

2008 annual report



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Chairman's report

For year ending 30 June 2008

This past year we can truly say has been our best ever! We have exceeded all our budgets and goals, we've broken into accumulated profit, and we have maintained our unbroken record of staff retention. Many thanks to Rowan and the branch staff for this outstanding effort.

Thanks also to our hard working and voluntary Board who manage to squeeze enough time to do what needs to be done. And finally thanks to our shareholders and customers who make all this possible. As a result we can now be more generous in our sponsorship of community projects and have already begun to invest heavily. We will hear more of this in coming months.

Thanks again to everyone for a great and rewarding effort.



Peter McGowan
Chairman

Manager's report

For year ending 30 June 2008

This is the most pleasing report I have had the opportunity to deliver. Not only have we enjoyed solid business growth this year, we have been involved in a fantastic local community project, called "Ban the Bulb". We have also been able to increase our financial support to various communities within Mooroolbark and surrounding areas.

During the year we increased our lending by \$6.3mil to a total of \$32.8mil and increased our deposits by \$8.9mil to a total of \$51.9mil. As at 30 June, 2008 we have a total of \$84.7mil in banking business managed at our branch, a tremendous increase of \$14.9mil over the financial year. We have also grown the number of customers that bank with us by 279 taking us up to 4,215 loyal **Community Bank**[®] customers.

It seems almost every day there is discussion in the media about difficult economic conditions and rising interest rates. It is pleasing that through this we have continued to enjoy good lending growth. I am also noticing that deposit funds are growing above expectations, as it appears customers are now seeking the security of the Bank coupled with the improved interest rates applied on investments.

In conjunction with the Mooroolbark CFA & Low Energy Supply Services (LESS) we recently ran a long life, low energy, light bulb replacement project in Mooroolbark called "Ban the Bulb". What a rewarding community project this turned out to be. In fact the Mooroolbark CFA exchanged 10,675 globes in 710 homes raising over \$26,000 for their brigade, a result far in excess of our initial expectations.

I must thank LESS for their support and the Mooroolbark CFA who went about their task in such a friendly, diligent and professional manner, they were a pleasure to work with. Also many thanks to the local retailers who displayed campaign posters, to our many customers who alerted friends and neighbours, to my regional office team for their support and finally to all my staff and in particular Julie who did such a wonderful job promoting the campaign and organising the bookings on behalf of the CFA. I am told the final results had the equivalent effect of taking 2,566 cars off the road for a year – well done to all concerned.

On top of "Ban the Bulb" we provided more than \$34,000 in sponsorships to 32 local community groups plus we paid \$50,000 to the Bendigo Bank Community Enterprise™ Foundation to run our first Community Grants program in the new financial year. The **Community Bank**[®] concept really is making a difference for Mooroolbark and our surrounding districts and the business success we have enjoyed over the past 12 months has put us in a strong position to continue our community support.

It's always a pleasure to thank our Regional Office support team, our Board of Directors who personally give so much, our shareholders for their belief in this project our dedicated and hard working staff and finally our loyal customers who are the people who really do ensure the success of Mooroolbark & District **Community Bank**[®] Branch and our ability to provide a high standard of traditional banking services and community support.



Rowan Alexander
Branch Manager

Promotions/sponsorship committee report

For year ending 30 June 2008

It is very pleasing to report that we have been able to continue to further increase our level of financial support to local community groups over the past financial year.

Our financial support has been spread over a significant number of varied groups within our community, in areas such as aged care, sport and recreation, health, education, specialised community projects and various community events. In fact more than \$34,000 in funding has been distributed among 32 community groups and local projects during the year.

It is also pleasing to report that for the first time, we have announced a Community Grants Scheme. This is an open scheme where local community groups can apply to us, through the Bendigo Bank's Community Enterprise™ Foundation, for financial support towards a specific project. The scheme will open for applications in August and close on Friday, 19 September 2008.

We hope to be able to hand out Community Grant cheques to the recipients at this year's Annual General Meeting. As mentioned this is the first time we have undertaken this type of grants scheme and we will be monitoring results to help steer our future direction with this type of program.

On top of our regular sponsorships and donations and the Grants Scheme, we also ran the low energy light bulb exchange program "Ban the Bulb". This project turned out to be a fantastic promotional activity for our branch that greatly benefited the people of Mooroolbark while raising more than \$26,000 for the Mooroolbark CFA.

It can be readily seen that we are making a noticeable difference in Mooroolbark and surrounds, and it is with confidence that I can predict our levels of support will continue to steadily increase as our Branch goes from strength to strength. The wonderful support of our shareholders and valued customers is enabling us to make a significant difference in our local community.



David Hodgett
Director

Directors' report

For year ending 30 June 2008

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

Directors

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

Peter Alan McGowan

Chairman

Age: 53

Engineer

Frederick John Eakins

Treasurer

Age: 59

Public Accountant

Joan Lesley Drew

Secretary

Age: 53

Public Accountant

John Robert Connor

Director

Age: 58

Bookkeeper

Jean Hazel Mitchinson

Director

Age: 60

Cleaner

David John Hodgett

Director

Age: 45

Member of Victorian Parliament

Richard Kim Nicholas

Director

Age: 54

Real Estate Agent

Margaret Edith Cook

Director

Age: 61

Retired

Oliver James Beaumont

Director (Appointed 13 March 2008)

Age: 59

Lawyer

Martin John Leddra

Director (Resigned 5 March 2008)

Age: 61

Solicitor

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

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

Company Secretary

Joan Lesley Drew has been the Company Secretary of Mooroolbark & District Financial Services Limited for 4 years. Joan's qualifications include a Bachelor of Business Degree, Accounting Major, Law Minor (Swinburne University) and Registered Tax Agent. Joan has operated her own accountancy practice for 15 years and was previously employed as an accountant and financial controller in private industry. Joan is member of the National Institute of Accountants and National Tax Agents Association.

Directors' report continued

Principal activities

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

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

Operating results

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

Year ended 30 June 2008	Year ended 30 June 2007
\$	\$
161,813	104,331

Remuneration report

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

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

There are therefore no specified Executives whose remuneration requires disclosure.

The Branch Manager commenced employment on 6 May 2002. He is employed on a contract which is in line with the standards and remuneration levels applicable to Bendigo Bank staff in similar roles.

Dividends

	Year ended 30 June 2008	
Dividends	Cents	\$
Final dividends recommended:	8	50,337

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments

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

Directors' report continued

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of Directors and Officers

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

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

Directors meetings

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

	Number of Board meetings eligible to attend	Number attended
Peter Alan McGowan	11	11
Frederick John Eakins	11	9
Joan Lesley Drew	11	10
John Robert Connor	11	7
Jean Hazel Mitchinson	11	11
David John Hodgett	11	4
Richard Kim Nicholas	11	7
Margaret Edith Cook	11	9
Oliver James Beaumont (Appointed 13 March 2008)	4	1
Martin John Leddra (Resigned 5 March 2008)	7	2

Directors' report continued

Non Audit services

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

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

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

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

Auditors' independence declaration

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

Signed in accordance with a resolution of the Board of Directors at Mooroolbark, Victoria on 18 September 2008.



Joan Lesley Drew
Secretary



Frederick John Eakins
Treasurer

Auditor's independence declaration



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

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

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

A handwritten signature in black ink, appearing to read 'D Hutchings', is written over the text area.

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 18th day of September 2008

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	3	841,668	661,607
Salaries and employee benefits expense		(375,041)	(321,307)
Advertising and promotion expenses		(94,957)	(25,416)
Occupancy and associated costs		(71,020)	(54,069)
Systems costs		(24,261)	(23,964)
Depreciation and amortisation expense	4	(10,705)	(44,219)
General administration expenses		(80,988)	(88,301)
Profit before income tax expense		184,696	104,331
Income tax expense	5	(22,883)	-
Profit for the period		161,813	104,331
Profit attributable to members of the entity		161,813	104,331
Earnings per share (cents per share)		¢	¢
- basic for profit for the year	20	25.72	16.58

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 assets	6	634,900	433,299
Trade and other receivables	7	73,398	54,784
Total current assets		708,298	488,083
Non-current assets			
Property, plant and equipment	8	3,103	-
Intangible assets	9	39,159	49,167
Deferred tax assets	10	22,166	-
Total non-current assets		64,428	49,167
Total assets		772,726	537,250
Liabilities			
Current liabilities			
Trade and other payables	11	31,330	21,403
Current tax liabilities	5	45,049	-
Provisions	13	101,737	37,365
Total current liabilities		178,116	58,768
Non-current liabilities			
Borrowings	12	2,500	2,500
Provisions	13	22,485	17,833
Total non-current liabilities		24,985	20,333
Total liabilities		203,101	79,101
Net assets		569,625	458,149
Equity			
Issued capital	14	629,209	629,209
Accumulated losses	15	(59,584)	(171,060)
Total equity		569,625	458,149

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		896,400	720,530
Payments to suppliers and employees		(720,087)	(554,040)
Interest paid		-	(63)
Interest received		29,088	17,840
Income taxes paid		-	-
Net cash provided by operating activities	16	205,401	184,267
Cash flows from investing activities			
Payments for property, plant and equipment		(3,800)	-
Payments for intangible assets		-	(50,000)
Net cash used in investing activities		(3,800)	(50,000)
Net increase in cash held		201,601	134,267
Cash at the beginning of the financial year		433,299	299,032
Cash at the end of the financial year	6(a)	634,900	433,299

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Note	2008 \$	2007 \$
Total equity at the beginning of the period		458,149	353,818
Net profit for the period		161,813	104,331
Net income/expense recognised directly in equity		-	-
Dividends provided for or paid		(50,337)	-
Shares issued during period		-	-
Total equity at the end of the period		569,625	458,149

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Summary of significant accounting policies

Basis of preparation

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

Compliance with IFRS

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

Historical cost convention

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

Revenue

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

Goods and services tax

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

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

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

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Income tax

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Employee entitlements

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

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

Intangibles

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

Cash

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

Comparative figures

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

Property, plant and equipment

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

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

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

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Critical accounting estimates and judgements

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

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

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

Payment terms

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

Trade receivables and payables

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

Borrowings

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

Provisions

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

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

Contributed equity

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Earnings per share

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

Notes to the financial statements continued

	2008 \$	2007 \$
Note 3. Revenue from ordinary activities		
Operating activities:		
- services commissions	153,180	117,805
- other revenue	658,408	523,944
Total revenue from operating activities	811,588	641,749
Non-operating activities:		
- interest received	30,080	19,858
Total revenue from non-operating activities	30,080	19,858
Total revenues from ordinary activities	841,668	661,607

Note 4. Expenses

Depreciation of non-current assets:		
- plant and equipment	697	3,495
- leasehold improvements	-	30,393
Amortisation of non-current assets:		
- intangibles	10,008	10,330
	10,705	44,218

Note 5. Income tax expense

The components of tax expense comprise:

- Current tax	64,017	46,968
- Deferred tax on provisions	(22,166)	-
- Recoupment of prior year tax losses	(18,969)	(46,968)
- Future income tax benefit attributable to losses	-	-
	22,883	-

Notes to the financial statements continued

	Note	2008 \$	2007 \$
Note 5. Income tax expense (continued)			
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit		184,696	104,331
Prima facie tax on profit from ordinary activities at 30%		55,409	31,299
Add tax effect of:			
- non-deductible expenses		3,002	3,099
- timing difference expenses		5,606	12,570
- prior year tax losses recouped		(18,969)	(46,968)
Current tax		45,049	-
Movement in deferred tax	10.	(22,166)	-
		22,883	-
Tax liabilities			
Current tax payable		45,049	-
Unused tax losses for which no deferred tax asset has been recognised		-	63,229
Potential tax benefit at 30%		-	18,969

Note 6. Cash assets

Cash at bank and on hand	22,850	24,480
Term deposits	612,050	408,819
	634,900	433,299

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

6(a) Reconciliation of cash

Cash at bank and on hand	22,850	24,480
Term deposit	612,050	408,819
	634,900	433,299

Notes to the financial statements continued

	2008 \$	2007 \$
Note 7. Trade and other receivables		
Trade receivables	73,398	54,784

Note 8. Property, plant and equipment

Plant and equipment

At cost	22,821	19,021
Less accumulated depreciation	(19,718)	(19,021)
	3,103	-

Leasehold improvements

At cost	165,780	165,780
Less accumulated depreciation	(165,780)	(165,780)
	-	-

Total written down amount	3,103	-
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Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning	-	3,496
Additions	3,800	-
Disposals	-	-
Less: depreciation expense	(697)	(3,496)
Carrying amount at end	3,103	-

Leasehold improvements

Carrying amount at beginning	-	30,393
Additions	-	-
Disposals	-	-
Less: depreciation expense	-	(30,393)
Carrying amount at end	-	-

Total written down amount	3,103	-
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Notes to the financial statements continued

	2008 \$	2007 \$
Note 9. Intangible assets		
Franchise fee		
At cost	100,000	100,000
Less: accumulated amortisation	(60,841)	(50,833)
	39,159	49,167

Note 10. Deferred tax

Deferred tax asset		
Opening balance	-	-
Future income tax benefits attributable to losses	-	(18,969)
Recoupment of prior year tax losses	-	-
Deferred tax on provisions	(22,166)	-
Income tax credit not brought to account	-	18,969
Closing balance	(22,166)	-

Note 11. Trade and other payables

Trade creditors	5,956	5,953
Other creditors & accruals	25,374	15,449
	31,330	21,402

Note 12. Borrowings

Loan - Shire of Yarra Ranges	2,500	2,500
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Note 13. Provisions

Current		
Employee benefits	51,400	37,365
Non-current		
Employee benefits	22,485	17,833
Number of employees at year end	8	8

Notes to the financial statements continued

	2008 \$	2007 \$
Note 14. Contributed equity		
629,209 Ordinary shares fully paid of \$1 each (2007: 629,209)	629,209	629,209

Note 15. Accumulated losses

Balance at the beginning of the financial year	(171,060)	(275,391)
Net profit from ordinary activities after income tax	161,813	104,331
Dividends paid or provided	(50,337)	-
Balance at the end of the financial year	(59,584)	(171,060)

Note 16. Statement of cash flows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	161,813	104,331
Non cash items:		
- depreciation	697	33,889
- amortisation	10,008	10,330
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(18,614)	(10,284)
- (increase)/decrease in other assets	(22,166)	-
- increase/(decrease) in payables	9,928	4,100
- increase/(decrease) in provisions	63,735	41,901
Net cash flows provided by operating activities	205,401	184,267

Note 17. Auditors' remuneration

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

- audit & review services	4,000	4,000
- non audit services	1,280	450
	5,280	4,450

Notes to the financial statements continued

Note 18. Director and related party disclosures

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

Peter Alan McGowan

Frederick John Eakins

Joan Lesley Drew

John Robert Connor

Jean Hazel Mitchinson

David John Hodgett

Richard Kim Nicholas

Margaret Edith Cook

Oliver James Beaumont (Appointed 13 March 2008)

Martin John Leddra (Resigned 5 March 2008)

No Director's fees have been paid as the positions are held on a voluntary basis.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2008	2007
	\$	\$
Transactions with related parties:		
Frederick John Eakins supplied accounting, business and compliance services to the Company to the value of	3,434	2,558

Notes to the financial statements continued

Note 18. Director and related party disclosures (continued)

Directors shareholdings	2008	2007
Peter Alan McGowan	1,001	1,001
Frederick John Eakins	1	1
Joan Lesley Drew	1	1
John Robert Connor	1,001	1,001
Jean Hazel Mitchinson	5,001	5,001
David John Hodgett	1,001	1,001
Richard Kim Nicholas	-	-
Margaret Edith Cook	-	-
Oliver James Beaumont (Appointed 13 March 2008)	-	-
Martin John Leddra (Resigned 5 March 2008)	-	-

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

	2008	2007
	\$	\$

Note 19. Dividends paid or provided

(a) Ordinary shares

Dividend for the year ended 30 June 2008 of 8 cents per fully paid share paid on 8 September 2008

Fully franked based on tax paid at 30%	50,337	-
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Note 20. Earnings per share

(a) Profit attributable to the ordinary equity holders of the

Company used in calculating earnings per share	161,813	104,331
--	---------	---------

	2008	2007
	Number	Number

(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share

	629,209	629,209
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Notes to the financial statements continued

Note 21. Events occurring after the balance sheet date

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

Note 22. Contingent liabilities

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

Note 23. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Mooroolbark and district, Victoria.

Note 24. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
83 Taylor Road, Mooroolbark VIC 3138	Shop 19 Mooroolbark Shop Centre, 66-74 Brice Avenue, Mooroolbark VIC 3138

Note 25. Financial instruments

Net fair values

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

Credit risk

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

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

Notes to the financial statements continued

Note 25. Financial instruments (continued)

Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	22,789	24,202	-	-	-	-	-	-	61	278	0.05	0.05
Term deposits	612,050	408,819	-	-	-	-	-	-	-	-	5.91	5.70
Receivables	-	-	-	-	-	-	-	-	73,398	54,784	N/A	N/A
Financial liabilities												
Borrowings	-	-	-	-	-	-	-	-	2,500	2,500	N/A	N/A
Payables	-	-	-	-	-	-	-	-	31,330	21,402	N/A	N/A

Director's declaration

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

In the opinion of the Directors:

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

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



Joan Lesley Drew
Secretary



Frederick John Eakins
Treasurer

Signed on 18 September 2008.

Independent audit report



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INDEPENDENT AUDITOR'S REPORT

To the members of Mooroolbark & District Financial Services Limited

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

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

Directors Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent audit report continued

Independence

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

Auditor's Opinion

In our opinion:

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



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

Dated this 18th day of September 2008

Mooroolbark & District **Community Bank**[®] Branch
Shop 19 Mooroolbark Terrace, 66-74 Brice Avenue, Mooroolbark VIC 3138
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Franchisee: Mooroolbark & District Financial Services Limited
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Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR8049) (08/08)

