

2008 annual report



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Chairman's report

For year ending 30 June 2008

It is my pleasure to present to you my Report as the Chairman of our locally owned Company, Rosewood & District Financial Services Limited, that is listed on the Bendigo Stock Exchange. The Company has achieved further growth during the financial year to 30 June 2008.

The Rosewood & District **Community Bank**[®] Branch has now been in operation for two years and seven months. In the 2007/08 financial year, its operating revenue increased by 21.1 per cent and its profit after tax increased by 235.4 per cent compared to the 2006/07 financial year. The profit after tax in 2007/08 was \$55,782.

For the week ended 1 July 2007, the portfolio of the branch was \$29.5 million with 3,033 customer accounts. For the week ended 29 June 2008, the portfolio was \$36.4 million with 3,347 customer accounts. This represents an increase of 23.4 per cent for the portfolio and 10.4 per cent increase in customer accounts during the financial year 2007/08.

The financial position of the Company is very sound. It is pleasing that the Company traded with an increased profit during the 2007/08 financial year. It is an expectation by 30 June 2009 that with the Company's continued increased growth the profit will be further increased. I encourage Directors, the shareholders and present customers to spread the word about the **Community Bank**[®] model. Our **Community Bank**[®] branch can continue to do good things in the community if more people support the branch with their banking.

The Directors have worked hard during the 2007/08 financial year to see the Company further develop. One of our sub committees, business growth, continues to look at future business developments for the Company.

Director Kenneth Savage resigned in February 2008 due to ill health. His replacement as a Director of the Company will be approved at the Annual General Meeting on 20 November 2008. Under our rotational system, Melissa McGeary, Eirys Heit and Clyde Nicoll are eligible for re-election as Directors and they have offered their nominations.

In September 2007, the Company conducted its first profit sharing night. A total of \$10,757 from profits in the 2006/07 financial year was distributed to 11 community groups.

In December 2007, the **Community Bank**[®] branch celebrated its second birthday with a function in the branch where the birthday cake was cut. Our Division 10 Councillor of Ipswich City Council joined us on the occasion. The cake was distributed to customers as they came into the branch to do their banking.

As the Company continued to grow this year, our partner, Bendigo and Adelaide Bank, rewarded us with an increase in the Marketing Development Funds. We have used these funds to market the **Community Bank**[®] branch along with sponsorship to community groups. The Directors during the 2007/08 financial year continued to allocate some of the Company's profits to a number of sponsorships within the community. It was pleasing to see the amount of sponsorship increased as the Company's profit continued to increase. It is hoped this figure will increase further during the financial year 2008/09.

For this to happen, we all need to support our locally owned **Community Bank**[®] branch with our banking.

Chairman's report continued

The Company has continued to communicate with shareholders by publishing two newsletters during the year.

The **Community Bank**[®] model in Rosewood has proved to be a successful and rewarding venture simply because you, the shareholders, have supported it. I encourage you all to spread the good news amongst your family, friends and business contacts. The Directors and staff of the branch need your continued support to allow us to continue to expand and to help the community with increased financial support. This is a great opportunity to keep more of the profits within Rosewood and the district.

Our continued success could not have happened if we were not in the fortunate position of having a dedicated Manager and staff. Amy and her staff are to be congratulated for the friendly and helpful service they offer to the customers.

Finally as Chairman of the Board, I thank all Directors for their support during the past year. I look forward to the Company's future with confidence.



Clyde I Nicoll
Chairman

Manager's report

For year ending 30 June 2008

I am pleased to report to our shareholders on another exciting and successful year's trade for the Rosewood & District **Community Bank**[®] Branch.

As at 30 June 2008, your local **Community Bank**[®] branch had grown to:

- 3,347 customer accounts – an increase from 3,033 last year (10.4 per cent increase)
- Total portfolio of \$36.4 million – an increase of \$6.9 million for the year (23.4 per cent increase)

The vision for the Board and staff when opening our branch was to secure quality banking services for the district and also contribute funds back into the community through grants, sponsorships and dividends. We are achieving all of these goals.

From our 2007/08 profits, we were excited to announce the first dividend payment to our shareholders. A four cents per share payment was received in early September 2008.

On the 2 September 2008, we celebrated our successful year at a profit distribution night. At this event, we hosted more than 125 people.

We were delighted to share a total of \$24,500 between 17 community groups as grants.

All shareholders can feel proud that the profits we are generating are being invested back into our district. To those shareholders who have now transferred their business to our **Community Bank**[®] branch - thank you! I invite those shareholders who have not yet experienced banking with your **Community Bank**[®] branch to come in and see us.

The results could not have been achieved without the hard work and dedication of our staff. Thank you to my team and Bendigo Bank support staff that have assisted us this year.

Finally, I would like to thank the Board of Directors for their support. I would especially like to acknowledge the contribution of our executive team. I look forward to your continued support again this year as we continue to grow our business.



Amy Clem
Branch Manager

A message from Bendigo Bank

Celebrating 10 years of the **Community Bank**[®] Network

June 2008 marks ten years since Bendigo Bank and the people of Rupanyup and Minyip unveiled the first **Community Bank**[®] branches in Australia, marking a turning point not only for the two small Victorian wheat belt towns, but for the Bendigo as well.

Today, these two towns have been joined by more than 210 communities to form Australia's fastest growing **Community Bank**[®] network.

It is a significant milestone for Bendigo Bank and our **Community Bank**[®] partners.

The number of **Community Bank**[®] branches has doubled in the last four years and in the same time frame, customers have tripled their commitment of banking business to the community network, increasing it to more than \$11 billion.

More importantly, in excess of \$18 million in **Community Bank**[®] branch profits have been returned to community projects and \$12 million has been paid in dividends to more than 50,000 local shareholders.

Behind those numbers are hundreds of stories of **Community Bank**[®] branches making a real difference to the lives of local people.

Whether it's building a community hall, sponsoring an art prize or even buying new footy jumpers for the local side – these **Community Bank**[®] branches are helping improve the economic and social prospects of their local communities.

Add to those contributions the employment of more than 1,000 staff members and daily expenses in the local economy and you have a truly meaningful contribution to those communities and to local prosperity.

As we reflect on the past 10 years, it's with a feeling of great pride and accomplishment for what has been achieved in partnership between our team at the Bendigo and our community partners.

The landscape of banking has changed dramatically, but more importantly – so have the communities we partner and our own organisation.

Our partners have taken charge of outcomes locally that will impact positively for many years to come. Likewise, our organisation has built on our community focussed heritage and evolved to become a true partner to community. Your commitment, enthusiasm and belief in the **Community Bank**[®] model has been instrumental, and for that we thank you.

And here we are, only 10 years into this wonderful journey. Who knows what positive outcomes we'll be talking about in 10 years time, as the **Community Bank**[®] network matures? It's an exciting prospect – and we are very proud of what our team and the communities we partner have achieved together.

Russell Jenkins
Chief General Manager
Retail & Distribution

Directors' report

For year ending 30 June 2008

Your Directors submit their 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:

Clyde Ian Nicoll

Chairman

Age: 66

Retired

Member of Lions Club for 28 years; Board member of Cabanda Aged Care for 9 years and treasurer of the Board for 7 years; Secondary teacher for 37 years and principal for 18 years.

Committees: Business Plan, Audit, Human Resources, AGM, Public Relations, Marketing and Sponsorship

Interests in shares: 5,001

Eirys Mabel Heit

Treasurer

Age: 59

Casual shop assistant/semi-retired

Part owner/Manager Rosewood Newsagency; Current member of Lions Club of Rosewood Inc, previously acted as President and Vice President; Member of Rosewood State High School P & C; Member of Ashwell State School P & C; Previous Director and Chairperson of Cabanda Aged Care Rosewood.

Committees: Audit, Grants and Property Management

Interests in shares: 5,001

Melissa Kay McGeary

Secretary

Age: 36

Administration Officer

Executive personal assistant with experience in the banking industry.

Committees: Public Relations, Marketing and Sponsorship, Grants, AGM, Business Plan, Audit.

Interests in shares: 1,001

Ivan Aubrey Paul Schindler

Director

Age: 57

Veterinary Surgeon

Proprietor of veterenarian surgery; Member of Lions Club; Past Chairman of QATB.

Committees: Policy, Procedures and Governance, Business Plan

Interests in shares: 2,001

Stuart Walton Bede Ross

Director

Age: 43

Real Estate Agent

Owner/Manager Bremer Valley Realty

Committees: Public Relations, Marketing and Sponsorship, Business Plan, Property Management

Interests in shares: 2,001

Kenneth John Savage (Resigned 28 February 2008)

Director

Age: 58

Retired

Local Business Owner

Committees: AGM, Business Growth, Grants, Property Management

Interests in shares: 2,001

Directors' report continued

Kathleen Maree Lenihan

Director

Age: 24

Receptionist

Experience in office management and community involvement with the Rosewood Show Society.

Committees: Human Resources and Grants

Interests in shares: 501

Alan Leslie Price

Director

Age: 57

Owner/Manager Price Produce

Business owner; Member of Marburg Pacing Association. Former Director of New Country Party.

Committees: Public Relations, Marketing and Sponsorship, Business Growth, Property Management

Interests in shares: 2,001

Brian Maxwell Nash

Director

Age: 57

Paramedic

Officer in Charge QAS Rosewood; Commanding Officer 205SQN Australian Air Force Cadets; Equity Officer Australian Defence Force; Holds Bachelor of Health; Associate Diploma of Applied Sciences; Associate Diploma of Business Administration.

Committees: AGM and Policy, Procedures and Governance

Interests in shares: 1,001

Jennifer Eunice Simmons

(Appointed 27 September 2007)

Director

Age: 56

Home office Manager/Community volunteer Current volunteer with Blue Care, Uniting Church Catering; Member of Lions Club; Previous Treasurer of Rosewood Primary School; Current Treasurer of Rosewood Women's Group.

Committees: AGM, Grants

Interests in shares: 50,000

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 Melissa McGeary. Melissa was appointed to the position of Secretary when the Company was formed on 11 July 2005. Melissa was also the Secretary of the Steering Committee.

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 and Adelaide 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	Year ended
30 June 2008	30 June 2007
\$	\$
55,782	16,632

Remuneration report

All Directors perform their duties solely in a voluntary capacity and do not receive or expect any form of remuneration.

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 several sub-committees.

- | | |
|-----------------------------|----------------------|
| i. PR/Marketing/Sponsorship | iv. Business Growth |
| ii. Property Management | v. Grant Application |
| iii. Business Plan | vi. Human Resources |

The Branch Manager is a seconded staff member of Bendigo and Adelaide Bank Limited. She is paid between \$55,000 - \$65,000 for the period. The wages are paid via the entity's profit share statements.

Dividends

No dividends were declared or paid during the financial year. The Directors have recommended that a dividend of 4 cents per share be paid on 1 September 2008 to all shareholders registered as at 4 July 2008.

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 16 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
Clyde Ian Nicoll	11	9
Eirys Mabel Heit	11	9
Melissa Kay McGeary	11	10
Ivan Aubrey Paul Schindler	11	8
Stuart Walton Bede Ross	11	9
Kenneth John Savage (Resigned 28 February 2008)	7	5
Kathleen Maree Lenihan	11	9
Alan Leslie Price	11	10
Brian Maxwell Nash	11	7
Jennifer Eunice Simmons (Appointed 27 September 2007)	8	4

Directors' report continued

Non Audit services

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

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

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

all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the Auditor;

none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Auditors' independence declaration

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11.

Signed in accordance with a resolution of the Board of Directors at Rosewood, Queensland 22 August 2008.



Clyde Ian Nicoll, Chairman



Eirys Mabel Heit, Director

Auditor's independence declaration



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Auditor's independence declaration

As lead Auditor for the audit of Rosewood & District Financial Services Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the Auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Rosewood & District Financial Services Limited.

David Hutchings

Auditor Partner

Andrew Frewin & Stewart

Bendigo

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	3	433,004	357,582
Salaries and employee benefits expense		(214,824)	(194,917)
Advertising and promotion expenses		(23,694)	(6,250)
Occupancy and associated costs		(29,741)	(27,969)
Systems costs		(9,115)	(7,964)
Depreciation and amortisation expense	4	(13,731)	(13,538)
General administration expenses		(63,885)	(84,536)
Profit before income tax expense		78,014	22,407
Income tax expense	5	(22,232)	(5,775)
Profit for the period		55,782	16,632
Profit attributable to members of the entity		55,782	16,632
Earnings per share (cents per share)		c	c
- basic for profit for the year	21	10.26	3.06

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Notes	2008 \$	2007 \$
Assets			
Current Assets			
Cash assets	6	267,970	189,866
Trade and other receivables	7	20,195	8,981
Total Current Assets		288,165	198,847
Non-Current Assets			
Property, plant and equipment	8	158,598	162,258
Intangible assets	9	38,619	40,621
Deferred tax assets	10	17,404	39,636
Total Non-Current Assets		214,621	242,515
Total Assets		502,786	441,362
Liabilities			
Current Liabilities			
Trade and other payables	11	10,472	4,830
Total Current Liabilities		10,472	4,830
Total Liabilities		10,472	4,830
Net Assets		492,314	436,532
Equity			
Issued capital	12	522,995	522,995
Accumulated losses	13	(30,681)	(86,463)
Total Equity		492,314	436,532

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity For the year ended 30 June 2008

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from customers		417,379	375,756
Payments to suppliers and employees		(340,934)	(353,161)
Interest received		9,726	9,354
Net cash provided by operating activities	16	86,171	31,949
Cash flows from investing activities			
Payments for property, plant and equipment		(8,067)	-
Net cash used in investing activities		(8,067)	-
Cash flows from financing activities			
Proceeds from issues of equity securities		-	500
Net cash provided by financing activities		-	500
Net increase in cash held		78,104	32,449
Cash at the beginning of the financial year		189,866	157,417
Cash at the end of the financial year	6(a)	267,970	189,866

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows For the year ended 30 June 2008

	2008 \$	2007 \$
Total equity at the beginning of the period	436,532	419,400
Net profit for the period	55,782	16,632
Net income/expense recognised directly in equity	-	-
Dividends provided for or paid	-	-
Shares issued during period	-	500
Total equity at the end of the period	492,314	436,532

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, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group 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.

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Each of those cash-generating units represents the Company's investment in each branch.

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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Estimated impairment of goodwill

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(above). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions.

Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Payment terms

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

Trade receivables and payables

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

Borrowings

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

Provisions

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

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

Contributed equity

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

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

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 and Adelaide 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 and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide 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 and Adelaide Bank Limited mitigates this risk significantly.

Notes to the financial statements continued

Note 3. Revenue from ordinary activities	2008	2007
	\$	\$
Operating activities		
- services commissions	421,490	347,106
Total revenue from operating activities	421,490	347,106
Non-operating activities:		
- interest received	11,514	10,476
Total revenue from non-operating activities	11,514	10,476
Total revenue from ordinary activities	433,004	357,582

Note 4. Expenses

Depreciation of non-current assets:		
- plant and equipment	2,326	2,138
- leasehold improvements	9,403	9,400
Amortisation of non-current assets:		
- franchise agreement	2,002	2,000
	13,731	13,538
Bad debts	474	960

Note 5. Income tax expense

The components of tax expense comprise		
- Deferred tax on provisions	1,203	-
- Recoupment of prior year tax losses	21,029	5,775
	22,232	5,775

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Operating profit	78,014	22,407
Prima facie tax on profit from ordinary activities at 30%	23,404	6,722
Add tax effect of:		
- non-deductible expenses	601	600
- timing difference expenses	(1,766)	(337)

Notes to the financial statements continued

Note 5. Income tax expense (continued)		2008	2007
		\$	\$
- blackhole expenses		(1,210)	(1,210)
Current tax		21,029	5,775
Movement in deferred tax	10.	1,203	-
		22,232	5,775

Note 6. Cash assets

Cash at bank and on hand		57,970	31,227
Term deposits		210,000	158,639
		267,970	189,866

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		57,970	31,227
Term deposit		210,000	158,639
		267,970	189,866

Note 7. Trade and other receivables

Trade receivables		13,188	7,858
Accrued income		2,910	1,122
Prepayments		4,097	-
		20,195	8,980

Note 8. Property, plant and equipment

Plant and equipment

At cost		37,149	30,500
Less accumulated depreciation		(5,704)	(3,378)
		31,445	27,122

Notes to the financial statements continued

Note 8. Property, plant and equipment (continued)	2008 \$	2007 \$
Leasehold improvements		
At Cost	151,415	149,995
Less accumulated depreciation	(24,262)	(14,859)
	127,153	135,136
Total written down amount	158,598	162,258
Movements in carrying amounts		
Plant and equipment		
Carrying amount at beginning	27,122	29,260
Additions	6,649	-
Less: depreciation expense	(2,326)	(2,138)
Carrying amount at end	31,445	27,122
Leasehold improvements		
Carrying amount at beginning	135,136	144,536
Additions	1,420	-
Less: depreciation expense	(9,403)	(9,400)
Carrying amount at end	127,153	135,136
Total written down amount	158,598	162,258

Note 9. Intangible assets

Franchise fee		
At cost	10,000	10,000
Less accumulated amortisation	(5,171)	(3,169)
Goodwill	33,790	33,790
	38,619	40,621

Note 10. Deferred Tax

Deferred Tax Asset		
- Opening Balance	39,636	45,411
Recoupment of prior year tax losses	(21,029)	(5,775)
Deferred tax on provisions	(1,204)	-

Notes to the financial statements continued

Note 10. Deferred Tax (continued)	2008 \$	2007 \$
Under/over provision in relation to prior years	1	-
- Closing Balance	17,404	39,636

Note 11. Trade and other payables

Trade creditors	7,472	1,829
Other creditors & accruals	3,000	3,000
	10,472	4,829

Note 12. Contributed equity

543,160 Ordinary shares fully paid of \$1 each (2007: 543,160)	543,160	543,160
Less: equity raising expenses	(20,165)	(20,165)
	522,995	522,995

Note 13. Accumulated losses

Balance at the beginning of the financial year	(86,463)	(103,095)
Net profit from ordinary activities after income tax	55,782	16,632
Balance at the end of the financial year	(30,681)	(86,463)

Note 14. Statement of cashflows

Reconciliation of loss from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	55,782	16,632
Non cash items:		
- depreciation	11,727	11,540
- amortisation	2,002	2,000
Changes in assets and liabilities:		
- increase in receivables	(11,214)	(915)
- decrease in other assets	22,232	5,775
- increase/(decrease) in payables	5,642	(3,083)
Net cashflows provided by operating activities	86,171	31,949

Notes to the financial statements continued

Note 15. Auditors' remuneration	2008	2007
	\$	\$
Amounts received or due and receivable by the		
Auditor of the Company for:		
- audit & review services	4,000	3,000
- non audit services	1,400	1,400
	5,400	4,400

Note 16. Director and related party disclosures

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

Clyde Ian Nicoll

Eirys Mabel Heit

Melissa Kay McGeary

Ivan Aubrey Paul Schindler

Stuart Walton Bede Ross

Kenneth John Savage (Resigned 28 February 2008)

Kathleen Maree Lenihan

Alan Leslie Price

Brian Maxwell Nash

Jennifer Eunice Simmons (Appointed 27 September 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
Clyde Ian Nicoll	5,001	5,001
Eirys Mabel Heit	5,001	5,001
Melissa Kay McGeary	1,001	1,001
Ivan Aubrey Paul Schindler	2,001	2,001
Stuart Walton Bede Ross	2,001	2,001
Kenneth John Savage (Resigned 28 February 2008)	2,001	2,001
Kathleen Maree Lenihan	501	501
Alan Leslie Price	2,001	2,001

Notes to the financial statements continued

Note 16. Director and related party disclosures (continued)	2008	2007
	\$	\$
Brian Maxwell Nash	1,001	1,001
Jennifer Eunice Simmons (Appointed 27 September 2007)	50,000	-

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

Note 17. Dividends not recognised at year end

Since year end the Directors have recommended the payment of a dividend of 4 cents per fully paid ordinary share, unfranked. The aggregate amount proposed dividend expected to be paid on 1 September 2008 out of retained profits at 30 June 2008, but not recognised as a liability at year end, is:

	21,721	-
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Note 18. Earnings per share

	\$	\$
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(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	55,782	16,632
	2008	2007
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	543,160	543,027

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 banking services pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited. The economic entity operates in one geographic area being Rosewood and surrounding district, Queensland.

Notes to the financial statements continued

Note 22. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
30A John Street	30A John Street
Rosewood QLD 4340	Rosewood QLD 4340

Note 23. 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	2008	2007	2008	2007	2008	2007	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%

Financial assets

Cash assets	57,970	31,227	-	-	-	-	-	-	-	-	0.05	0.05
Term deposit	-	-	210,000	158,639	-	-	-	-	-	-	5.75	6.35
Receivables	-	-	-	-	-	-	-	-	13,188	8,981	N/A	N/A

Financial liabilities

Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-		
Payables	-	-	-	-	-	-	-	-	7,474	4,829	N/A	N/A

Director's declaration

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

In the opinion of the Directors:

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

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the Corporations Act.

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



Clyde Ian Nicoll, Chairman



Eirys Mabel Heit, Director

Signed on the 22nd of August 2008.

Independent audit report



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ABN 51 061 795 337

INDEPENDENT AUDITOR'S REPORT

To the members of Rosewood & District Financial Services Limited

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

Auditor's Responsibility

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

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

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

Independent audit report continued

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' 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 Rosewood & District Financial Services Limited as of 30 June 2008 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- 2) The financial report also complies with International financial reporting standards as disclosed in Note 1.
- 3) The remuneration disclosures that are contained in the directors' report comply with Accounting Standards AASB 124 Related Party Disclosures.



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

Dated this 22nd day of August 2008

BSX report

Share information

In accordance with Bendigo Stock Exchange listing rules, the Company provides the following information as at 1 September 2008, which is within 6 weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders	Units	% Issued Capital
1 - 500	82	34,300	6.31
501 - 1,000	58	56,302	10.37
1,001 - 5,000	75	254,056	46.77
5,001 - 10,000	13	108,502	19.98
10,001 - 100,000	3	90,000	16.57
	231	543,160	100

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There are 21 shareholders holding less than a marketable parcel of shares (less than \$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

The following table shows the 20 largest shareholders.

Shareholder	Number of shares	Percentage of capital
Simba (Qld) Pty Ltd	50,000	9.21
Mr Neville John Wood & Mrs Maureen Joy Wood	25,000	4.60
Mr William Alfred Hall & Colleen Kathleen Hall	15,000	2.76
Crosby Constructions Pty Ltd	10,000	1.84
Miss Kelly Marie Maker	10,000	1.84
Marburg Pacing Association Inc	10,000	1.84
Mr Allan John Pickering	10,000	1.84
Mrs Lexie Tasha Pickering	10,000	1.84
Mrs Alana Williams	10,000	1.84

BSX report continued

shareholder	Number of shares	Percentage of capital
Mr Phillip John Williams	10,000	1.84
Mr Neville John Wood & Mrs Maureen Joy Wood	10,000	1.84
Mr Gerald Francis Pauley & Mr Michael James Pauley	7,000	1.29
Milly Elkington	6,000	1.10
Mr Leonard John Franklin & Daphne Franklin	5,500	1.01
Mrs Eirys Heit	5,001	0.92
Mr Clyde Ian Nicoll & Mrs Delma Rosanne Nicoll	5,001	0.92
Glen Andrew Beech & Patricia Jeanne Kingham	5,000	0.92
Mr Ernest Henry Bell	5,000	0.92
Miss Annabel Jane Boughen	5,000	0.92
Mr Glen Norman Boughen	5,000	0.92
Total largest shareholders	218,502	40.21
Total number of shares on issue	543,160	

Registered office and principal administrative office

The registered office of the Company is located at:

30A John Street
Rosewood QLD 4340
Phone: (07) 5464 2503

The principal administrative office of the Company is located at:

30A John Street
Rosewood QLD 4340
Phone: (07) 5464 2503

Security register

The security register (share register) is kept at:

Computer share Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
Phone: (03) 9415 4000

Other Information

Please refer to the Directors report, within the Annual Report, for details of the Company Secretary and main corporate governance practices of the entity.

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its Annual Report.

Rosewood & District **Community Bank**[®] Branch
30A John Street, Rosewood QLD 4340
Phone: (07) 5464 2503 Fax: (07) 5464 2504

Franchisee: Rosewood & District Financial Services Limited
30A John Street, Rosewood QLD 4340
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www.bendigobank.com.au

Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (KKQAR8015) (09/08)