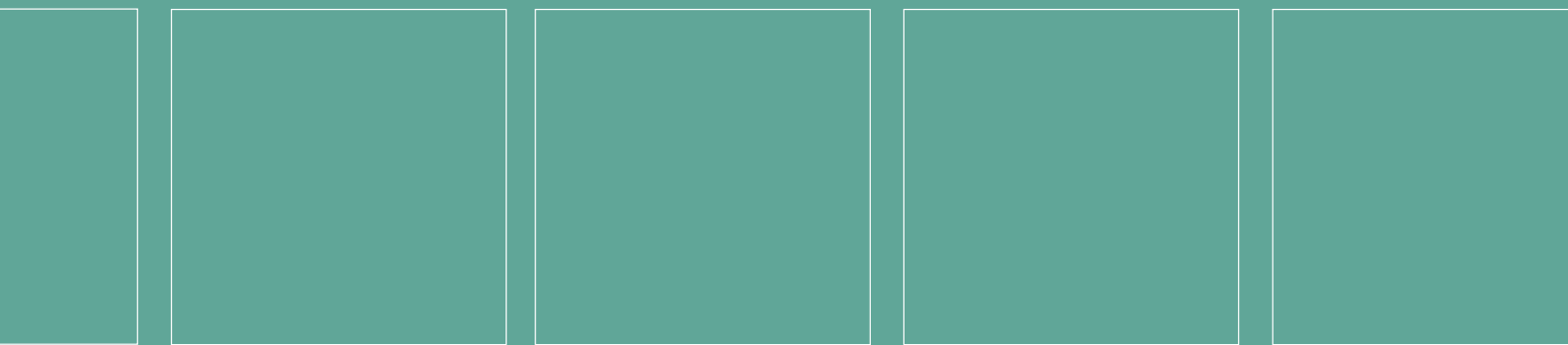


2008  
annualreport



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# Chairman's report

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For year ending 30 June 2008

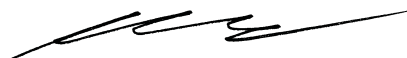
I am pleased to present my second annual report for Mundubbera Financial Services Ltd.

Our **Community Bank**<sup>®</sup> branch has continued to grow over the past year, albeit at a rate much slower than we had anticipated. A number of factors have contributed to the slowing of our growth. The drought is very much still with us and having a huge effect on the confidence in our rural sector. The rise in interest rates and the resulting downturn in the economy have also had a major effect on our growth. Our Manager, Adrienne Holzapfel, tendered her resignation effective 30 June 2008 to take up a position in NSW. This has meant we have been without a full time Manager since 1 July 2008.

However the light at the end of the tunnel may be glowing a little brighter. We are hoping the seasons will turn around for the better. We know that interest rates are moving in the right direction, and we are in negotiations with a good candidate for the branch Manager's position.

I congratulate the branch staff for their willingness to take on extra roles while we are without a Manager – well done.

May I remind you that this is your **Community Bank**<sup>®</sup> branch, striving to benefit your community. It can grow and achieve this only with your support.



Tim Duggan  
Chairman

# Manager's report

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For year ending 30 June 2008

We are very pleased to announce that the 2007/08 financial year saw the branch grow with total funds under management now situated at over \$12 million and we now hold 977 accounts.

Over the past 12 months the Mundubbera **Community Bank**<sup>®</sup> Branch has either been involved in, or supported a number of community projects. As we grow, our contribution to the community will be greater and more significant. Community projects supported include:

- \$1,000 sponsorship given out at our first birthday. \$200 each to five local clubs, Xceler8 Youth camp, Mundubbera Lions Club, Soccer Club, Mundubbera Guides and Central Burnett Gun Club
- \$1,000 sponsorship to Mundubbera State School Band
- \$1,000 sponsorship to Mundubbera State School Ag Science Dept
- International Women's Day
- Rostered to help Meals on Wheels and Talking News
- Mundubbera Enterprise Association
- Jaycettes

I would like to extend my gratitude to the branch staff for their dedication and passion to the success of our customers, the Mundubbera **Community Bank**<sup>®</sup> Branch and our community.

Thank you to the Board members for the dedication exhibited in their roles as Directors, for their ongoing support and assistance. We are looking forward to another triumphant year. The Directors are all volunteers and hold these positions because they believe in the **Community Bank**<sup>®</sup> model.

In closing I would like to thank all of the shareholders who have embraced and supported the **Community Bank**<sup>®</sup> philosophy. We need shareholders to support us and bring ALL their banking to us to help us grow. We must work together to achieve our desired results for continued success not only for ourselves but also our community.



Kay Carr  
Relieving Branch Manager  
Mundubbera **Community Bank**<sup>®</sup> Branch

# Directors' report

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For year ending 30 June 2008

Your Directors present their report on the Company for the 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:

### Timothy Gerard Duggan

Chairman

Age: 56

Businessman, owner of Mundubbera Butchering Co.

25 years involved in cattle grazing, feed lotting, dubosia production and hotel industries. 15 years as owner and operator of Mundubbera Butchering Co. Social member of the golf club, bowls club and member of Rotary.

Interests in shares: 3,501

### Stephen Alan Berry

Secretary

Age: 44

Pastor - Mundubbera Baptist Church

15 years experience with BHP, 9 years in the laboratory followed by 6 years as an Environment Officer. Holds a Bachelor of Ministry. Has been involved in many community groups including kindergarten management committee, Boys Brigade, APEX and school P&C committees.

Interests in shares: 2,001

### David James Jenkinson

Director

Age: 56

Retired motor mechanic

Councillor of Mundubbera Shire from 2000 to 2008 (Deputy Mayor from 2004). Member of Rotary Club for 11 years and member of the Mundubbera Baptist Church.

Interests in shares: 10,001

### Deann Maree Robinson

Director

Age: 34

IGA Supermarket Store Manager

Experience in citrus industry and retail store management. Holds a Diploma of Retail Management and awarded IGA store Manager of the year for QLD and NSW in 2006. Member of the local Jaycette committee.

Interests in shares: 1,001

### Loris Jean Doessel

Treasurer

Age: 50

Administration Officer

Mundubbera Shire Councillor from 2000 to 2008. Experience in banking, administration and lucerne farming. Involved in several local and regional community organisations.

Interests in shares: 34,001

### Kathleen Therese Vicary

Director

Age: 58

Semi - retired

Banking, Hospitality, Fruit and Retail Industry experience. Chaplain to the Mundubbera Multi-Purpose Health Centre and involved in several Community Groups, Secretary to Mundubbera Senior Citizens' Home Units committee operating Leichhardt Lodge.

Interests in shares: 2,001

## Directors' report continued

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**Terai Benham** (Resigned 12 November 2007)

Director

Age: 40

Part - time accounts/administration officer

Experience in journalism, tourism, administration, public relations and promotions. Holds a Bachelor of Business (Tourism Management) and Diploma in Journalism. Involved in school P&C committees.

Interests in shares: 15,001

**Douglas John McIver** (Resigned 12 November 2007)

Director

Age: 73

Grazier

Served on the Mundubbera Shire Council from 1970 to 2004, acted as Chairman and Mayor from 1982 to 2004. Currently the President of the local ambulance committee, Chairman of North Burnett Health Council and fire warden for Hawkwood Bushfire Brigade. Awarded O.A.M. in 2002.

Interests in shares: 7,001

**Douglas John Balshaw**

Director

Age: 47

Teacher - Head of Department

Experience in retail, meat and food processing industry and technology. Holds a Bachelor of Education and is currently Head of Department at Mundubbera State School. He is a life member of the Mundubbera Apex Club and currently the President of the Mundubbera Rugby League and Mundubbera Rotary Club. Recently John and his wife Debbie purchased a small hardware store in Mundubbera, where they assist with the operation of the business on a daily and weekend basis.

Interests in shares: 2,501

**Gary Harris** (Appointed 4 February 2008)

Director

Age: 45

Managing Director of Bus Company

Lives in Gayndah but has had business interests in Mundubbera for some years. Gary's family Company previously owned and operated Central Burnett Softdrinks but this was sold and the Bus Company previously operating in Gayndah was expanded to Mundubbera on 1-Jul-08 and now operates with 11 school runs and coaches to total 14.

Interests in shares: 3,000

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 Stephen Berry. Stephen was appointed to the position of Secretary on 28 June 2006.

Stephen has been involved in many community groups including kindergarten management committees, Boys Brigade, APEX and school P&C committees.

# Directors' report continued

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## Principal activities

The principal activities of the Company during the course of the financial year were in facilitating **Community Bank**<sup>®</sup> 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:

	Year ended 30 June 2008 \$	Year ended 30 June 2007 \$
	(225,112)	(281,025)

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## 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.

## 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

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## 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:
Timothy Gerard Duggan	13	13
Loris Jean Doessel	13	12
Stephen Alan Berry	13	11
Kathleen Therese Vicary	13	12
David James Jenkinson	13	12
Terai Benham (Resigned 12 November 2007)	5	4
Deann Maree Robinson	13	10
Douglas John McIver (Resigned 12 November 2007)	5	4
Douglas John Balshaw	13	10
Gary Harris (Appointed 4 February 2008)	6	3



# Directors' report continued

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## **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.

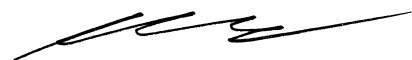
The Directors are satisfied that the provision of non-audit services by the Auditor, as set out in the notes did not compromise the Auditor independence requirements of the Corporations Act 2001 for the following reasons:

- 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 Munduberra, Queensland\  
23 September 2008.



**Timothy Gerard Duggan, Chairman**



**Loris Jean Doessel, Director**

# Directors' report continued

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ABN 51 061 795 337

## **Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Mundubbera 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 23<sup>rd</sup> day of September 2008

# Financial statements

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## Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	3	113,878	45,167
Salaries and employee benefits expense		(208,227)	(145,006)
Advertising and promotion expenses		(7,930)	(2,000)
Occupancy and associated costs		(32,884)	(14,546)
Systems costs		(22,705)	(12,862)
Depreciation and amortisation expense	4	(18,544)	(17,335)
General administration expenses		(48,700)	(134,443)
<b>Loss before income tax expense</b>		<b>(225,112)</b>	<b>(281,025)</b>
Income tax expense	5	-	-
<b>Loss for the period</b>		<b>(225,112)</b>	<b>(281,025)</b>
<b>Loss attributable to members of the entity</b>		<b>(225,112)</b>	<b>(281,025)</b>
<b>Earnings per share (cents per share)</b>		<b>c</b>	<b>c</b>
- basic for profit for the year	21	(37.31)	(68.22)

## Financial statements continued

### Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
<b>ASSET</b>			
<b>Current assets</b>			
Cash assets	6	200	128,820
Trade and other receivables	7	3,047	8,797
<b>Total current assets</b>		<b>3,247</b>	<b>137,617</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	169,550	184,114
Intangible assets	9	6,667	8,667
<b>Total non-current assets</b>		<b>176,217</b>	<b>192,781</b>
<b>Total assets</b>		<b>179,464</b>	<b>330,398</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	15,447	22,258
Borrowings	11	91,246	10,840
Provisions	12	6,345	6,762
<b>Total current liabilities</b>		<b>113,038</b>	<b>39,860</b>
<b>Total liabilities</b>		<b>113,038</b>	<b>39,860</b>
<b>Net assets</b>		<b>66,426</b>	<b>290,538</b>
<b>Equity</b>			
Issued capital	13	572,563	571,563
Accumulated losses	14	(506,137)	(281,025)
<b>Total equity</b>		<b>66,426</b>	<b>290,538</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

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### Statement of changes in equity As at 30 June 2008

	2008 \$	2007 \$
Total equity at the beginning of the period	290,538	-
Net loss for the period	(225,112)	(281,025)
Net income/expense recognised directly in equity	-	-
Dividends provided for or paid	-	-
Costs of issuing shares	-	(30,846)
Shares issued during period	1,000	602,409
<b>Total equity at the end of the period</b>	<b>66,426</b>	<b>290,538</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of cash flows As at 30 June 2008

	Note	2008 \$	2007 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		115,733	33,572
Payments to suppliers and employees		(313,479)	(295,906)
Interest paid		(147)	(26)
Interest received		1,621	7,118
<b>Net cash used in operating activities</b>	15	(196,272)	(255,242)
<b>Cash flows from investing activities</b>			
Payment for intangible assets		-	(10,000)
Payments for property, plant and equipment		(1,980)	(200,116)
<b>Net cash used in investing activities</b>		(1,980)	(210,116)
<b>Cash flows from financing activities</b>			
Proceeds from issues of equity securities		1,000	602,409
Payment for share issue costs		(11,775)	(19,071)
Proceeds from borrowings		-	10,840
<b>Net cash used in financing activities</b>		(10,775)	594,178
<b>Net increase/(decrease) in cash held</b>		(209,027)	128,820
Cash at the beginning of the financial year		128,820	-
<b>Cash at the end of the half-year</b>	6(a)	(80,207)	128,820

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.

### **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).

# Notes to the financial statements continued

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## Note 1. Summary of significant accounting policies (continued)

### **Income tax (continued)**

#### 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.

### **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.



# Notes to the financial statements continued

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## Note 1. Summary of significant accounting policies (continued)

### **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

### **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.

# Notes to the financial statements continued

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Note 1. Summary of significant accounting policies (continued)

## **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.

## **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.

# Notes to the financial statements continued

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## 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 \$
<b>Note 3. Revenue from ordinary activities</b>		
<b>Operating activities:</b>		
- services commissions	112,307	37,999
<b>Total revenue from operating activities</b>	<b>112,307</b>	<b>37,999</b>
Non-operating activities:		
- interest received	1,571	7,168
<b>Total revenue from non-operating activities</b>	<b>1,571</b>	<b>7,168</b>
<b>Total revenues from ordinary activities</b>	<b>113,878</b>	<b>45,167</b>

## Note 4. Expenses

<b>Depreciation of non-current assets:</b>		
- plant and equipment	7,464	10,027
- leasehold improvements	9,080	5,975
<b>Amortisation of non-current assets:</b>		
- franchise agreement	2,000	1,333
	<b>18,544</b>	<b>17,335</b>
<b>Finance costs:</b>		
- interest paid	147	26
Bad debts	373	161

## Notes to the financial statements continued

	2008 \$	2007 \$
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### Note 5. Income tax expense

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:

Operating loss	(225,112)	(281,025)
Prima facie tax on loss from ordinary activities at 30%	(67,534)	(84,308)
<b>Add tax effect of:</b>		
- non-deductible expenses	600	400
- timing difference expenses	(145)	3,449
- blackhole expenses	(1,851)	(1,851)
Income tax credit not brought to account	(68,930)	(82,310)
Movement in deferred tax not brought to account	(3,303)	-
	<b>(72,233)</b>	<b>(82,310)</b>

#### 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.

<b>Future income tax benefit carried forward is:</b>	<b>154,543</b>	<b>82,310</b>
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### Note 6. Cash assets

Cash at bank and on hand	200	128,820
	<b>200</b>	<b>128,820</b>

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		200	128,820
Overdraft	11.	(80,407)	-
		<b>(80,207)</b>	<b>128,820</b>

## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 7. Trade and other receivables</b>		
Trade receivables	3,047	4,477
Prepayments	-	4,320
	<b>3,047</b>	<b>8,797</b>

## Note 8. Property, plant and equipment

### Plant and equipment

At cost	45,512	45,512
Less accumulated depreciation	(17,491)	(10,027)
	<b>28,021</b>	<b>35,485</b>

### Leasehold improvements

At cost	156,584	154,604
Less accumulated depreciation	(15,055)	(5,975)
	141,529	148,629
<b>Total written down amount</b>	<b>169,550</b>	<b>184,114</b>

### Movements in carrying amounts:

#### Plant and equipment

Carrying amount at beginning	35,485	-
Additions	-	45,512
Less: depreciation expense	(7,464)	(10,027)
Carrying amount at end	28,021	35,485

#### Leasehold improvements

Carrying amount at beginning	148,629	-
Additions	1,980	154,604
Less: depreciation expense	(9,080)	(5,975)
Carrying amount at end	141,529	148,629
<b>Total written down amount</b>	<b>169,550</b>	<b>184,114</b>

## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 9. Intangible assets</b>		
<b>Franchise fee</b>		
At cost	10,000	10,000
Less: accumulated amortisation	(3,333)	(1,333)
	<b>6,667</b>	<b>8,667</b>

## Note 10. Trade and other payables

Trade creditors	13,448	8,483
Other creditors & accruals	2,000	13,775
	<b>15,448</b>	<b>22,258</b>

## Note 11. Borrowings

Loan from Mundubbera Shire Council	10,839	10,839
<p>The Company received a loan for \$10,839 to cover the costs of the feasibility study carried out relating to the establishment of the Mundubbera Community Bank. This is unsecured and does not incur interest. It is due to be repaid before 28 November 2009.</p>		
<b>Bank overdraft</b>	<b>80,407</b>	-

The Company has an approved overdraft facility of \$360,000. The overdraft is interest free for the first 6 months and will not incur interest until 21 August 2008 at which time interest will be charged the current commercial interest rates as per agreement with Franchisor. The overdraft is secured by a fixed and floating charge over the Company's assets.

## Notes to the financial statements continued

	2008 \$	2007 \$
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### Note 12. Provisions

#### Current

<b>Employee provisions</b>	<b>6,345</b>	<b>6,762</b>
Number of employees at year end	3	4

### Note 13. Contributed equity

630,409 Ordinary shares fully paid of \$1 each (2007: 602,409)	603,409	602,409
Less: equity raising expenses	(30,846)	(30,846)
	<b>572,563</b>	<b>571,563</b>

### Note 14. Accumulated losses

Balance at the beginning of the financial year	(281,025)	-
Net loss from ordinary activities after income tax	(225,112)	(281,025)
<b>Balance at the end of the financial year</b>	<b>(506,137)</b>	<b>(281,025)</b>

### Note 15. Statement of cashflows

Reconciliation of loss from ordinary activities after tax to net cash used in operating activities

Loss from ordinary activities after income tax	(225,112)	(281,025)
<b>Non cash items:</b>		
- depreciation	16,544	16,002
- amortisation	2,000	1,333
<b>Changes in assets and liabilities:</b>		
- (increase)/decrease in receivables	5,750	(8,797)
- (increase)/decrease in other assets	-	(82,310)
- increase in payables	4,963	10,483
-increase/(decrease) in provisions	(417)	6,762
<b>Net cashflows used in operating activities</b>	<b>(196,272)</b>	<b>(337,552)</b>



## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 16. Auditors' remuneration</b>		
Amounts received or due and receivable by the auditor of the Company for:		
- audit & review services	3,000	3,000
- non audit services	1,960	4,300
	<b>4,960</b>	<b>7,300</b>

## Note 17. Director and related party disclosures

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

Timothy Gerard Duggan

Loris Jean Doessel

Stephen Alan Berry

Kathleen Therese Vicary

David James Jenkinson

Terai Benham (Resigned 12 November 2007)

Deann Maree Robinson

Douglas John Mclver (Resigned 12 November 2007)

Douglas John Balshaw

Gary Harris (Appointed 4 February 2008)

Except for Timothy Duggan, Deann Robinson and Douglas Balshaw 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.

Timothy Duggan owns Mundubbera Butchering Co which supplied the Company with goods for promotional purposes during the financial year. During the financial year the total benefit Mundubbera Butchering Co received was \$40.00 (2007: \$31.00).

Deann Robinson is the Store Manager of the local IGA supermarket. Mundubbera IGA supermarket supplied the Company with goods for promotional purposes and staff amenities during the financial year. During the financial year the total benefit Mundubbera IGA received was \$334.93 (2007: \$398.94).

Douglas Balshaw is a teacher and Head of Department at Mundubbera State School. During the year the Company paid \$108.64 (2007: \$45.00) to Mundubbera State School for advertising in the Cooroola magazine. In addition \$1,000 sponsorship was paid to each of the schools Agricultural Science and Instrumental Music Programs totalling \$2,000.

## Notes to the financial statements continued

### Note 17. Director and related party disclosures (continued)

<b>Directors shareholdings</b>	<b>2008</b>	<b>2007</b>
Timothy Gerard Duggan	3,501	3,501
Loris Jean Doessel	34,001	34,001
Stephen Alan Berry	2,001	2,001
Kathleen Therese Vicary	2,001	2,001
David James Jenkinson	10,001	10,001
Terai Benham (Resigned 12 November 2007)	15,001	15,001
Deann Maree Robinson	1,001	1,001
Douglas John McIver (Resigned 12 November 2007)	7,001	7,001
Douglas John Balshaw	2,501	3,001
Gary Harris (Appointed 4 February 2008)	3,000	-

Each share held is valued at \$1.

### Note 18. Key management personnel disclosures

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

There are no Executives within the Company whose remuneration is required to be disclosed.

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>

### Note 19. Earnings per share

(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share

	(225,112)	(281,025)
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	<b>2008</b>	<b>2007</b>
	<b>Number</b>	<b>Number</b>

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

	603,404	411,928
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### Note 20. 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.

# Notes to the financial statements continued

## Note 21. Contingent liabilities

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

## Note 22. Segment reporting

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Mundubbera and district, Queensland.

## Note 23. Registered office/principal place of business

The registered office and principal place of business is:

<b>Registered office</b>	<b>Principal place of business</b>
54 Lyons Street Mundubbera QLD 4626	54 Lyons Street Mundubbera QLD 4626

## Note 24. 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 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 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	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				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Financial assets</b>												
Cash assets	-	128,820	-	-	-	-	-	-	200	-	0	0.05
Receivables	-	-	-	-	-	-	-	-	3,047	8,797	N/A	N/A
<b>Financial liabilities</b>												
Interest bearing liabilities	80,407	-	-	-	-	-	-	-	10,829	10,839	0	0
Payables	-	-	-	-	-	-	-	-	15,448	22,258	N/A	N/A

# Director's declaration

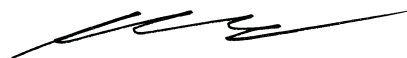
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In accordance with a resolution of the Directors of Mundubbera Financial Services Limited, we state that:

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.



**Timothy Gerard Duggan, Chairman**



**Loris Jean Doessel, Director**

Signed on the 23 September 2008.

# Independent audit report



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ABN 51 061 795 337

## INDEPENDENT AUDITOR'S REPORT

To the members of Mundubbera Financial Services Limited

We have audited the accompanying financial report of Mundubbera 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.

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# Independent audit report continued

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## 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 Mundubbera 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 <sup>23<sup>rd</sup></sup> day of *September* 2008

Mundubbera **Community Bank**<sup>®</sup> Branch  
54 Lyons Street, Mundubbera QLD 4626  
Phone: (07) 4165 3798 Fax: (07) 4165 3829

Franchisee: Mundubbera Financial Services Limited  
PO Box 234, Mundubbera QLD 4626  
Phone: (07) 4165 4388  
ABN 33 120 578 565

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Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550  
ABN 11 068 049 178. AFSL 237879. (KKQAR8008) (09/08)

