

**Shoalhaven  
Community  
Financial  
Services  
Limited**

**Annual Report**

**2008**

## Table of contents

	Page No.
The <b>Community Bank</b> <sup>®</sup> Model	3
Our Vision	3
Our Key Objectives	4
Chairman's Report	5
Company Secretary's Report	6
Business Development Manager's Report	7
The Executive Team	8
The Branch Staff	9
Environmental Commitment	10
Enriching Communities	10
Financial Report 2008	
• Director's Report	15
• Income Statement	22
• Balance Sheet	23
• Statement of Cash Flows	24
• Notes to the Financial Statements	25
Directors' Declaration	32
Auditor's Report	33
Shareholder Information	36

## Nowra & District Community Bank® Branch “Is one of the leading Community Banks in NSW”

During the period from when Gilbert Beek first approached Bendigo Bank in August 2006 to the formation of our Steering Committee, the incorporation of our Company in November 2007 and the opening of the branch on the 12<sup>th</sup> June 2008 commitment and dedication has risen to ensuring that the **Nowra & District Community Bank®** Branch is a leader amongst other community banks.

**Nowra & District Community Bank®** has achieved the distinction of being one of the leading **Community Banks®** in NSW in the very short time that it has been open.

## The Community Bank Model

The **Community Bank®** movement started in response to the closure of bank branches due to the decline in many local communities of banking and other valuable services.

This **Community Bank®** model has evolved considerably since its inception where today many communities are using this model to mobilise the local community, use a banking resource to provide a revenue stream back to the community rather than rely on government to provide the necessary funds for community projects.

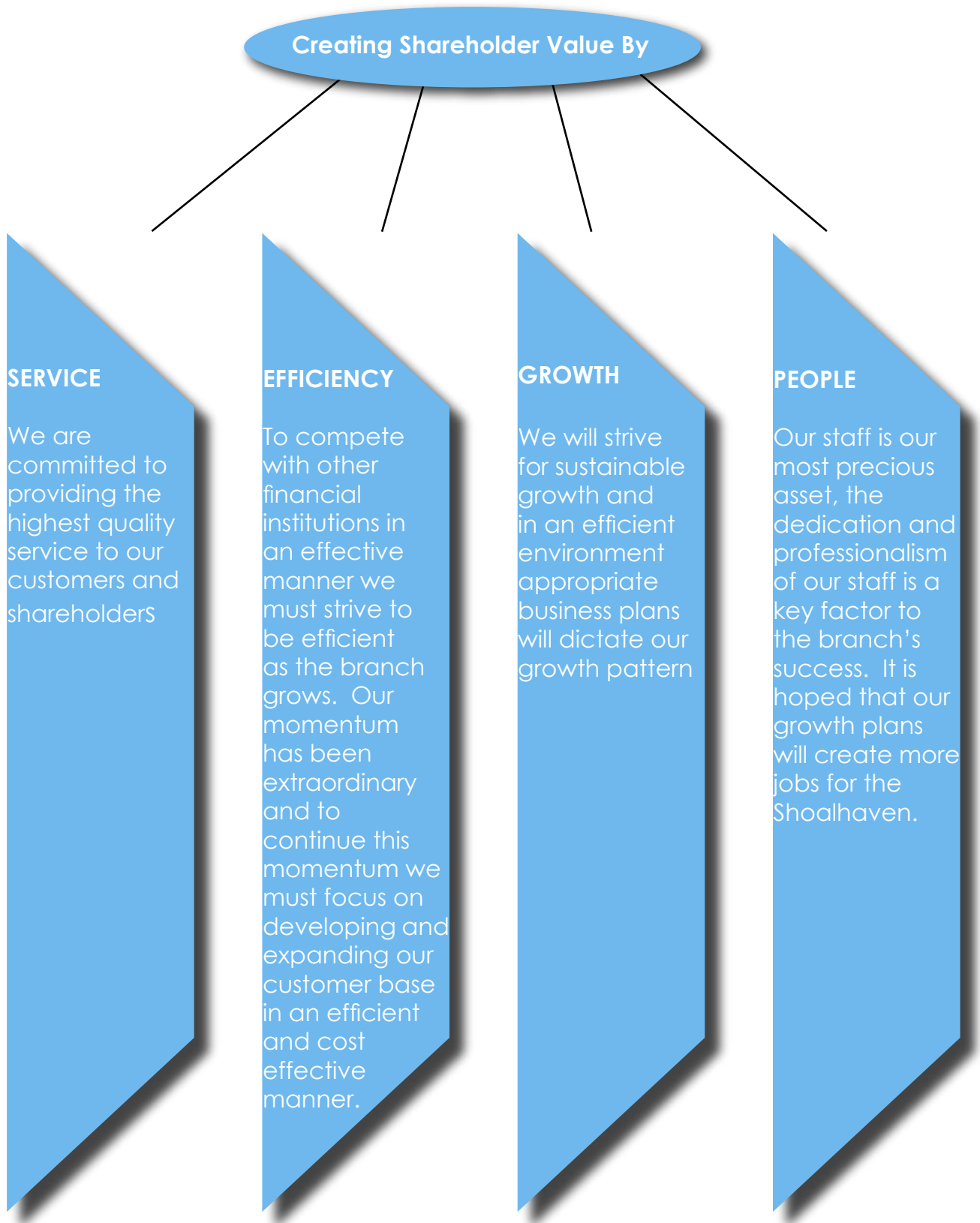
The **Community Bank®** network has now expanded to 220 **Community Bank®** branches and 189 Bendigo and Adelaide Bank company owned branches

## Our Vision

To provide a comprehensive and competitive banking and financial service to the Shoalhaven that will ensure a satisfactory return to shareholders and at the same time return profits to the community for worthwhile projects.

The Board sees the **Nowra & District Community Bank®** as the first of a number of banking facilities throughout the catchment area. It is envisaged that within a period of time limited banking facilities will be established in outlying villages of Berry, Bomaderry, Callala Bay/Beach, Culburra, Kangaroo Valley and Shoalhaven Heads.

## Our Key Objectives



## Chairman's Report



To our fellow shareholders

As Chairman of the **Nowra & District Community Bank<sup>®</sup>** Branch Bendigo Bank, it gives me a great deal of pleasure to submit this, our inaugural annual report.

On the 12<sup>th</sup> June 2008 **Nowra & District Community Bank<sup>®</sup>** opened its doors to the public. This was the accumulation of 2 years of planning, numerous discussions with Bendigo Bank and the community and a lot of hard work.

Since opening the Branch has gone from strength to strength. In the first week of opening the branch held over \$2.5m in customer funds. By the 30<sup>th</sup> June 2008 the branch held in excess of \$5.7m in customer funds and today we hold in excess of \$17m in customer funds – an excellent achievement.

Our Business Development Manager, Mr Barry McCaffery who has been acting as our Branch Manager has proven to be an excellent asset to the bank. Barry has been well supported by the branch staff, Maree Ducret, Debra Parker, Adele Milton, Linda Mitchell and Lynnette Quinn.

Recently the Board appointed Mr Peter Done as our Branch Manager. Peter comes to the Bank with many years of experience at management and senior levels with St George Bank and will play a vital role in securing **Nowra & District Community Bank<sup>®</sup>** as one of the best in the State.

It gave me great pleasure to announce after only 12 weeks of operating that **Nowra & District Community Bank<sup>®</sup>** was able to make several grants to worthwhile local organisations and it is envisaged that by the end of 2009 many more local organisations would have received a share of the bank's profit.

As shareholders would be aware, 80% of the bank's profits are paid back to the local community.

I would like to take this opportunity to thank the Board for their support, dedication and enthusiasm. The Board has given direction and leadership to the branch and have no doubt contributed to the success of the branch to date.

As Chairman of the **Nowra & District Community Bank<sup>®</sup>** I have great confidence in the performance of the bank over the next twelve to eighteen months and I urge all shareholders to strongly get behind and support the branch as it is **Our Bank, Our Community**.

A handwritten signature in black ink, appearing to read 'Gilbert Beek', written in a cursive style.

Gilbert Beek  
Chairman

## Company Secretary's Report



As you would appreciate a lot of hard work has gone into establishing a **Bendigo Community Bank®** Branch at Nowra

Back in 2006 a group of dedicated community minded people came together to form a steering committee and progress the formation of the community bank through its various stages.

Firstly, the committee had to satisfy Bendigo Bank that there was a business case for the establishment of a Bendigo Bank branch at Nowra and surrounding districts. This case was supported by the committee raising over \$700,000 in pledges to purchase shares should they establish a **Community Bank®** branch.

The Steering Committee in conjunction with consultants, AFS & Associates Pty Ltd, set about –

- Reviewing selected demographic and economic information for the area;
- Preparing and producing 9,000 surveys for distribution in Nowra and its surrounding area;
- Conducting face to face interviews with a selection of local businesses and community leaders;
- Receiving and processing the survey responses;
- Preparation of feasibility study report and business plan for Bendigo Bank Ltd consideration.

Approval was given by Bendigo Bank Ltd on 29<sup>th</sup> October 2007 to establish a branch at Nowra.

Shoalhaven Community Financial Services Ltd was incorporated on 31<sup>st</sup> October 2007 and share capital raising began in earnest. The Franchise Agreement was signed with Bendigo Bank, premises found and fit out was completed prior to the 12<sup>th</sup> June 2008.

As at 30<sup>th</sup> June 2008 \$823,900 had been raised and shares issued.

**Nowra & District Community Bank®** Branch opened its doors on 12<sup>th</sup> June 2008.

When we reflect on the past 8 months, the **Nowra & District Community Bank®** has achieved some excellent results given the state of the financial markets and global liquidity crisis of recent times.

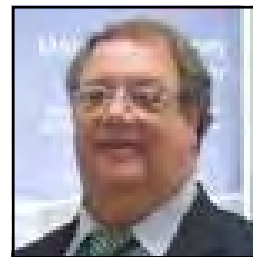
In a recent communiqué, Bendigo Bank's Chief General Manager Retail & Distribution, Russell Jenkins, stated ***"Australia's economy continues to perform strongly as does our Bank – which is in 'excellent shape'. We have ample funding available for solid, profitable lending and our focus is, as ever, on helping our customers achieve their financial aims"***

As mentioned earlier, the performance of the **Nowra & District Community Bank®** Branch has exceeded all expectations and with the assistance of our management team, staff and the community we will continue to grow and exceed all performance targets placed on us by Bendigo Bank.



Phillip A Balding, CPA  
Company Secretary

## Business Development Manager's Report



Well, what a 3 months we have had.

Banking is certainly a change from radio.

From a shareholders point of view I am pleased to inform you that we have kicked quite a few goals as the new kids on the block.

Through the support of the community, the branch has built a good base of deposit accounts and through this growth we have been recognised as one of the fastest growing community bank branches of the Bendigo Bank.

In July, one month after opening, **Nowra & District Community Bank®** was ranked third best performing Community Branch in the State for the month for July.

In August, two months after opening, the **Nowra & District Community Bank®** topped the region for the month as the best performing branch.

Our staff is fully motivated to keep the branch at the forefront as one of the best performing branches in New South Wales.

In addition, with the branch's focus on Community Groups, in particular 'not for profit' organisations, the branch hopes to build this sector of our operations up by offering 'not for profit' groups an attractive rate of interest for funds at call. So, if you know any 'not for profit' groups please ask them to contact me.

As part of the **Nowra & District Community Bank®**'s commitment to serve the community the Nowra & District Community Bank® is currently preparing business plans for the establishment of banking facilities in the surrounding villages of Berry, Culburra and Kangaroo Valley. Negotiations are already well advanced for the location of an ATM in Kangaroo Valley.

Finally, in just 3 months the branch has delivered the start of our Community Grants. In early October we handed over two cheques for \$500 each to the Shoalhaven Marine Rescue Association and Relay for Life. Both great examples of hard working community groups.

Stay tuned for many more announcements over the next 12 months.

A handwritten signature in black ink, which appears to read 'B. McCaffery'. The signature is written in a cursive style and is positioned above a horizontal line that extends to the right.

Barry (Mac) McCaffery  
Business Development Manager

## People First

### Executive leadership



Executive Team From left to right:

**Maree Ducret**, Customer Relationship Officer; **Peter Done**, Branch Manager and **Barry McCaffery**, Business Development Manager.

## Executive Team

Branch Manager, Peter Done, Business Development Manager, Barry McCaffery and Customer relationship Officer, Maree Ducret, strive to be as close to the 'coalface' of branch activities as possible, ensuring they are grounded in the realities of the business and evolving employee requirements.

As well as laying the strategic groundwork for future growth, the Executive leadership team is a key force for establishing and reinforcing **Nowra & District Community Bank®**'s unique culture. This is a role that comes naturally to the newest addition to the Executive group, Branch Manager, **Peter Done**.

Appointed in September 2008 Peter joined **Nowra & District Community Bank®** from St George Bank where he was the Senior Lending Manager reinforcing the Company's direction to provide customer excellence. Peter brings extensive commercial experience to small growing businesses, particularly those with lending & credit operations.

**Barry (Mac) McCaffery** joined **Nowra & District Community Bank®** from Radio 2ST where he was the Program manager and breakfast radio announcer. Prior to radio Barry worked with the ANZ Bank.

Barry brings to the Bank exceptional sales and marketing skills. These skills together with his wide knowledge of business and community interests again support a very dynamic leadership team.

**Maree Ducret** came to the **Nowra & District Community Bank®** from the Illawarra Credit Union where she was Branch Manager – Nowra. Maree is a highly motivated person who brings to the Community Bank a range of banking, business and community skills that also supports the leadership team's ability to make **Nowra & District Community Bank®** one of the leading community banks in NSW.

**Nowra & District Community Bank®** has been well served by stable and innovative leadership since opening. As the company positions itself for the next phase of growth, shareholders can be confident in the company's disciplined, commercial and experienced executive team leading the way.



## Staff - Resume Details

Our staff plays a very important part in ensuring that the **Nowra & District Community Bank®** Branch works as a team in an efficient and effective manner.

### **Debra Parker**

Debra left the National Bank in Berry to come to the branch. Debra has considerable experience having worked in the banking industry since 1999.

### **Adele Milton**

Adele left the Defence Forces Credit Union to join **Nowra & District Community Bank®** Branch. Adele has had extensive experience with customer based organisations both here in Australia and in the United Kingdom.

### **Linda Mitchell**

Linda previously worked at the National Australia Bank, IMB Building Society and St George Bank before joining us at **Nowra & District Community Bank®** Branch. Linda has over 14 years experience in the banking industry.

### **Lynette Quinn**

Lynette transferred from Bendigo Bank's branch at Sanctuary Point to be with us at Nowra. Lynette has over 25 years banking experience and has had extensive experience in lending & credit matters. Before joining Bendigo Bank, Lynette worked for Westpac.

All staff have completed Bendigo Bank's courses and are all FSRA accredited.



*From Left to Right: Adele Milton; Debra Parker and Linda Mitchell (Absent, Lynette Quinn)*

## Environmental Commitment

Shoalhaven Community Financial Services Limited is committed to operating as efficiently as possible and reducing its impact on the environment wherever possible.

The company is committed to complying with the Federal Governments National Greenhouse & Energy Reporting Act, 2007.

The NGER Act creates a national system for the reporting of information about greenhouse gas emissions, energy production and energy consumption of corporations. On an annual basis corporations will be required to report on the greenhouse gas emissions they generate. Data collected under the NGER Act 2007 will facilitate and underpin Australia's future 'Carbon Reduction Pollution Scheme'.

The company will co-operate with Bendigo Bank Ltd in reporting its energy costs to the Federal Government.

## Enriching Communities

The focus of the company's community investment programs is on working with community organisations that will help bring people together in a way that delivers positive and lasting change for people in need – particularly among the most disadvantaged.

Our community investment activities aim to provide communities with an opportunity to enhance control over their communities' capital, by having more money to fund local projects thus ensuring that these funds stay in the district for local investment.

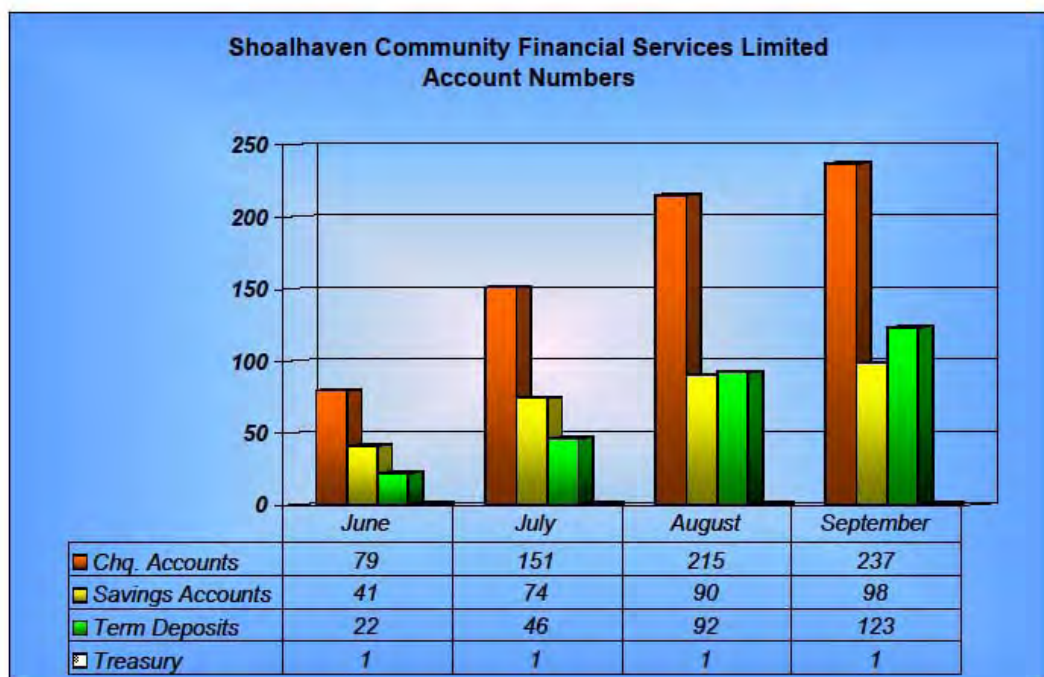
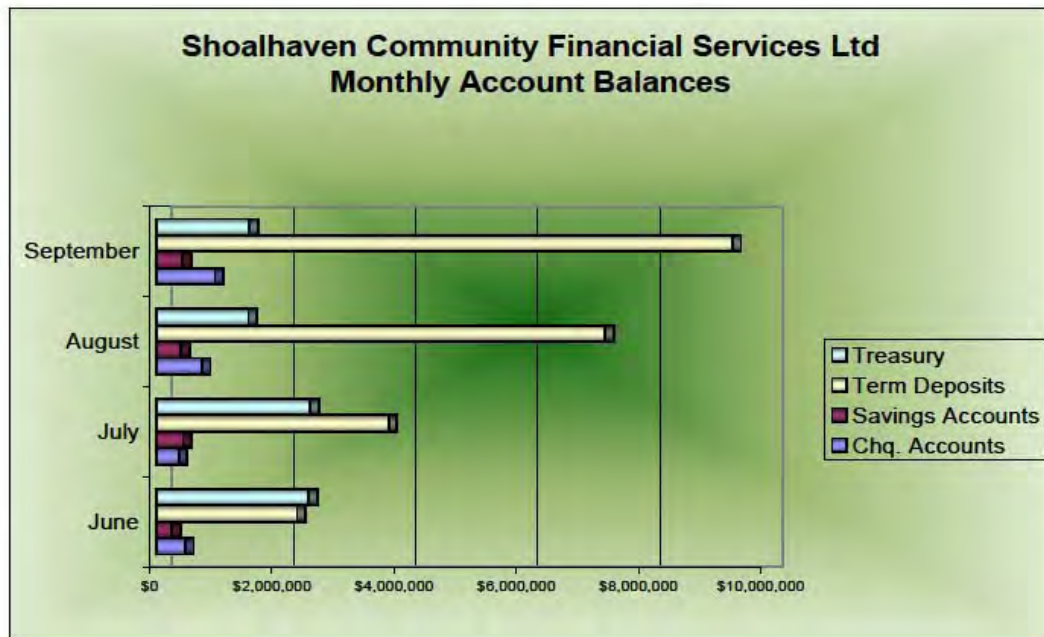
The **Community Bank**<sup>®</sup> Model provides that 80% of the Branches profits be reinvested into the Community. This programme has already been a great success given the short period of time that the Branch has been open. The **Nowra & District Community Bank**<sup>®</sup> has been able to make an investment to

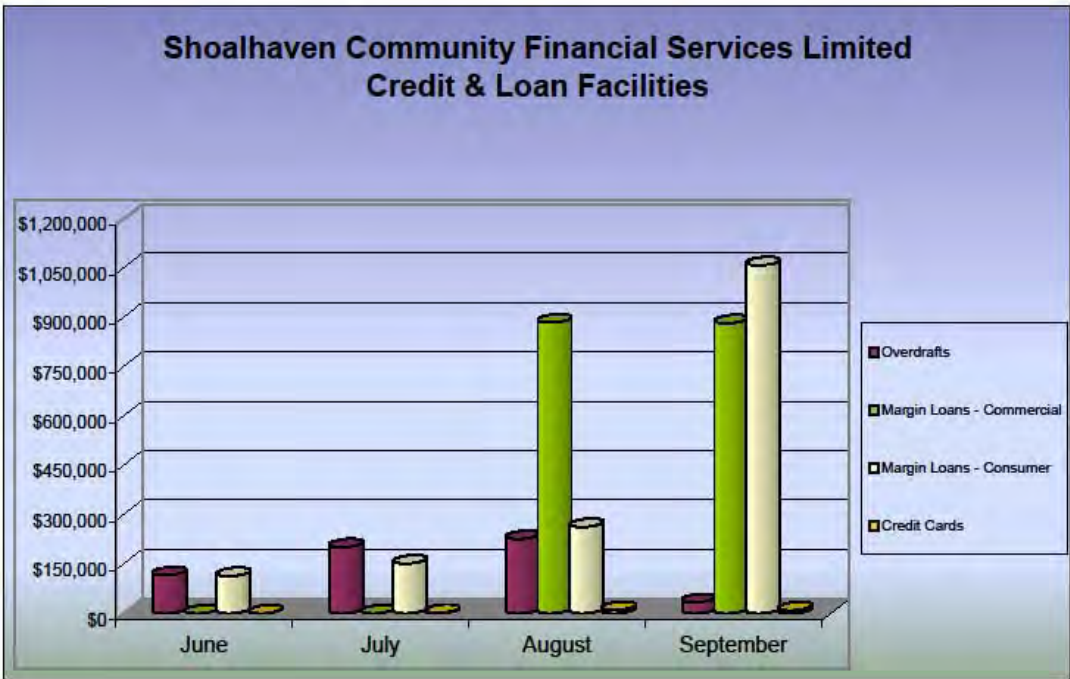
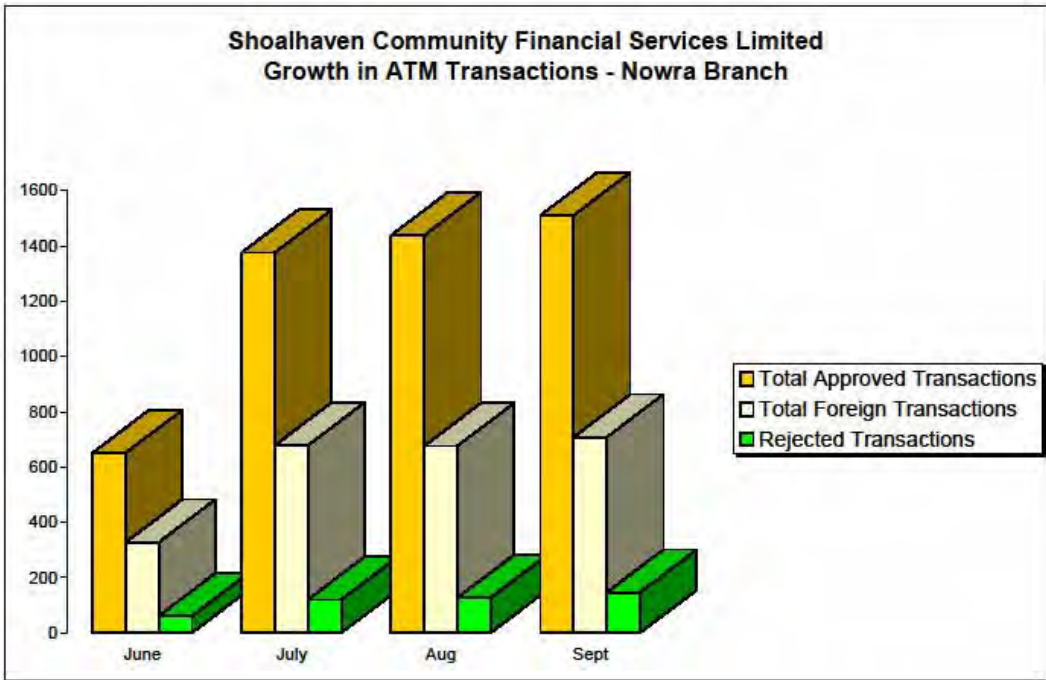
- Shoalhaven Marine Rescue Association Inc.
- Relay for Life



*From left to right: Peter Done, Branch Manager; Phil Smith, Relay for Life; Gilbert Beek, Chairman; Bill Carter, Shoalhaven Marine Rescue and Barry McCaffery, Business Development Manager*

## Branch Growth







# **Nowra & District Community Bank<sup>®</sup> Branch of Bendigo Bank Limited**

## **Financial Report**

**30 June 2008**



## Directors Report

Your Directors submit the financial report of the company for the financial period 31<sup>st</sup> October 2007 to 30<sup>th</sup> June 2008.

### Directors

The names and details of the company's directors who held office during or since the end of the financial period:-

#### **Gilbert Beek B Ecom. – Chairman/Director**

Date of Birth                7<sup>th</sup> October 1928  
Occupation                 Retired Company Director  
Address                      25/4 Brereton Street,  
                                      Nowra NSW 2541



#### Background Information

After arriving in Australia in 1951 Gilbert worked on sheep and cattle stations before relocating to Nowra in 1956 where he has since been an active participant in local community affairs. He has been involved with Apex and Rotary for 20 years and was a Foundation member of the Havenlee School and Nowra Smith Family. Gilbert has been engaged in a variety of pursuits, including time spent as sales manager for a Holden dealership, in conducting his own real estate office for 10 years and latterly was heavily involved in the business of export and import of grass and fodder seeds. He is chairman of directors for Shoalhaven Community Financial Services Limited.

Committees: Chairman, Audit Committee  
                  Member, Property Committee  
                  Member, Human Resources Committee  
                  Member, Finance Committee  
                  Member, Governance Committee

#### **Phillip A Balding, CPA – Corporate Secretary/Director**

Date of Birth                29<sup>th</sup> October 1948  
Occupation                 Practising Accountant  
Address                      38 Willowgreen Road  
                                      Falls Creek NSW 2540



#### Background Information

Phillip has been in public practice for the past 20 years and is a company director on a number of successful companies. Prior to entering public practice Phillip worked for various State government departments including Motor Transport where he was responsible for, amongst other things, the management of the State's privately operated public transport system. Phillip is a Certified Practising Accountant; a Fellow of the Taxation Institute of Australia; an Associate of the Institute of Chartered Secretaries & Administrators; an Associate of the Institute of Corporate Managers, Secretaries & Administrators; a Fellow of the National Tax & Accountants Association; an Associate of National Institute of Accountants; a Registered Tax Agent and a Justice of the Peace. Phillip is a founding director/secretary of Shoalhaven Community Financial Services Limited.

Committees: Chairman, Human Resources Committee  
                  Member, Finance Committee  
                  Member, Governance Committee  
                  Member, Audit Committee  
                  Member, Property Committee

**John Tobin – Treasurer/Director**

Date of Birth: 12<sup>th</sup> April, 1938  
Occupation: Retired Practising Accountant  
Address: 3 Kaloona Drive  
Tapitallee NSW 2540



Background Information

John came to Nowra in 1963 as the employed manager of a start-up chartered accounting practice. As employee/partner/principal he saw the firm employing more than 20 staff by 1980, when a directional change saw his retirement and establishment with one other director of Shore Computer Services Pty Ltd. This company generated the system specifications (initially for accountancy practices, then) for legal practice management software, together with handling of program code, installation and support throughout Australia. The business was sold at the time of John's retirement in 2007. During his time as a member of Apex John fulfilled the office of District Governor and was included in a Rotary Group Study Exchange Team to Texas USA. A side line community activity for many years and continuing has been the development and support of ShowPro, a program dedicated to local area A&H Societies annual pavilion and show ring entry and prize control. John is a founding director of Shoalhaven Community Financial Services Limited.

Committees: Chairman, Finance Committee  
Member, Marketing & Sponsorship Committee  
Member, Audit Committee

**Mike James – Director**

Date of Birth: 8<sup>th</sup> July 1954  
Occupation: Company Director  
Address: 8 McIntyre Way  
Bomaderry NSW 2541



Background Information

By 1978 Mike had completed Australian Institute of Management courses in selling, marketing and management. From 1973 through 1986 he was engaged variously as Export Sales Manager (Westons Packaging), Key Account Manager (Avery Dennison), and Marketing Manager (Boral Australia Packaging). In 1986 he relocated to Nowra and continues in his role of Chief Executive Officer for POSM (Point of Sale Material). Mike is keen fisherman and has an interest in Marine Conservation. Mike is a founding director of Shoalhaven Community Financial Services Limited.

Committees: Co Chairman, Marketing & Sponsorship Committee

**Cameron Boxsell – Director**

Date of Birth: 22<sup>nd</sup> June 1961  
Occupation: Proprietor Pool & Spa  
Address: 47 Coconut Drive  
North Nowra NSW 2541





## Background Information

Cameron has been a life long resident of Nowra apart from a 10 year period when his family was located in Victoria and six years working in Sydney. Since returning to Nowra at age 15 Cameron has worked in retail with well known local firms such a P. Walsh & Sons, Ison & Co and Bomaderry Leagues Club. Throughout the period he has been an active participant in Apex. He spent six years in Sydney operating a very successful Acrylic Spa & Bath repair business. He returned to Nowra to open the Aqua Service Pools and Spas which has grown from strength to strength. Cameron is a local who wants to see the local community benefit from loan projects. He is a founding director of Shoalhaven Community Financial Services Limited.

Committees: Co Chairman, Marketing & Sponsorship Committee

### **Barry Russell – Director**

Date of Birth: 28<sup>th</sup> March 1945  
Occupation: Retired Civil Engineer  
Address: 14 Monteith Way  
Parma NSW 2540



## Background Information

Barry relocated to Nowra from Heidelberg Victoria in 1974 when he was appointed to executive engineering roles with Shoalhaven Shire Council. In 2006 he retired from Shoalhaven City Council when he held the position of Director City Services Group, having earlier fulfilled the role of City engineer. Barry's experience has included a two year period of national service in the Australian Army Royal Australian engineering Corps. His contribution whilst a member of Apex was recognised in 1985 with life membership. Barry has served as director/chairman of the Shoalhaven Shire Credit Union; deputy director of Illawarra Regional Waste Board, and director of Southern Water Services. Under NSW Government appointment Barry is currently serving on the Illawarra Regional Development Board and chairs that board's agricultural review working party. He is a founding director of Shoalhaven Community Financial Services Limited.

Committees: Chairman, Property Committee  
Member, Finance Committee  
Member, Governance Committee

### **Ian Zandstra – Director**

Date of Birth: 26<sup>th</sup> May 1947  
Occupation: Dairy Farmer  
Address: 1008 Greenwell Point Road  
Pyree NSW 2540



## Background Information

Ian has a Dairy farm at Pyree in partnership with wife Cheryl with 350 milking cows and has a sharefarmer operating the farm. Ian was on the Board of Shoalhaven Dairy Co-operative in the early 1980's and elected to the Board of Dairy Farmers in 1998. During that time he was Chairman of the Farm Development committee and later Chair of the Audit Committee. Ian was elected Chairman of the Board of the Dairy Farmers Milk Co-operative after the restructure of Dairy Farmers in 2004. The co-operative has 2000 members across all eastern Australian states, supplies all the milk to Dairy Farmers and has a major investment in Dairy Farmers. Ian has a university degree in Arts (Geog/Econ) and his interests are economics (especially farming economics) co-operative history, principles and governance. Ian is a founding director of Shoalhaven Community Financial Services Limited.

Committees: Chairman, Governance Committee  
Member, Audit Committee

### **Michael Barwick – Director**

Date of Birth: 14<sup>th</sup> April 1963  
Occupation: Osteopath  
Address: 4/64 North Street  
Nowra NSW 2541



#### Background Information

Born in Melbourne, Victoria and grew up in Tallangatta in the North East of Victoria. Michael worked for several years in the hospitality industry both overseas and within Australia following which he commenced studies in his chosen field, that of Osteopathy. For those unfamiliar with the term, Osteopathy is involved primarily in the treatment of musculoskeletal complaints. In 1984 Michael commenced studies in Osteopathic Clinical Sciences and graduated in 1988 from the then private College of Osteopathy and following sat the New South Wales Board of Registration examinations and gained registration as an Osteopath, also in 1988. Michael has lived in Nowra since early 1989 and since that time has run a successful private Osteopathic practice and continues to do so today. Michael is a founding director of Shoalhaven Community Financial Services Limited.

Committees: Member, Marketing & Promotions Committee  
Member, Governance Committee

### **Robert Bruderlin – Director**

Date of Birth: 10<sup>th</sup> October 1955  
Occupation: Proprietor Retail Stores  
Address: 186 Hockeys Lane  
Cambewarra NSW 2540



#### Background Information

Apart from time spent in formal and work related education, Robert has lived all his life in Nowra. After graduating from Kings School Parramatta in 1973 he spent three years with David Jones as a management trainee, and then became assistant manager at Florsheim Shoes Sydney store. Bob returned to the family Comfort Shoe Store business in 1979 and under his management two additional stores have been opened, with 25 people now in full time employ. Rob was a keen member of Apex for 13 years and has been president of both Bega and Berry clubs. As well he has been involved with the Nowra Chamber of Commerce and the local Home Fund Building Society. Robert is a founding director of Shoalhaven Community Financial Services Limited.

Committees: Member, Human Resources Committee  
Member, Marketing & Promotions Committee  
Member, Property Committee

### **Kevin Bourke – Director**

Date of Birth: 28<sup>th</sup> April 1946  
Occupation: Insurance Consultant  
Address: Unit 4, 7 Kaross Close  
Nowra NSW 2541



## Background Information

In Armidale 1974 Kevin established one of the first insurance brokerages in regional Australia and now runs his own business as a specialist consultant to insurance brokers. In 1980 and 1981 Kevin served as National President of the Insurance Brokers Association (IBA). In 1981 the National Insurance Broker Association (NIBA) was formed and he served as a founding board member. Kevin has been an Apexian, a Rugby League referee for many years and was involved with the Diocesan Finance Committee. Kevin is a founding director of Shoalhaven Community Financial Services Limited.

Committees: Member, Marketing & Promotions Committee

Directors were in office since incorporation of the company on the 31<sup>st</sup> October 2007.

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

## Principal Activities

The principal activities of the company during the course of the financial period were in providing community banking services under management rights to operate a franchised branch of Bendigo Bank Limited.

## Operating Results

The loss of the company for the financial period after provision for income tax was:

Period Ended  
30 June 2008  
\$  
115,362

## Dividends

No dividends were declared or paid for since incorporation and the directors recommend that no dividend is paid for the current period.

## Operating Results

In the opinion of the directors there was a significant change in the state of affairs of the company that occurred during the financial year under review in that the bank branch only opened for business on the 12<sup>th</sup> June 2008.

## Significant Events After The Balance Date

Directors advise that there were no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

## Likely Developments

The company will continue its policy of providing banking services to the community.

## Director's Benefits

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

## Indemnification and Insurance of Directors and Officers

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

## Insurance Premiums

During the financial year the company has paid premiums in respect of directors' and officers' liability insurance contracts for the period ended 30 June 2008 and since the financial year, the company has paid or agreed to pay premiums in respect of such insurance contracts for the year ending 30 June 2009. Such insurance contracts insure against certain liability (subject to specific exclusions) of persons who are or have been directors or executive officers of the company.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses; as such disclosure is prohibited under the terms of the contract.

## Directors Meetings

The number of Directors meetings (including meetings of committees of directors) and the number of meetings attended by each of the Directors of the company during the period are –

Total Number of Meetings Held	Full Board	Audit	Governance	Marketing Sponsorship	Property	Human Resources	Finance
Gilbert Beek	10	1	3		2	4	3
Phillip Balding	12	1	3		5	4	3
John Tobin	10	1		1			3
Barry Russell	11		3		5		3
Robert Bruderlin	8			1	4	4	
Michael James	7			1			
Cameron Boxsell	9			1			
Michael Barwick	7						
Ian Zandstra	7		1				
Kevin Bourke	10						

## Non-audit Services

The Directors advise that since incorporation RSM Bird Cameron Partners have not carried out any other services in addition to their statutory duties.

## Auditor's Independence Declaration

The auditor's independence declaration is set out at page 35 and forms part of the Directors' Report for the financial period ended 30 June 2008.

## Rounding Off

The Financial Report and the Directors' Report have been rounded off to the nearest one dollar unless otherwise indicated.

Signed in accordance with a Resolution of the Board of Directors at Nowra NSW on 22<sup>nd</sup> October, 2008.



Gilbert C Beek,  
Chairman/Director



Phillip A Balding,  
Company Secretary/Director

## Nowra & District Community Bank® Branch of Bendigo Bank Limited

### Income Statement

For the period 31<sup>st</sup> October, 2007 to 30<sup>th</sup> June 2008

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	Notes	2008 \$	
Revenues from ordinary activities	2	(10,991)	-
Salaries & employee benefits expense		27,002	-
Depreciation and amortisation expense	3	5,377	-
Borrowing costs expense	3	-	-
Other expenses from ordinary activities		93,974	-
<b>Profit/(Loss) from ordinary activities before income tax expenses</b>		<b>(115,362)</b>	<b>-</b>
Income tax expense relating to Ordinary activities	4	-	-
<b>Profit/(Loss) from ordinary activities after income tax expense</b>		<b>(115,362)</b>	<b>-</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>(115,362)</b>	<b>-</b>

This Income Statement should be read in conjunction with the accompanying notes

## Nowra & District Community Bank® Branch of Bendigo Bank Limited

Balance Sheet  
As at 30 June 2008

	Notes	2008 \$	
<b>Current Assets</b>			
Cash assets	6	216,407	-
Receivables	7	103,651	-
		<b>320,058</b>	-
<b>Total Current Assets</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment	8	303,555	-
Intangible assets	9	108,167	-
		<b>411,722</b>	-
<b>Total Non-Current Assets</b>			
		<b>731,780</b>	-
<b>Total Assets</b>			
<b>Current Liabilities</b>			
Payables	10	21,683	-
Interest bearing liabilities	11	-	-
Current tax liability	4	-	-
Provisions	12	1,559	-
		<b>23,242</b>	-
<b>Total Current Liabilities</b>			
<b>Non Current Liabilities</b>			
Interest bearing liabilities	11	-	-
Provisions	12	-	-
		-	-
<b>Total Non Current Liabilities</b>			
		<b>23,242</b>	-
<b>Total Liabilities</b>			
		<b>708,538</b>	-
<b>Net Assets (Liabilities)</b>			
<b>Equity</b>			
Contributed equity	13	823,900	-
Retained profits/(Accumulated Losses)	14	(115,362)	-
		<b>708,538</b>	-
<b>Total Equity</b>			

This Balance Sheet should be read in conjunction with the accompanying notes

## Nowra & District Community Bank® Branch of Bendigo Bank Limited

### Statement of Cash Flows For the period ended 30 June 2008

	Notes	2008 \$	
<b>Cash Flows from Operating Activities</b>			
Total gross income		1,195	-
Cash payments in the course of operations		(135,159)	-
Interest Paid		(22)	-
Interest received		9,795	-
GST tax paid		(35,284)	-
Net receivables/payables		(30,919)	-
<b>Net cash used/(used in) in operating activities</b>	15b	<b>(190,395)</b>	-
<b>Cash Flows from Investing Activities</b>			
Payment for intangible assets	9	(110,000)	-
Payments for Property, Plant & Equipment		(307,099)	-
<b>Net cash flows from/(used in) investing activities</b>		<b>(417,099)</b>	-
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares		823,900	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Finance lease payments		-	-
Dividends paid		-	-
<b>Net cash flows from/(used in) financing activities</b>		<b>823,900</b>	-
Net increase/(decrease) in cash held		216,407	-
Cash at the beginning of the financial period		-	-
<b>Cash at the end of the financial period</b>	15a	<b>216,407</b>	-

This Statement of Cash Flows should be read in conjunction with the accompanying notes



**Note 1: Significant Accounting Policies**

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements have also been complied with.

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

The accounting policies have been determined by the Board.

**Income Tax**

Income tax has been brought to account using the liability method of tax effect accounting whereby income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

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

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit. For the period ended 30 June 2008 future income tax benefit has not been brought to account.

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

**Goods and Services Tax**

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

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

The net amount of GST recoverable from or payable to, the ATO is included as a current asset or liability in the statement of financial position. 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 operating cash flows.

**Employee Benefits**

The provision for employee benefits to wages, salaries and annual leave represents the amount which the company has a present obligation to pay resulting from employees' services provided

up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and include related on-costs.

The company contributes to defined contribution plans. Contributions to employee superannuation funds are charges against income as incurred.

### **Property, Plant and Equipment**

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

Class of Asset	Depreciation Rate
Leasehold Improvements	10%
Computers	20%
Plant & Equipment	20%

### **Intangibles**

Expenditure on start-up activities (i.e. Start-up costs of \$64,673), consisting of items such as legal and secretarial costs incurred in establishing the legal entity, expenditure to open the new bank business (i.e. Pre-opening costs) and expenditures for training and starting the new operation (i.e. Pre-operating costs) have been wholly charged as expense in conformity with the Australian Accounting Standard AASB 138 para 69.

### **Cash**

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

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

### **Comparative Figures**

No prior period comparatives exist.

### **Revenue**

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

### **Receivables and Payables**

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

### **Provisions**

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past

## Significant Accounting Policies (Cont'd)

transactions or other past event. 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.

### Interest Bearing Liabilities

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

	<b>2008</b>	
	\$	\$
<b>Note 2: Revenue from ordinary activities</b>		
Operating Activities		
- services commissions	-	-
- other revenue	1,196	-
Non Operating Activities		
- interest received	9,795	-
- rental revenue	-	-
	<u>10,991</u>	<u>-</u>
<b>Note 3: Expenses</b>		
Borrowing Expenses		
- interest paid	22	-
Depreciation of non-current assets		
- plant & equipment	3544	-
- buildings	-	-
Amortisation of non-current assets		
- intangibles	1,833	-
<b>Item 4: Income Tax Expense</b>		
Prima facie tax on profit/(loss) from ordinary activities at 30%	(34,608)	-
Add tax effect of		
- Non-deductible expenses	16,982	-
- prior year tax losses not previously brought to account	-	-
- Future income tax benefit not brought to account	17,626	-
	<u>-</u>	<u>-</u>
Income tax expense on operating profit/(loss)	<u>-</u>	<u>-</u>
<b>Tax Liabilities</b>		
Current tax payable	<u>-</u>	<u>-</u>
<b>Income Tax Losses</b>		
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. Future income tax benefit carried forward is	-	-

**Note 5: Auditors' remuneration**

Amounts received or due and receivable by RSM Bird  
Cameron Partners for:-

- Audit or review of the financial report of the company	3,000	-
- Other services in relation to the company	-	-
	<u>3,000</u>	<u>-</u>

**Note 6: Cash Assets**

Cash at bank and on hand	<u>216,407</u>	<u>-</u>
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**Note 7: Receivables**

GST Receivable	35,284	-
Trade debtors & Deposits paid	52,602	-
Pre-Payments	15,765	-
	<u>103,651</u>	<u>-</u>

**Note 8 Property, Plant & Equipment**

Land		
- Freehold land at cost	-	-
Buildings		
- At cost	-	-
Less Depreciation	-	-
	-	-
Plant & Equipment		
- At cost	307,099	-
Less accumulated depreciation	(3,544)	-
	<u>303,555</u>	<u>-</u>
Total written down amount	<u>303,555</u>	<u>-</u>

**Movements in carrying amounts**

Building		
Carrying amount at beginning of year	-	-
Additions	-	-
Disposals	-	-
Depreciation expense	-	-
Carrying amount at end of year	-	-
Plant and Equipment		
Carrying amount at beginning of year	-	-
Additions	307,099	-
Disposals	-	-
Depreciation expense	(3,544)	-
Carrying amount at end of year	<u>303,555</u>	<u>-</u>

**Note 9: Intangible Assets**

Franchise Fee		
At cost	110,000	-
Less accumulated amortisation	(1,833)	-
	<u>108,167</u>	<u>-</u>

<b>Note 9</b>			
(Cont'd)	Preliminary expenses		
	<i>At cost</i>	64,673	-
	<i>Less Expensed in total</i>	<u>(64,673)</u>	<u>-</u>
		<u>-</u>	<u>-</u>
		<u>108,167</u>	<u>-</u>
<b>Note 10:</b>	<b>Payables</b>		
	Trade Creditors	18,055	-
	Other creditors and accruals	<u>3,628</u>	<u>-</u>
		<u>21,683</u>	<u>-</u>
<b>Note 11:</b>	<b>Interest Bearing Liabilities</b>		
	Bank overdraft	-	-
	Bank Loan – Secured	-	-
<b>Note 12:</b>	<b>Provisions</b>		
	Employee benefits	<u>1,559</u>	<u>-</u>
	Number of employees at period end	<u>5</u>	<u>-</u>
<b>Note 13:</b>	<b>Contributed Equity</b>		
	823,900 ordinary Shares fully paid of \$1 each	<u>823,900</u>	<u>-</u>
<b>Note 14:</b>	<b>Retained Profits/(Accumulated Losses)</b>		
	Balance at the beginning of the financial period	-	-
	Net profit/(loss) from ordinary activities after income tax	(115,362)	-
	Dividends	<u>-</u>	<u>-</u>
	Balance at the end of the financial period	<u>(115,362)</u>	<u>-</u>
<b>Note 15:</b>	<b>Statement of Cash Flows</b>		
	(a) Reconciliation of cash		
	<i>Cash assets</i>	216,407	-
	<i>Bank overdraft</i>	<u>-</u>	<u>-</u>
		<u>216,407</u>	<u>-</u>
	(b) reconciliation of profit from ordinary activities after tax to net cash provided from/(used in) operating activities		
	Profit from ordinary activities after income tax	(115,362)	-
	Non cash items		
	- <i>Depreciation</i>	3,544	-
	- <i>Amortisation</i>	1,833	-
	Changes in assets and liabilities		
	- <i>(Increase)decrease in receivables</i>	(52,602)	-
	- <i>Increase (decrease) in payables</i>	21,683	-
	- <i>Increase (decrease) in employee benefits</i>	1,559	-
	GST Tax paid	<u>(35,284)</u>	<u>-</u>
	Net cash flows from/(used in) operating activities	<u>(174,629)</u>	<u>-</u>

**Note 16: Related Party Disclosures**

**Directors**

The names of the persons who have held office during the financial year are as follows:

Gilbert C Beek; John T Tobin; Barry G Russell; Phillip A Balding; Michael G Barwick; Ian H Zandstra; Kevin Bourke; Cameron L Boxsell; Robert Bruderlin; Michael James

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

**Note 17: Subsequent Events**

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

**Note 18: Contingent Liabilities**

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

**Note 19: Segment Reporting**

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

**Note 20: Registered office/Principal place of business**

The registered office is located at 72 Osborne Street, Nowra 2541  
The principal place of business is located at 98 Kinghorn Street, Nowra 2541

**Note 21: 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 is no material credit risk exposures to any single debtor or group under financial instruments entered into by the economic entity.

Financial Instrument	Floating Interest Rate		Fixed Interest Rate maturing in						Non Interest Bearing		Weighted Effective 2008 %	
	Rate		1 Year of less		Over 1 to 5 years		Over 5 years		2008 \$			
	\$	2008 \$	\$	2008 \$	\$	2008 \$	\$	2008 \$	\$	2008 \$		
<b>Financial Assets</b>												
Cash Assets	-	16,407	-	200,000	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	103,651	-
<b>Financial Liabilities</b>												
Payables	-	-	-	-	-	-	-	-	-	-	21,683	-
Interest Bearing Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

## Directors' Declaration


For the period ended 30 June 2008


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In accordance with a Resolution of the directors of Shoalhaven Community Financial Services Limited, we state that:-

- (a) in the opinion of the directors, the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:-
  - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of their performance for the period 31<sup>st</sup> October, 2007 to 30<sup>th</sup> June 2008;
  - and
  - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001.
- (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.

Signed in accordance with a Resolution of the Board of Directors:

Chairman  \_\_\_\_\_ (Gilbert C. Beek)

Director  \_\_\_\_\_ (Phillip A. Balding)

Dated this 22<sup>nd</sup> day of October 2008



# RSM Bird Cameron Partners

Chartered Accountants

Level 1, 103-105 Northbourne Avenue Canberra ACT 2601  
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T +61 2 6247 5988 F +61 2 6262 8633  
www.rsmi.com.au

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
SHOALHAVEN COMMUNITY FINANCIAL SERVICES LIMITED  
TRADING AS  
NOWRA AND DISTRICT COMMUNITY BANK® BRANCH OF THE BENDIGO  
BANK LIMITED**

We have audited the accompanying financial report of Shoalhaven Community Financial Services Limited trading as Nowra and District Community Bank® Branch of the Bendigo Bank Limited ("the company"), 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 period 31 October 2007 to 30 June 2008, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

*Directors' Responsibility for the Financial Report*

The directors of the company 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 establishing and maintaining internal control 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.

*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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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, the auditor considers internal control 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.

Liability limited by a  
scheme approved under  
Professional Standards  
Legislation

Major Offices in:  
Perth, Sydney, Melbourne,  
Adelaide and Canberra  
ABN 36 965 185 036

RSM Bird Cameron Partners is an  
independent member firm of RSM  
International, an affiliation of independent  
accounting and consulting firms.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's Opinion*

In our opinion:

The financial report of Shoalhaven Community Financial Services Limited trading as Nowra and District Community Bank® Branch of the Bendigo Bank Limited is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the company's financial position as at 30 June 2008 and of their performance for the period 31 October 2007 to 30 June 2008; and
- (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Canberra, Australian Capital Territory  
Dated: 22 October 2008

**RSM Bird Cameron Partners**  
Chartered Accountants



G M STENHOUSE  
Partner

# RSM Bird Cameron Partners

Chartered Accountants

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## SHOALHAVEN COMMUNITY FINANCIAL SERVICES LIMITED

### TRADING AS

## NOWRA AND DISTRICT COMMUNITY BANK® BRANCH OF THE BENDIGO BANK LIMITED

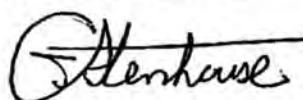
ABN 35 118 911 541

### AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF SHOALHAVEN COMMUNITY FINANCIAL SERVICES LIMITED

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2008 there has been:

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

**RSM Bird Cameron Partners**  
Chartered Accountants



G M STENHOUSE  
Partner

Canberra, Australian Capital Territory  
Dated: 22 October 2008

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# Shoalhaven Community Financial Services Limited Shareholder Information

## Distribution of Ordinary Shares

### Analysis of ordinary shareholders by size of shareholding

No. of Shares	Ordinary Shares Held	No. of Shareholders	% of Issued Shares
1 – 500	33,000	66	4.01%
501-1,000	63,800	65	7.74%
1,001-2,500	86,100	43	10.45%
2,501 – 5,000	210,000	45	25.49%
5,001 – 10,000	246,000	26	29.86%
10,001 – 20,000	70,000	4	8.50%
20,001 and over	115,000	3	13.95%

## Branch Location

98 Kinghorn Street, Nowra NSW 2541

## Registered Office

72 Osborne Street, Nowra NSW 2541

## Business Office

Level 1, 98 Kinghorn Street, Nowra NSW 2541

**Telephone No:** (02) 4422 7574

