Murrumbeena Community
Financial Services Limited
ABN 47 104 667 361

2008 annualreport

Contents

Chairman’s report

For year ending 30 June 2008

We have had a fantastic year with continued strong growth into our fourth year, reinforcing why opening a **Community Bank®** branch in Murrumbeena was a great vision which has had and will continue to have enormous benefit to the community as a whole.

On behalf of the Board of Directors of Murrumbeena Community Financial Services Limited, it is with great pride that I announce a profit of $61,862 and advise we are able to return a minor dividend to all shareholders for the first time. The Board made this decision after the sign off of the Auditor’s report. Your faith, community passion and patience is starting to come to fruition and we thank you, as shareholders, for our ability to make a difference in Murrumbeena and the surrounding communities.

In the past year, we have been able to support and provide sponsorship to the following clubs and organisations through marketing development funds allocated to us via generous contributions by the Bendigo and Adelaide Bank Limited:

- Murrumbeena Bowls Club
- Murrumbeena Junior Football Club
- Murrumbeena Football Club
- Murrumbeena Cricket Club
- Murrumbeena Occasional Care
- Murrumbeena Kindergarten
- McKinnon Basketball Association
- St Patrick’s Fete
- Bentleigh Football Club
- Bentleigh Cricket Club
- Neighbourhood Watch
- Caulfield Recreation Tennis Club
- State Emergency Service Oakleigh / Glen Eira

As we grow we are able to assist more organisations and plan for bigger projects to enhance community development throughout our region. We are currently working toward partnerships with local, state and federal governments to bring important upgrades and new developments to life in the community.

Chairman’s report continued

I would like to thank my fellow Directors for their tireless volunteer efforts and undying passion for community growth to ensure the continued success of the Bank. As the business grows, so too does the workload and each Director has met the challenge and donated more precious time to community needs. The face of the bank is the staff and without doubt we have the best with Andrew, Julie, Lorraine, Amanda, Andrew and Nicole providing knowledge and a level of personal service that other bank customers can only dream of.

To our customers, thank you! Your continued support has enabled the branch to become a strong and permanent institution in Murrumbeena and mostly our growth is directly attributable to your “word of mouth” promotion of our facilities and services.

Dennis Tarrant

Chairperson

Manager’s report

For year ending 30 June 2008

In July 2008, Bendigo Bank celebrated the 150th anniversary of its formation, a testament to the strength and resolve of an organisation committed to working closely with local communities. This also marked the 10th anniversary of opening the first **Community Bank®** branches, which has now grown to include 220 branches as part of a retail network boasting more than 400 in every State and Territory in Australia.

Murrumbeena is one of the many communities that had a vision for its own branch, and this year your local **Community Bank®** branch, completed its fourth full year of trading and has reason to be proud of its accomplishments.

As founding Manager of the Murrumbeena **Community Bank®** Branch of the Bendigo Bank, I have seen your branch build from the very first customer to a thriving profitable business, providing full banking services to more than 2280 customers. These customers, both individuals and business hold 3290 accounts with total balances of $47,913,298 as at 30 June 2008. This is an increase of 662 accounts and almost $13million since the same time last year. This is quite an achievement in a very competitive industry and one which the Directors, staff, community and especially you as both shareholders and supporters should be very proud of.

During the last year, we have increased our staff from five to six to meet the needs of our increasing growth. It is a pleasure to lead a great team in Julie, Lorraine, Amanda, Andrew and Nicole and I thank all of them for their efforts and dedication. It is the staff who are the daily face of your **Community Bank®** branch and they deliver high customer service standards, which result in customers spreading the word of our service – our most successful form of advertising.

Looking forward, there is still much work to do as the staff and Directors strive to maximise your **Community Bank®** branch’s potential in creating a local asset that will ultimately reward the shareholders and community for their support with sustainable profit distribution. We are continuing to build on our relationships with local community groups, from face to face banking, attending their community trivia nights or at stalls on organised fete days.

On behalf of the staff, I thank you for your continued support as we strive to continue to deliver the highest levels of personalised banking service for which we are known.

Andrew Collard
Branch Manager

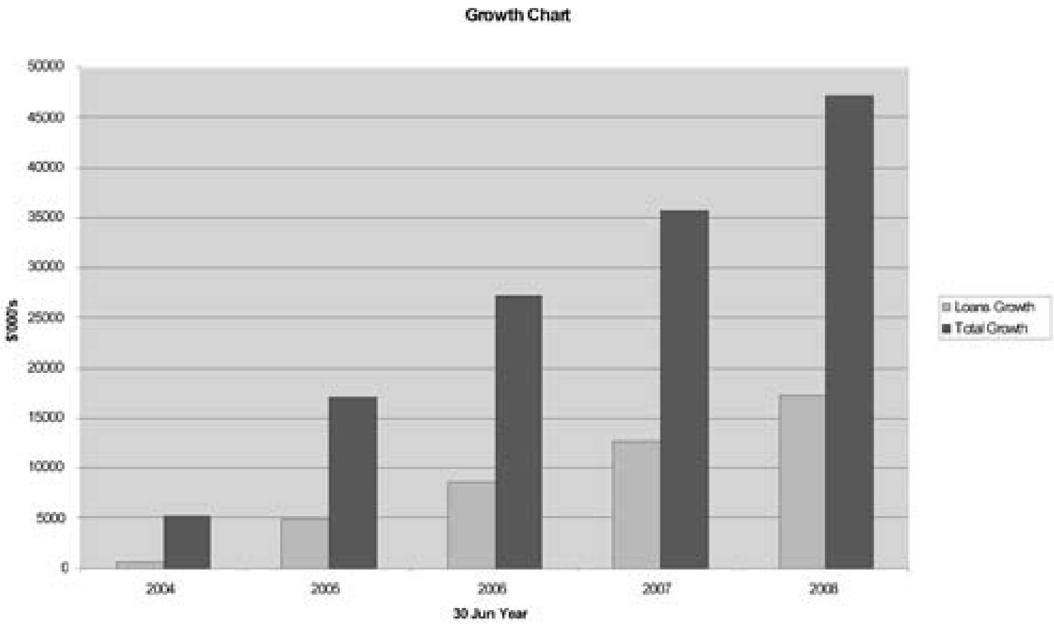
Manager's report continued

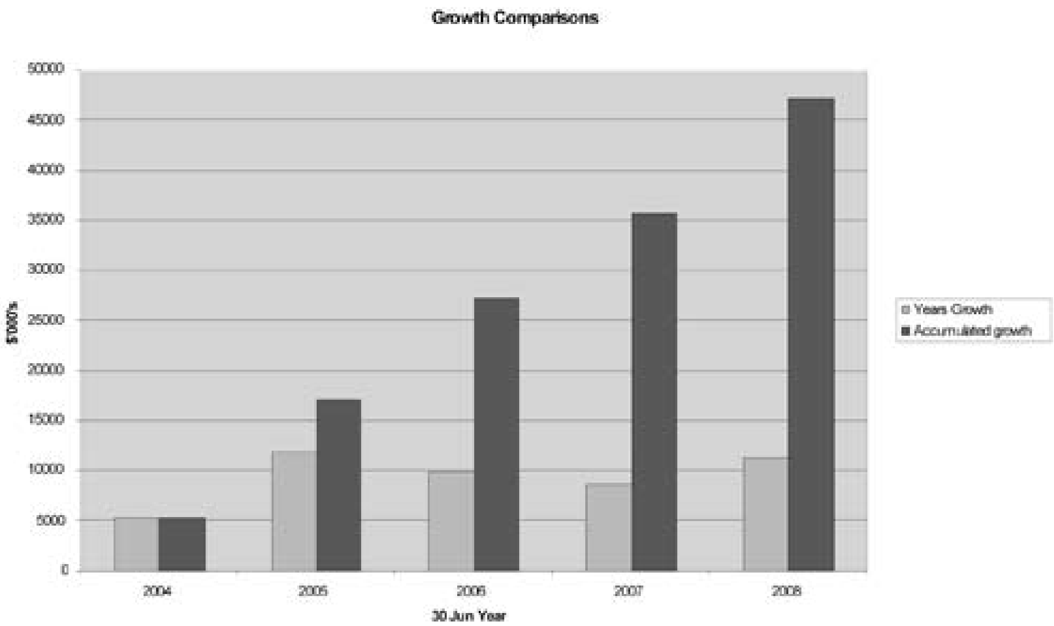
How far we have come.....

The following charts provide a visual approximation of the branches.

Total growth as at 30 June 2008 on a year by year basis since commencing business.

Please note the graphs are for illustrative purposes only.





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:

Dennis Keith Tarrant
Chairman
Age: 58
Wholesale Distributor

Anthony Gerard Lee
Director
Age: 43
Estate Agent

Eric John Wanless Attwood
Director
Age: 78
Newsagent

Nola Pearl Kennedy
Director (Resigned 31 October 2007)
Age: 54
Clinical Trial Coordinator

Peter John Apcar
Company Secretary & Treasurer
Age: 54
Management Accountant

Leigh Coddington
Director
Age: 54
Finance & Administration

Jan Priest
Director (Appointed 17 July 2007)
Age: 59
Business Consultant

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

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

Company Secretary

The Company Secretary is Peter Apcar B. Com (Hon). Mr Apcar was appointed in May 2003 and has vast experience in Financial and Management Accounting. He is currently employed as a Financial Business Analyst with the country's largest health fund. He has been a resident of Murrumbeena for the past 20 years.

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.

Directors' report continued

Operating results

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

	Year ended 30 June 2008 $	Year ended 30 June 2007 $
	61,862	2,073

Remuneration report

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

The Branch Manager attends all Board meetings and presents a full report to the Board of Directors. The Branch Manager advises the Directors on a number of issues but does not have any voting rights.

The Branch Manager is a member of the Marketing Sub-Committee and is part of decision making as to approval of sponsorships. He was a paid a base remuneration between $60,000 - $70,000 for the period.

Dividends

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments

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

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' report continued

Directors' benefits

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

Indemnification and insurance of Directors and Officers

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

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

Directors 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**
Dennis Keith Tarrant	11	11
Peter John Apcar	11	11
Anthony Gerard Lee	11	11
Leigh Coddington	11	9
Eric John Wanless Attwood	11	10
Jan Priest (Appointed 17 July 2007)	10	10
Nola Pearl Kennedy (Resigned 31 October 2007)	4	3

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 10.

Signed in accordance with a resolution of the Board of Directors at Murrumbeena, Victoria on 8 September 2008.

Dennis Keith Tarrant
Chairman

Peter John Apcar
Company Secretary & Treasurer

Auditor's independence declaration

AFS
partners in success
Chartered Accountants & Business Advisors

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

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

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

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 8th day of September 2008

Financial statements

Income statement
For year ending 30 June 2008

	Note	2008 $	2007 $
Revenues from ordinary activities	3	490,631	361,373
Salaries and employee benefits expense		(224,165)	(206,533)
Advertising and promotion expenses		(26,263)	(17,381)
Occupancy and associated costs		(45,371)	(41,369)
Systems costs		(21,602)	(20,319)
Depreciation and amortisation expense	4	(17,944)	(18,420)
Finance costs	4	(9)	-
General administration expenses		(68,922)	(50,785)
Profit before income tax expense		**86,355**	**6,566**
Income tax expense	5	(24,493)	(4,493)
Profit for the period		**61,862**	**2,073**
Profit attributable to members of the entity		**61,862**	**2,073**

Earnings per share (cents per share)		**¢**	**¢**
- basic for profit for the year	18	10.40	0.003

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet
As at 30 June 2008

	Note	2008 $	2007 $
Assets			
Current assets			
Cash assets	6	221,292	106,919
Trade and other receivables	7	53,933	40,560
Total current assets		**275,225**	**147,480**
Non-current assets			
Property, plant and equipment	8	107,822	112,827
Intangible assets	9	5,000	17,000
Deferred tax assets	10	57,417	81,910
Total non-current assets		**170,239**	**211,737**
Total assets		**445,464**	**359,217**
Liabilities			
Current liabilities			
Trade and other payables	11	38,685	19,355
Provisions	12	16,148	17,401
Total current liabilities		**54,833**	**36,756**
Non-current liabilities			
Provisions	12	6,309	-
Total non-current liabilities		**6,309**	**-**
Total liabilities		**61,142**	**36,756**
Net assets		**384,323**	**322,461**
Equity			
Issued capital	13	565,517	565,517
Accumulated losses	14	(181,194)	(243,056)
Total equity		**384,323**	**322,461**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2008

	Note	2008 $	2007 $
Cash flows from operating activities			
Receipts from customers		535,948	382,559
Payments to suppliers and employees		(426,922)	(369,543)
Interest received		6,296	4,648
Interest paid		(9)	-
Net cash provided by operating activities	**15**	**115,313**	**17,664**
cash flows from investing activities			
payments for property, plant and equipment		(940)	-
net cash used in investing activities		**(940)**	**-**
net increase in cash held		**114,373**	**17,664**
cash at the beginning of the financial year		106,919	89,255
cash at the end of the financial year	**6(a)**	**221,292**	**106,919**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2008

	Note	2008 $	2007 $
Total equity at the beginning of the period		322,461	320,388
Net profit/(loss) for the period		61,862	2,073
Net income/expense recognised directly in equity		-	-
Dividends provided for or paid		-	-
Shares issued during period		-	-
Total equity at the end of the period		**384,323**	**322,461**

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 of 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.

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	480,474	356,726
Total revenue from operating activities	**480,474**	**356,726**
Non-operating activities:		
- interest received	10,157	4,648
Total revenue from non-operating activities	**10,157**	**4,648**
Total revenues from ordinary activities	**490,631**	**361,373**

Note 4. Expenses

Depreciation of non-current assets:		
- plant and equipment	3,419	3,785
- leasehold improvements	2,525	2,635
Amortisation of non-current assets:		
- franchise agreement	12,000	12,000
	17,944	**18,420**
Finance costs:		
- interest paid	**9**	**-**

Note 5. Income tax expense

The components of tax expense comprise:

- Current tax	-	-
- Deferred tax on provisions	(3,418)	-
- Recoupment of prior year tax losses	27,911	4,493
- Future income tax benefit attributable to losses	-	-
- Under/over provision in respect to prior years	-	-
	24,493	**4,493**

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:

	Note	2008 $	2007 $
Operating profit		86,355	6,566
Prima facie tax on profit from ordinary activities at 30%		25,907	1,970
Add tax effect of:			
- non-deductible expenses		3,600	3,600
- timing difference expenses		164	683
- blackhole expenses		(1,760)	(1,760)
Current tax		27,911	4,493
Movement in deferred tax	10.	(3,418)	-
		24,493	**4,493**

Note 6. Cash assets

		2008 $	2007 $
Cash at bank and on hand		70,419	33,354
Term deposits		150,873	73,565
		221,292	**106,919**

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

		2008 $	2007 $
6(a) Reconciliation of cash			
Cash at bank and on hand		70,419	33,354
Term deposit		150,873	73,565
		221,292	**106,919**

Note 7. Trade and other receivables

		2008 $	2007 $
Trade receivables		44,659	32,539
Prepayments		9,274	8,022
		53,933	**40,560**

	2008 $	2007 $

Note 8. Property, plant and equipment

	2008 $	2007 $
Plant and equipment		
At cost	67,220	67,220
Less accumulated depreciation	(18,109)	(14,690)
	49,111	**52,530**
Leasehold improvements		
At cost	70,949	70,010
Less accumulated depreciation	(12,238)	(9,713)
	58,711	**60,297**
Total written down amount	**107,822**	**112,827**
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	52,530	56,315
Additions	-	-
Disposals	-	-
Less: depreciation expense	(3,419)	(3,785)
Carrying amount at end	**49,111**	**52,530**
Leasehold improvements		
Carrying amount at beginning	60,297	62,932
Additions	939	-
Disposals	-	-
Less: depreciation expense	(2,525)	(2,635)
Carrying amount at end	**58,711**	**60,297**
Total written down amount	**107,822**	**112,827**

Note 9. Intangible assets

	2008 $	2007 $
Franchise fee		
At cost	60,000	60,000
Less: accumulated amortisation	(55,000)	(43,000)
	5,000	**17,000**

Notes to the financial statements continued

	2008 $	2007 $

Note 10. Deferred tax

	2008 $	2007 $
Deferred tax asset		
Opening balance	(81,910)	(86,403)
Future income tax benefits attributable to losses	-	-
Recoupment of prior year tax losses	27,911	4,493
Deferred tax on provisions	(3,418)	-
Under/over provision in relation to prior years	-	-
Closing balance	**(57,417)**	**(81,910)**

Note 11. Trade and other payables

	2008 $	2007 $
Trade creditors	23,085	17,354
Other creditors & accruals	15,600	2,000
	38,685	**19,354**

Note 12. Provisions

	2008 $	2007 $
Current		
Employee provisions	**16,148**	**17,401**
Non-current		
Employee provisions	**6,309**	**-**
Number of employees at year end	**6**	**5**

Note 13. Contributed equity

	2008 $	2007 $
594,857 Ordinary shares fully paid of $1 each (2007: 594,857)	594,857	594,857
Less: equity raising expenses	(29,340)	(29,340)
	565,517	**565,517**

Notes to the financial statements continued

	2008 $	2007 $

Note 14. Accumulated losses

Balance at the beginning of the financial year	(243,056)	(245,129)
Net profit from ordinary activities after income tax	61,862	2,073
Balance at the end of the financial year	**(181,194)**	**(243,056)**

Note 15. 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	61,862	2,073
Non cash items:		
- depreciation	5,944	6,420
- amortisation	12,000	12,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(13,373)	(12,750)
- (increase)/decrease in other assets	24,493	4,493
- increase/(decrease) in payables	19,331	2,460
-increase/(decrease) in provisions	5,056	2,968
Net cash flows provided by/(used in) operating activities	**115,313**	**17,664**

Note 16. Auditors' remuneration

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

- audit & review services	3,000	3,000
- non audit services	2,108	600
	5,108	**3,600**

Note 17. Director and related party disclosures

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

Dennis Keith Tarrant

Peter John Apcar

Anthony Gerard Lee

Leigh Coddington

Eric John Wanless Attwood

Jan Priest (Appointed 17 July 2007)

Nola Pearl Kennedy (Resigned 31 October 2007)

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

Directors shareholdings	**2008**	**2007**
Dennis Keith Tarrant	501	501
Peter John Apcar	701	701
Anthony Gerard Lee	2,001	2,001
Leigh Coddington	1	1
Eric John Wanless Attwood	8,001	8,001
Jan Priest (Appointed 17 July 2007)	10,000	10,000
Nola Pearl Kennedy (Resigned 31 October 2007)	2,501	2,501

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

	2008 $	**2007 $**

Note 18. Earnings per share

(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	61,862	2,073

	2008 Number	**2007 Number**
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	594,857	594,857

Notes to the financial statements continued

Note 19. 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 20. Contingent liabilities

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

Note 21. 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 Murrumbeena, Victoria.

Note 22. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
436 Neerim Road, Murrumbeena VIC 3163	436 Neerim Road, Murrumbeena VIC 3163

Note 23. 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.

Note 23. Financial instruments (continued)

Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average effective interest rate	
	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 %	2007 %
Financial assets												
Cash assets	2,696	2,439	–	–	–	–	–	–	513	513	0.05	0.05
At call accounts	–	–	67,210	30,402	–	–	–	–	–	–	4.16	4.65
Term deposit	–	–	150,873	73,565	–	–	–	–	–	–	7.38	6.10
Receivables	–	–	–	–	–	–	–	–	53,933	40,560	N/A	N/A
Financial liabilities												
Payables	–	–	–	–	–	–	–	–	38,685	19,354	N/A	N/A

Director's declaration

In accordance with a resolution of the Directors of Murrumbeena Community 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.

Dennis Keith Tarrant
Chairman

Peter John Apcar
Company Secretary & Treasurer

Signed on 8 September 2008.

Independent audit report

AFS
partners in success
Chartered Accountants & Business Advisors

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INDEPENDENT AUDITOR'S REPORT

To the members of Murrumbeena Community Financial Services Limited

We have audited the accompanying financial report of Murrumbeena Community 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.

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 Murrumbeena Community 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 8th day of September 2008

Murrumbeena **Community Bank**® Branch
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Franchisee: Murrumbeena Community 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. (BMPAR8015) (08/08)