

Narrandera District
Investments Limited
ABN 58 107 510 494

2008 annual report



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Chairman's report continued

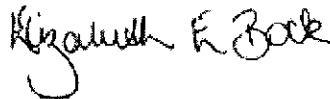
The Board

Two of our Board, Nicole Dodwell and Margaret Duff, stepped down during the year due to business and personal commitments. Margaret was of great benefit in the marketing and media area and instrumental in producing the **Community Bank®** branch regional advertising campaign. Nicole, who has been with us since the inception of the branch and who has given a huge amount of her time to the Board, could always be counted on for a rational perspective to each situation. These women are intelligent, well-rounded individuals who are a credit to our community and a loss to the Board.

Future growth

The Board has a positive, can-do approach to the coming year and a solid business plan and a tighter budget in place.

I again take this opportunity on behalf of the Board of Directors, to thank you for your patience and understanding. Though growth has been slower than anticipated, with your help and our dedication, 2008/09 will be the year we achieve profitability.



Elizabeth Bock

Chairman

Chairman's report

For year ending 30 June 2008

On behalf of Directors of Narrandera District Investments Limited, Narrandera & District **Community Bank®** Branch Manager and staff, I am pleased to present the fourth annual report for the year ending 30 June 2008.

Our year

The financial year was made difficult by ongoing drought, a rise in diesel and petrol prices and interest rate increases which resulted in higher food costs and increased mortgage payments. Due to our isolation, I believe we in the country feel these increases more than our city counterparts. This being said, we have now achieved more than \$30 million in banking business and manage about 2,000 accounts.

The growth target we set for the year was \$6 million and although we didn't quite make it, we did manage to grow the business by \$5.5 million. I would call this an outstanding achievement in the current economic climate.

We contributed about \$15,000 to the local community during the financial year due mainly to the generosity of our partner Bendigo and Adelaide Bank which gives us a marketing and development fund for this purpose.

Current position

At the time of writing this report, we still have only two-thirds of shareholders banking with us. We would like at least a 90 per cent strike rate. That said, I ask that you help your branch to grow this year by moving your banking business to our branch. Call in and speak to Robert or the staff, who are more than happy to help with all your banking needs.

Our aim is to grow the business by \$6 million for the 2008/09 financial year. If we can achieve this, we will reach profitability.

The staff

Once again, we must thank Robert and his staff for all the hard work and effort they have contributed over the past twelve months. We farewelled Helen Robinson earlier on in the year before she and her family relocated to Wagga Wagga. I am sure most of you will remember her smiling face and helpful attitude and we wish Helen and her family well for future.

We welcomed Kylie Jukes to the branch on a full time basis. She was employed earlier in the year. Kylie has fitted in to the branch as if she had always been there. We are fortunate to still have the services of Maria, Glenys and Sandra, though Sandra will be going on maternity leave later on in the year.

Chairman's report continued

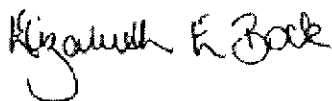
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Elizabeth Bock

Chairman

Manager's report

For year ending 30 June 2008

We have been open four years and I still enjoy every day of my job with staff and customers.

We had set ourselves a challenging target to increase our business by \$6 million this year and we fell short by just \$500,000. During the year we have seen interest rates increase and petrol prices rise to the highest anyone has witnessed. As well, we continue to suffer in drought conditions that have been with us for more than six years. Thus, I firmly believe we have performed well over the past 12 months.

We now have a book of business worth more than \$30 million and 2,000 account holders, which goes to show that the people of Narrandera support us and understand we are committed to the community for the long term. Saying this, I urge our shareholders to support us with their banking business and increase the percentage of banking support during the 2008/09 financial year. We need to increase our business on the books by more than \$5 million in order to reach profitability. So I ask all shareholders who do not bank with us to give us a chance. Come in and talk to me and the staff. You are our best advocates, so I ask you to encourage your family, friends and neighbours to bank with us as well. Then we can begin to return substantial profits to our community – as we promised.

Many people ask about our ability to sponsor and support local events. Even though we have not made profit at this stage, we are able to show that we are part of the community and willing to sponsor and support local groups. Bendigo and Adelaide Bank provides us with a market development fund to use for promotions and sponsorship and this is where those funds are coming from. However, more banking support from the Narrandera community will enable more of our profits to be returned to local community groups; and the first dividend to be paid to shareholders with, hopefully, many more to follow.

I must thank my hard working staff for all their efforts over the past twelve months. Most people are unaware of the volume of work they do in an efficient and professional way. During the financial year, Helen Robinson moved to Wagga Wagga and left the branch. Kylie Jukes has since been introduced to our branch. Sandra will soon be going on maternity leave and all of us wish her and Craig the best with their baby. This will mean you will see a new face at the branch some time in the near future.

Don't forget - We are open from 9.00am to 5.00pm Monday to Friday and Saturday mornings from 9.00am to 12.00pm for your banking convenience.



Robert Hanlon
Branch Manager

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 are:

E.E. Bock

Chairman

Retailer

P.J. Graham

Director

Property Developer

R.E. Craze

Director

Glazier

L.M. Duff (Resigned 01/05/08)

Director

Retailer

N.L. Dodowell (Resigned 27/05/08)

Director

Business Proprietor

P.J.R. Royle

Director

Retired

K.T. Sproston

Director

Bookkeeper

W.S. Robinson

Director

Company Director

B.L. Mayne (Resigned 27/11/07)

Director

Retailer

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

Principal activities

The principal activities of the Company during the course of the financial year were in providing **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 loss of the Company for the financial year after provision for income tax was \$109,247.

Dividends

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

Directors' report continued

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.

Significant events after the balance date

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 providing banking services to the community.

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.

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 Managers of the Company except where the liability arises out of conduct involving the lack of good faith.

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

Directors' report continued

Directors meetings

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

Number of meetings held: **12**

Number of meetings attended:

E.E. Bock		11
P.J. Graham		10
R.E. Craze		10
L.M. Duff	Res. 01/05/08	8
N.L. Dodowell	Res. 27/05/08	9
P.J.R. Royle		7
BJ Mayne	Res. 27/11/07	2
K.T. Sproston		11
W.S. Robinson		10

Auditor independence declaration

A copy of the Auditors Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Signed in accordance with a resolution of the Board of Directors.



EE Bock
Chairperson



PJ Graham
Director

Dated: 8 October 2008.

Auditor's independence declaration

Auditor's independence declaration

Under Section 307C of the Corporations Act 2001

To the Directors of Narrandera District Investments Limited

We hereby declare, that to the best of our knowledge and belief, during the financial year ended 30 June 2008 there have been no:

- (i) contraventions of the Auditor independence requirements as set out in the corporations Act 2001 in relation to the audit: and
- (ii) contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm:

Auswild & Broad Pty Ltd

Certified Practising Accountants

Name of Partner:



Peter George

Dated: 8 October 2008.

Financial statements

Income statement

For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	2	293,414	245,230
Salaries & employee benefits expense		(186,207)	(187,194)
Depreciation and amortisation expense	3	(43,446)	(43,185)
Administration and other expenses from ordinary activities		(173,008)	(135,663)
Loss from ordinary activities before income tax expense		(109,247)	(120,812)
Income tax expense relating to Ordinary activities	4	-	-
Loss from ordinary activities after income tax expense		(109,247)	(120,812)
Total changes in equity other than those resulting from transactions with owners as owners		(109,247)	(120,812)

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	2,478	2,257
Other assets	7	29,660	22,527
Total current assets		32,138	24,784
Non-current assets			
Property, plant and equipment	8	81,895	96,149
Intangible assets	9	22,387	51,580
Total non-current assets		104,282	147,729
Total assets		136,420	172,513
Current liabilities			
Payables	10	26,654	16,682
Interest bearing liabilities	11	176,726	110,720
Provisions	12	13,184	16,008
Total current liabilities		216,564	143,410
Total liabilities		216,564	143,410
Net assets		(80,144)	29,103
Equity			
Issued capital	13	644,509	644,509
Less accumulated losses	14	(724,653)	(615,406)
Total equity		(80,144)	29,103

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			
Cash receipts in the course of operations		286,277	241,900
Cash payments in the course of operations		(352,066)	(323,149)
Interest received		4	3
Net cash flows from operating activities	15b	(65,785)	(81,246)
Purchase of plant and equipment		-	(5,485)
Net decrease in cash held		(65,785)	(86,731)
Add opening cash brought forward		(108,463)	(21,732)
Closing cash carried forward	15a	(174,248)	(108,463)

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, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

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

The accounting policies are consistent with the previous year.

Income tax

Income tax has been brought to account using the liability method of tax effect accounting whereby income tax expense is based on the profit from ordinary activities adjusted for any permanent differences. No income tax is payable because of losses incurred to date.

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

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

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised.

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 from 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 statement of financial position. Cash flows are included in the statement of cash flows on a gross basis.

Notes to the financial statements continued

Note 1: Summary of significant accounting policies (continued)

Goods and services tax (continued)

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

Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

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

Property, plant and equipment

Property, plant and equipment are brought to account at cost or at independent Directors' valuation, less, where applicable, any accumulated depreciation or amortisation. Items of property, plant and equipment, including buildings but excluding freehold land, are depreciated over their useful life to the entity commencing from the date of acquisition/revaluation. All property, plant and equipment is depreciated using the prime cost method with the exception of air conditioners..

Class of asset	Depreciation rate	
Fitout costs	10.0%	P
Computers	33.33%	P
Office equipment	10.00%	P
Air conditioners	15.00%	D

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value.

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.

Comparative figures

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

Notes to the financial statements continued

Note 1: Summary of significant accounting policies (continued)

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. 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.

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 capital

Issued and paid up capital is 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.

	2008	2007
	\$	\$

Note 2. Revenue from ordinary activities

Operating activities

- services commissions	137,506	110,003
- other revenue	155,904	135,224
	293,410	245,227

Non-operating activities:

- interest received	4	3
	4	3
	293,414	245,230

Notes to the financial statements continued

	2008 \$	2007 \$
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Note 3. Expenses

Depreciation of non-current assets:

- plant and equipment	14,254	13,992
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Amortisation of non-current assets:

- intangibles	29,193	29,193
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Note 4. Income tax expense

Income tax losses

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

Note 5. Auditors' remuneration

Auswild & Broad Pty Ltd	2,695	2,400
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Note 6. Cash assets

Cash at bank and on hand	2,478	2,257
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Note 7. Other assets

Accrued income	29,680	22,527
	29,680	22,527

Note 8. Property, plant and equipment

Fitout costs and office equipment

At cost	137,788	137,788
Less accumulated depreciation	55,893	41,639
	81,895	96,149
Total written down amount	81,895	96,149

Notes to the financial statements continued

	2008 \$	2007 \$
Note 8. Property, plant and equipment (continued)		
Movements in carrying amounts		
Fitout costs and office equipment		
Carrying amount at beginning of year	96,149	104,656
Additions	-	5,485
Disposals	-	-
Depreciation expense	(14,254)	(13,992)
Carrying amount at end of year	81,895	96,149

Note 9. Intangible assets

Franchise fee and establishment costs		
At cost	145,964	145,964
Less accumulated amortisation	(123,577)	(94,384)
	22,387	51,580

Note 10. Payables

Trade creditors	12,388	7,589
Accrued expenses	7,477	5,954
Goods and services tax	6,789	3,139
	26,654	16,682

Note 11. Interest bearing liabilities

Current

Bank overdraft	176,726	110,720
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Narrandera District Investments Ltd currently has an approved overdraft facility of \$200,000 with the Bendigo Bank. This facility is scheduled for review on 30 December 2008.

This financial report has been prepared based on the premise of continued financial support from the Bendigo Bank.

Notes to the financial statements continued

	2008	2007
	\$	\$
Note 12. Provisions		
Superannuation	1,167	1,068
PAYG withholding	2,526	2,110
Employee benefits	9,491	12,830
	13,184	16,008
Number of employees at year end	5	5

Note 13. Contributed equity

644509 Ordinary shares fully paid of \$1 each	644,509	644,509
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Note 14. Accumulated losses

Balance at the beginning of the financial year	615,406	494,594
Net loss from ordinary activities after income tax	109,247	120,812
Balance at the end of the financial year	(724,653)	(615,406)

Note 15. Statement of cash flows

(a) Reconciliation of cash

Cash assets	2,478	2,257
Bank overdraft	(176,726)	(110,720)
	(174,248)	(108,463)

(b) Reconciliation of loss from ordinary activities after tax to net cash from/(used in) operating activities

Loss from ordinary activities after income tax	(109,247)	(120,812)
Non cash items		
- Depreciation	14,254	13,992
- Amortisation	29,193	29,193

Notes to the financial statements continued

	2008 \$	2007 \$
Note 15. Statement of cash flows (continued)		
Changes in assets and liabilities		
- (Increase) decrease in receivables and other assets	(7,133)	(3,330)
- Increase (decrease) in payables	9,972	(6,680)
- Increase (decrease) in provisions	(2,824)	6,391
Net cash flows from/ (used in) operating activities	(65,785)	(81,246)

Note 16. Director and related party disclosures

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

EE Bock
 PJ Graham
 LM Duff
 RE Craze
 NL Dodwell
 PJR Royle
 KT Sproston
 BL Mayne
 WS Robinson
 JF Bock (Sec)
 RO Gilbert (Sec)

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

Transactions with related parties:

KT Sproston – Book keeping services	3,955	2,814
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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.

Note 17. Subsequent events

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

Notes to the financial statements continued

Note 18. Contingent liabilities

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

Note 19. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Narrandera, NSW.

Note 20. Registered office/principal place of business

The registered office is:-

92 East Street,
Narrandera NSW 2700

The Principal place of business is:-

92 East Street,
Narrandera NSW 2700

Note 21. International financial reporting standards

The Company has commenced transitioning its accounting policies and financial reporting from current Australian Generally Accepted Accounting Principals (AGAAP) to Australian equivalents of International Financial Reporting Standards (IFRS). In consultation with our external Auditor, Auswild & Broad Pty Ltd the Company has allocated resources to assess the impact of transition to IFRS.

Based on current requirements, the financial statements of the Company prepared at 30 June 2008 will need to comply with IFRS. Comparative figures for the year ended 30 June 2007, within the 30 June 2008 financial statements, will also need to comply with IFRS.

Based on the assessment completed to date the key potential implications of the conversion to IFRS on the Company are:

- a) financial instruments will need to be classified under one of five categories, which will in turn determine the accounting treatment. The classifications are loans and receivables - measured at amortised cost, held to maturity - measured at amortised cost, held for trading - measured at fair value, available for sale - measured at fair value and non trading liabilities - measured at amortised cost. Based on current assets and liabilities held this is not expected to have an impact on the financial statements of the Company.
- b) Intangible assets with an indefinite useful life will be tested annually for impairment and will not be amortised. This is not expected to have an impact on the financial statements of the Company based on current intangible assets held.
- c) Changes in accounting policies will be recognised by restating prior year figures, rather than making current year adjustments and the impact will be disclosed in the notes to the financial statements.

Notes to the financial statements continued

Note 22. Financial instruments

Net fair values

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

Credit risk

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

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

Interest rate risk

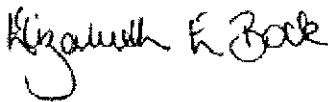
Financial instrument	Fixed interest rate maturing in											
	Floating interest rate		1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average effective interest rate	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	-	-	-	-	-	-	-	-	2,478	2,257	N/A	N/A
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	26,654	16,682	N/A	N/A
Interest bearing liabilities	-	-	-	-	-	-	-	-	176,726	110,720	N/A	N/A

Director's declaration

In accordance with a resolution of the Directors of Narrandera District Investments 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 their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; 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.



EE Bock
Chairperson



PJ Graham
Director

Dated: 8 October 2008.

Chairman's report continued

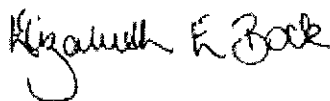
The Board

Two of our Board, Nicole Dodwell and Margaret Duff, stepped down during the year due to business and personal commitments. Margaret was of great benefit in the marketing and media area and instrumental in producing the **Community Bank®** branch regional advertising campaign. Nicole, who has been with us since the inception of the branch and who has given a huge amount of her time to the Board, could always be counted on for a rational perspective to each situation. These women are intelligent, well-rounded individuals who are a credit to our community and a loss to the Board.

Future growth

The Board has a positive, can-do approach to the coming year and a solid business plan and a tighter budget in place.

I again take this opportunity on behalf of the Board of Directors, to thank you for your patience and understanding. Though growth has been slower than anticipated, with your help and our dedication, 2008/09 will be the year we achieve profitability.



Elizabeth Bock

Chairman

Independent audit report continued

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the Auditors' independence declaration set out on page 8 of the financial report has not changed as at the date of providing our audit opinion.

Audit opinion

In our opinion, the financial report of Narrandera District Investments Limited is in accordance with:

- (a) the Corporations Act 2001, including
 - (i) giving a true and fair view of the Company's financial position as at 30 June, 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

Name of Firm:

Auswild & Broad Pty Ltd

Certified Practising Accountants

Name of Partner:



Peter George

Address:

246 Hoskins Street, Temora NSW 2666

Dated: 8 October 2008.

Narrandera & District **Community Bank**[®] Branch
92 East Street, Narrandera NSW 2700

Phone: (02) 6959 9766 Fax: (02) 6959 9788

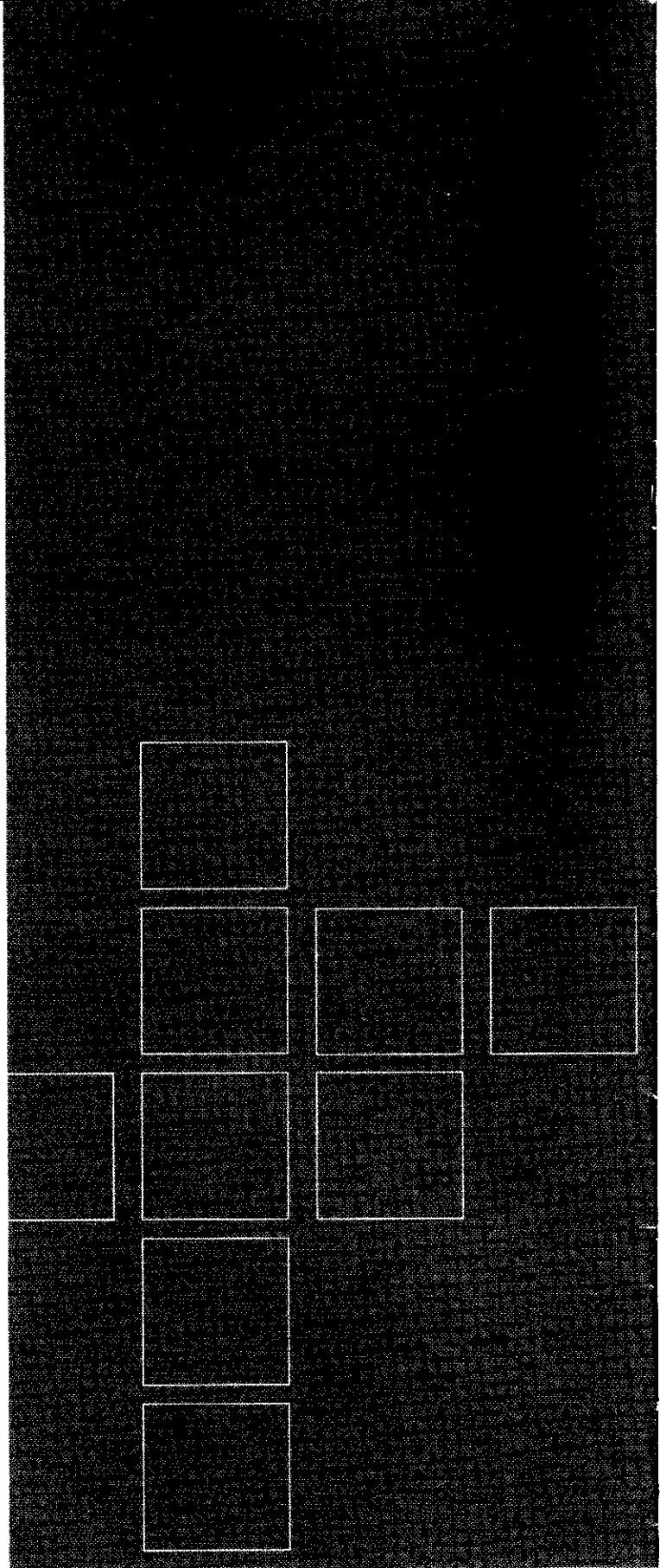
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ABN 11 008 049 178 AFSL 237879, (BMPAR8083) (09/08)



Photos courtesy Narrandera Argus and Ann Hiscox