(b) The amount of income tax attributable to the financial year differs from the amount prima facie payable on the profit for the year.

The differences are reconciled as follows:

Prima facie income tax expense on profit from ordinary activities at 30% (2007: 30%)	38,045	72,888
Tax effect of permanent differences	1,965	12,167
Tax effect of temporary differences not recognised	4,328	3,947
Tax effect of tax losses recouped	(44,338)	(89,002)
	-	-

(c) Unrecognised deferred tax balances

The following deferred tax assets have not been brought to account as assets:

Tax losses	21,013	65,350
Temporary difference	20,852	15,882
	41,865	81,232

The benefits from these deferred tax assets will only be recognised in accordance with the accounting policy outlined in Note 1a.

Notes to the financial statements continued

	2008 \$	2007 \$
Note 3. Cash and cash equivalents		
Cash on hand	138,322	1,011
Cash at bank	259,329	336,262
	397,651	337,273

Note 4. Trade and other receivables

Trade debtors	99,903	117,889
Prepayments and accrued income	78,311	-
	178,214	117,889

Note 5. Property, plant and equipment

Fixtures and fittings – at cost	351,726	343,158
Less accumulated depreciation	(129,915)	(106,333)
	221,811	236,825
Leased motor vehicle – at cost	41,395	26,739
Less accumulated depreciation	(6,833)	(19,710)
	34,562	7,029
	256,373	243,854

(a) 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:

2008	Balance at beginning of year	Additions	Disposals	Depreciation expense	Carrying amount at end of year
Fixtures and fittings	236,825	8,569	-	(23,583)	221,811
Leased motor vehicle	7,029	41,395	(5,510)	(8,352)	34,562
	243,854	49,964	(5,510)	(31,935)	256,373

Notes to the financial statements continued

Note 5. Property, plant and equipment (continued)

(a) Movements in carrying amounts (continued)

2008	Balance at beginning of year	Additions	Disposals	Depreciation expense	Carrying amount at end of year
Fixtures and fittings	258,140	1,725	-	(23,040)	236,825
Leased motor vehicle	11,501	-	-	(4,472)	7,029
	269,641	1,725	-	(27,512)	243,854

(b) Depreciation rates and methods

Class of asset	Useful life	Depreciation method
Fixtures and fittings	4 to 15 years	Straight line
Leased motor vehicle	6 years	Straight line

	2008 \$	2007 \$
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Note 6. Other assets

Franchise and business establishment costs	154,208	134,208
Less accumulated amortisation	(136,208)	(129,624)
	18,000	4,584

Movement in carrying amounts

Balance at the beginning of the year	4,584	31,426
Additions	20,000	-
Disposals	-	-
Amortisation for the year	(6,584)	(26,842)
Balance at the end of the year	18,000	4,584

Notes to the financial statements continued

	2008 \$	2007 \$
Note 7. Trade and other payables		
Current		
Trade creditors and accruals	56,640	58,734
Net GST payable	22,505	26,684
Lease incentive	3,000	3,000
	82,145	88,418
Non-current		
Lease incentive	24,024	27,024

Note 8. Borrowings

Current		
Bank overdraft/credit facilities	4,027	1,521
Lease liabilities (Note 15)	4,523	-
	8,550	1,521
Non-current		
Lease liabilities (Note 15)	31,710	-

Lease liabilities are secured by the assets under lease.

The bank overdraft was not secured. The Company has two credit card facilities:

Chief Executive Officer: \$5,000 (2007: \$5,000)

Administration Officer: \$1,000 (2007: N/A)

Note 9. Provisions

Current		
Provision for employee benefits	48,872	36,853
Non-current		
Provision for employee benefits	23,698	-

Notes to the financial statements continued

	2008 \$	2007 \$
Note 10. Issued capital		
1,008,007 (2007: 1,008,007) fully paid ordinary shares	1,008,007	1,008,007
Shares issued during the year	-	-
1,008,007 shares at the end of the year	1,008,007	1,008,007

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 and Adelaide Bank.

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

The Company has no specified authorised share capital and ordinary shares have no par value.

Note 11. Cash flow information

a) Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

Cash at bank	397,340	336,262
Cash on hand	311	1,011
	397,651	337,273

b) Reconciliation of net cash flows from operating activities to profit/(loss)

Profit/(loss) for the year	126,816	242,960
Amortisation	25,351	26,842
Depreciation	6,584	27,512
Increase/(decrease) in provisions	35,717	8,570
(Increase)/decrease in trade and other receivables	(60,325)	(23,298)
Increase/(decrease) in trade and other payables	(10,794)	25,908
	123,349	308,494

Notes to the financial statements continued

Note 11. Cash flow information (continued)

c) Non-cash financing activities

There were no non-cash financing activities during the year ended 30 June 2008 (2007: \$Nil).

Note 12. Segment information

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

Note 13. Financial instruments

(a) Terms, conditions and accounting policies

The accounting policies and terms and conditions of each class of financial asset, financial liability and equity instrument at the balance date are consistent with those regularly adopted by businesses in Australia.

(b) Financial risk management

The financial instruments consist mainly of deposits with banks, short term investments and accounts receivable and payable. The Company does not trade or speculate in derivatives.

The main purpose of the financial instruments is to raise funds for normal activities and invest excess funds in an appropriate manner.

Financial risk

The main risks the entity is exposed to through its financial instruments are liquidity risk, credit risk and interest rate risk. The entity is not exposed to foreign currency risks or material price risks.

Liquidity risk

The liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate short term funds are maintained.

Credit risk

The maximum exposure to credit risk at balance date in respect of recognised financial assets, excluding the value of any collateral or other security, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. This risk is monitored and managed by management reviewing financial assets and ensuring collections are made on a timely basis and that unacceptable concentrations of credit risk are avoided.

Interest rate risk

The entity's exposure to interest rate risk is managed by the entity reviewing the interest rate profile, current interest rates and the market outlook, and taking action as necessary to ensure that risk levels are maintained at a satisfactory level. The entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

Notes to the financial statements continued

Note 13. Financial instruments (continued)

Financial instrument	Floating interest rate		Fixed interest rate maturing in				Non interest bearing		Total	
	2008	2007	1 year or less		Over 1 to 5 years		2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets										
Cash and cash equivalents	138,011	109,956	259,329	226,306	-	-	311	1,011	397,651	337,273
Trade and other receivables	-	-	-	-	-	-	178,214	117,889	178,214	117,889
	138,011	109,956	259,329	226,306	-	-	178,525	118,900	575,865	455,162
Financial liabilities										
Trade and other payables	-	-	-	-	-	-	82,145	58,734	82,145	58,734
Borrowings	4,028	1,521	-	-	-	-	-	-	4,028	1,521
Lease Liabilities	7,464	-	38,477	-	-	-	-	-	45,941	-
	11,492	1,521	38,477	-	-	-	82,145	58,734	132,114	60,255
Weighted average interest rate	8.36%	Nil%	8.36%	-	-	-	n/a	n/a		
Net financial assets/ (liabilities)									443,751	394,907

(c) Net fair values

Financial assets and financial liabilities are carried at their net fair value at balance date. The carrying value of financial assets and financial liabilities approximates their net fair values due to their short terms to maturity or market interest rates. No financial assets or financial liabilities are traded on organised markets in standardised form.

	2008 \$	2007 \$
Note 14. Auditors' remuneration		
Remuneration of the Auditor of the Company for:		
- audit of financial report (Duesbury Nexia)	14,750	14,500
- audit of financial report (Andrew Frewin & Stewart)	3,000	-
- review of the financial report	-	5,500
	17,750	20,000

Notes to the financial statements continued

	2008 \$	2007 \$
Note 15. Capital & leasing commitments		
a) Finance lease commitments		
Payable		
- not later than 1 year	7,464	-
- later than 1 year but not later than 5 years	38,477	-
Minimum lease payments	45,941	-
Less future finance charges	(9,707)	-
Total lease liabilities	36,234	-
Represented by		
- Current liability	4,523	-
- Non-current liability	31,710	-
	36,234	-

The finance lease relates to the lease of a motor vehicle, which commenced in November 2007. The lease is for 5 years with an option to purchase at the end of the term. Lease payments are paid monthly in advance. No contingent rental is payable and the liability is secured by the asset under lease.

Note 16. Key management personnel

Key management personnel

Key management personnel is defined by AASB 124 "Related Party Disclosures" as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director of the entity.

Notes to the financial statements continued

Note 16. Key management personnel (continued)

The names and positions held by key management personnel in office at any time during the financial year were:

Key management person	Position
P Strong	Chairman – Non-executive
J Hinder	Deputy Chairman – Non-executive (Appointed August 2007)
M Coleman	Director – Non-executive
G Kelly	Director – Non-executive
R Kingsbury	Director – Non-executive
M Porreca	Director – Non-executive
L Prior	Director – Non-executive
A Hodges	Director – Non-executive (Appointed 3 March 2008)
N Kalogeropoulos	Director – Non-executive (Appointed 12 May 2008)
S Proctor	Director – Non-executive (Resigned 31 July 2007)
W Simpson	Director – Non-executive (Resigned 31 July 2007)
R Haley	Business Development Manager

Key Management personnel compensation

The compensation for each key management person of the Company was as follows:

Key management person	Salary, fees & commissions		Superannuation contributions		Non-cash benefits*		Total	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
M Coleman	412	500	-	-	-	427	412	927
R Haley	102,782	80,368	8,566	7,232	453	426	111,801	88,026
G Kelly	500	500	-	-	453	426	953	926
R Kingsbury	500	500	-	-	453	427	953	927
M Porreca	500	500	-	-	453	426	953	926
L Prior	500	500	-	-	453	426	953	926
S Proctor	-	-	-	-	-	426	-	426
K Saxby-Junna	-	-	-	-	-	426	-	426
W Simpson	-	6,000	-	-	-	426	-	6,426
J Hinder	459	-	-	-	453	-	912	-
A Hodges	164	-	-	-	453	-	617	-
N Kalogeropoulos	68	-	-	-	453	-	521	-
P Strong	500	500	-	-	453	426	953	926
	106,385	89,368	8,566	7,232	4,077	4,262	119,028	100,862

* Non-cash benefits relate to Directors' and Officers' liability insurance paid on behalf of all Directors and Officers of the Company.

Notes to the financial statements continued

Note 16. Key management personnel (continued)

The legal firm Bradley Allen Lawyers, of which Jayson Hinder, Director, was a former Partner, provides the registered office for the Company on normal commercial terms for an annual fee of \$500 (2007: \$500).

Other than the payments Bradley Allen Lawyers, there are no formal contracts with the Company to which a Director is a party or receives a benefit.

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 has no specific duration.

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 Limited, the Board recognises the Company has been formed to govern the **Community Bank**[®] branch as it returns banking services to the community, provides contributions to community projects and the shareholders who contributed the 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. As the organisation matures and the demands on the time of the Directors increase, the prospect becomes more likely and appropriate.

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 the **Community Bank**[®] concept.

The remuneration for the Business Development Manager is arrived at after consultation with Bendigo and Adelaide Bank and is set in line with the employee's peers in the bank network.

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.

Notes to the financial statements continued

Note 16. Key management personnel (continued)

Shares held by key management personnel

The number of ordinary shares of the Company held by key management persons, or their related parties are as follows:

	Balance 1/7/07	Received as remuneration	Net change other*	Balance 30/6/08
Key management person				
M Coleman	500	-	-	500
G Kelly	501	-	-	501
R Kingsbury	-	-	-	-
M Porreca	1,001	-	-	1,001
L Prior	-	-	-	-
S Proctor	-	-	-	-
W Simpson	2,501	-	-	2,501
P Strong	-	-	-	-
J Hinder	-	-	-	-
A Hodges	-	-	-	-
N Kalogeropoulos	-	-	-	-
R Haley	-	-	-	-

* Net change other refers to shares purchased or sold during the financial year or movements due to a related party ceasing to be a related party.

Other transactions of key management personnel

There were no other transactions with key management personnel or their related entities other than for the reimbursement of costs incurred on behalf of the Company and banking transactions undertaken on normal commercial terms.

Note 17. Related party transactions

There were no related party transactions during the financial year apart from those relating to Key Management Personnel, which are separately disclosed in this report.

	2008 \$	2007 \$
Note 18. Earnings per share		
(a) Reconciliation of earnings to net profit		
Net profit	126,816	242,960
Earnings used in the calculation of basic epS	126,816	242,960
Earnings used in the calculation of diluted EPS	126,816	242,960
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS		
	1,008,007	1,008,007
(c) Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS		
	1,008,007	1,008,007

Note 19. Economic dependency

A significant portion of the income of the Company is obtained under the Franchise Agreement with Bendigo and Adelaide Bank Limited.

Note 20. Contingent liabilities and contingent assets

The Company has no contingent liabilities or assets at the end of the financial year.

Note 21. Events after the balance sheet date

This financial report was authorised for issue by the Directors on the date of signing the attached Directors' Declaration. The Directors of the Company have the power to amend the financial statements after issue.

There are no other events after the balance sheet date that require amendment of, or further disclosure in, the financial report.

Note 22. Dividends

The Company declared and paid dividends of \$45,360 (2007: 35,280) during the year. The dividends were paid out of current year's earnings and were unfranked.

The Company paid 4.5c (2007: 3.5c) dividends per share during the period.

Director's declaration

The Directors of the Company declare that:

1. the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give 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.
2. the persons performing the Chief Executive Officer and Chief Finance Officer functions have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view;
3. in the Director's 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.
4. the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB 174 Related Party Disclosures and the Corporations Regulations 2001.

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



Jayson Hinder
Deputy Chairman

Canberra, 30 September 2008

Independent audit report



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Independent Auditor's report to the members of Tuggeranong Valley Financial Services Limited

ABN 77 100 097 443

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

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal 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, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

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 complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

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



David Hutchings

Partner

Andrew Frewin & Stewart

Bendigo, Victoria 30th 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 30 June 2008.

1. Distribution of equity securities

	Number of holders	Number of shares
1 - 1,000	280	187,556
1,001 – 5,000	93	272,451
5,001 – 10,000	12	101,000
10,001 – 100,000	11	447,000
100,000 and over	-	-
	396	1,008,007

There are currently 6 shareholders holding less than a marketable parcel of shares.

Their holdings total 106 shares.

2. Ten largest shareholders

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

	Listed ordinary shares	
	Number of shares	Percentage of shares held
AL & CL Pty Ltd ATF AL & CL 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%
Shorerain ATF 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 and C Rivers	20,000	1.98%
R & M Tall	20,000	1.98%
Total	435,000	43.14%

BSX report continued

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 and continues develop, extend and review its policies and procedures. This policy framework assists 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:

Name	Position
Peter James Strong	Chairman
Jayson Richard Hinder	Deputy Chairman
George William Kelly	Director
Ronald Alfred Kingsbury	Director
Maria Grazia Porreca	Director
Lance Prior	Director
Nikos Christo Kalogeropoulos	Director
Alan Hodges	Director

Board Committees

The Board has the following committees:

- Audit Committee; and
- Governance Committee.

BSX report continued

4. Corporate governance statement (continued)

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; and
- 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

Sally Hudson (July 2007 to 13 December 2007).

Milica Dukic (effective 14 December 2007).

6. Address and telephone number of registered office

C/- Tuggeranong Valley Financial Services Limited, Level 6, 39 London Circuit, Canberra ACT 2600.
Phone (02) 6263 5902.

BSX report continued

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

Computershare Investor Services Pty Limited

Yarra Falls, 452 Johnston Street,

Abbotsford VIC 3067

Phone (03) 9415 5000

6. Trading History

The trading history for the year ended 30 June 2008 for the Tuggeranong Valley Financial Services Limited is available on the BSX website at www.bsx.com.au

Calwell **Community Bank**[®] Branch
Shops 19-21 Calwell Shopping Centre, Webber Crescent, Calwell ACT 2905
Phone: (02) 6291 3385

Wanniassa **Community Bank**[®] Branch
Units 13 & 14 Wanniassa Shopping Centre,
Sangster Place, Wanniassa ACT 2903
Phone: (02) 6231 9024

Franchisee: Tuggeranong Valley Financial Services Limited
40 Marcus Clarke Street, Canberra ACT 2601
ABN 77 100 097 443

www.bendigobank.com.au/calwell
Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR8065) (09/08)

