



2007 annual report



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Chairman's report

For year ending 30 June 2007

Tugun & District Finances Limited saw another year full of milestones in 2006/07.

The year has been most productive with our final banking figure for year end being \$71 million in banking, with the split between deposits and loans running at approximately 50/50.

We have been able to broaden our field with new lending opportunities opening up all the time. The final result of nearly five years of hard work has resulted in our first profit period and the issuing of our first dividend.

We have now put down the footings for a new growth period, aiming for \$100 million in banking to be reached by 2010. To do this we have had a number of staff changes, as well as Board changes. Peter Dirx, our Branch Manager for the first four years of business has moved over to the Company banking section of Bendigo Bank and has been suitably replaced by Mark Collison who will lead us to our next growth period. Jenny Shannon has been promoted to a Customer Service Manager to assist Mark in the lending area. Our Customer Relations Officer Ian McGuire and Customer Service Officers Bronwyn Mullens, Leanne Novotny, Deborah Chape and Melina North are all being continually trained in new areas of banking.

Tugun & District Finances Limited Board has also had a number of changes. Peter Dirx a very valuable member of the Board, resigned and I would like to thank him for his efforts over the last two years. Peter Pullos is currently on leave of absence until January 2008. At the same time I would like to welcome Judy Mannion to the Board - she brings with her a wealth of community involvement and commitment.

Tugun & District Finances Limited has had the pleasure to have Georgia Craig and Kayla Stove as our two junior observers. They have contributed some great ideas to our meetings as well as being involved in the Regional Conference involving stakeholders from three states, which we hosted in April 2007 at Twin Towns Services Club.

During the year, we also had community involvement with the Tugun Surf Club, Careflight and The John Flynn Hospital Nurse of the Year Art Exhibition which raised funds for cancer research plus a number of other community groups.

Bendigo Bank has had a busy year implementing new policies and procedures as well as providing a large number of support staff. Along with all the new growth, there was a merger bid by Bank of Queensland which was unsuccessful and then the proposed merger with Adelaide Bank.

The year ahead has all the hallmarks for another busy year, not only for our **Community Bank®** branch but also for Bendigo Bank and this can only positively impact on our continued growth and community commitment.

I would like to thank all those involved with Tugun **Community Bank®** Branch - our staff, Board members, shareholders, customers and, of course, our Personal Assistant Maris Dirx - without all of you it just would not work.

Thank you.



Andrew Reynolds, Chairman

Signed at Tugun on the 13 September 2007.

Manager's report

For year ending 30 June 2007

Let me start this 2007 Branch Manager's report with a note of thanks to all of the stakeholders of Tugun **Community Bank®** Branch for their warm welcome to me as the new Branch Manager. My role commenced on 28 May 2007 and in writing this report, it gives me great delight to comment on the financial year that was for Tugun **Community Bank®** Branch.

The 2007 financial year culminated in the branch reaching \$71 million in banking business, a tribute to the strength of the Tugun community and the relationships that continue to be fostered. The team at Tugun **Community Bank®** Branch will continue to maintain their high standard of customer service that is synonymous with Bendigo Bank.

Steady growth over the financial year has allowed Tugun **Community Bank®** Branch to play a larger role in meeting the community's financial needs. We have also been able to extend our support to worthy community projects like the Tugun Surf Lifesaving Club's recent purchase of a tractor for the upcoming beach season and to the John Flynn Hospital's Mothers' Milk Bank project.

I have spent 22 years in banking and finance in various management roles throughout New South Wales and Queensland with experience in consumer and business banking. I am currently completing an Advance Diploma in Financial Planning and thoroughly enjoy living in Tugun with my wife and two children as this was our destination of choice to raise our family.

With experience over a number of years comes an opportunity to manage different teams and hopefully play a part in staff development and growth in their careers. Tugun **Community Bank®** Branch staff are a great team and have a genuine desire to help customers with their day to day banking and finance.

Jenny Shannon has been promoted to Customer Service Manager which will allow Jenny to share her strong skills of customer service with the staff and adopt greater exposure to more complex lending opportunities for the future growth of the business.

Customer Relationship Officer Ian McGuire has taken the role in his stride and continues to be the first port of call for customer service. Ian's ability to help customers with their daily banking needs and share that community experience is reflected in the positive feedback that is received on a regular basis.

Customer Service Officer Melina North has a passion to learn and advance her career and we welcome Melina's commitment to learning and development which is important to the Bendigo Bank's philosophy.

Debbie Chape is Tugun's newest Customer Service Officer. Due to the growth of business at the branch, staff numbers have increased to maintain the high standard of customer service the community has enjoyed. Debbie comes to us from Turrumurra **Community Bank®** Branch in Sydney and holds the coveted Bendigo Bank "Pride of Workmanship" award.

Leanne Novotny has continued to embrace the "Bendigo Bank way" as a Customer Service Officer and is a knowledgeable proponent of Bendigo Bank products and services available to the community.

Customer Service Officer Bronwyn Mullens holds a strong rapport with our customers and continues to share the community connection in helping our customers reach their goals.

For our existing customers who already share our community connection, we thank you for your support and understanding of our staff's embrace of the community spirit. For future growth and continued prosperity of the Tugun community, I extend an invitation to you all to experience our staff's commitment.



Mark Collison – Branch Manager

Directors' report

For year ending 30 June 2007

Your Directors submit the financial report of the Company for the financial year ended 30 June 2007.

Directors

The names and details of the Company's Directors who held office during or since the end of the financial year:

Andrew Reynolds

Chairman
Licensed Real Estate Agent

Ross Johnston

Treasurer
Accountant

Allan Blenkins

Director
Master Builder

Valentine Meynink

Director/Company Secretary
Business Manager

Peter Pullos

Director
Business Manager

Chris Testa

Director
Pharmacist

David Mitchell

Director
Licensed Real Estate Agent

Dr. Paul Hansen

Director
Senior Lecturer in Education

Peter Dirkx

Director
Branch Manager
Resigned 04.05.07

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

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 year were in providing **Community Bank®** services under management rights to operate a franchised branch of Bendigo Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Operating results

Operations have continued to perform in line with expectations. The profit/(loss) of the Company for the financial year after provision for income tax was \$29,612 (2006: \$-4,832).

	Year Ended 30 June 2007	
Dividends	Cents	\$'000
Final dividends recommended:	4c	\$24,000
Dividends paid in the year:		
- Interim for the year		

Directors' report continued

- As recommended in the prior year report Nil Nil

Significant changes in the state of affairs

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

Significant events after the balance date

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

Likely Developments

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

Directors' Benefits

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

Indemnification and Insurance of Directors and Officers

The Company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as Directors or 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 meetings held: 11

	Number of meetings attended:
Andrew Reynolds	11
Ross Johnston	11

Directors' report continued

Allan Blenkins	10
Valentine Meynink	10
Peter Pullos	9
Chris Testa	5
David Mitchell	8
Dr. Paul Hansen	6
Peter Dirkx	11

Company Secretary

Valentine Meynink has been the Company Secretary for Tugun & District Financial Services Limited for 4 years.

Val's qualifications and experience include being a Director and Secretary of a family business since 1987.

Corporate governance

The Company has implemented various corporate governance practices, which include:

- a. The establishment of an audit committee. Members of the audit committee are Andrew Reynolds, Ross Johnston and Valentine Meynink
- b. Director approval of operating budgets and monitoring of progress against these budgets;
- c. Ongoing Director training; and
- d. Monthly Director meetings to discuss performance and strategic plans.

Auditor Independence Declaration

The Directors received the following declaration from the Auditor of the Company:

JUDGE & WOODWARD PTY LTD
Public Accountants & Registered Tax Agents

Auditors' independence declaration

In relation to our audit of the financial report of Tugun & District Financial Services Ltd for the financial year ended 30 June 2007, to the best of my knowledge and belief, there have been no contraventions of the Auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

James M Judge

Judge & Woodward Pty Ltd

Tweed Heads

11 September 2007

Signed in accordance with a resolution of the Board of Directors at Tugun on 13 September 2007.



Andrew Reynolds, Chairman

Financial statements

Income Statement

For year ending 30 June 2007

	Note	2007 \$	2006 \$
Revenues from ordinary activities	2	578,244	438,457
Employee benefits expense	3	291,336	234,429
Depreciation and amortisation expense	3	40,667	23,766
Finance costs	3	4,243	6,766
Other expenses from ordinary activities		188,553	174,818
Profit/(Loss) before income tax expense		53,445	(1,322)
Income tax expense	4	23,833	(3,510)
Profit/(Loss) after income tax expense		29,612	(4,832)
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	22	8.90	Nil
- diluted for profit / (loss) for the year	22	4.94	Nil
- dividends paid per share	21	-	-

The accompanying notes form part of these financial statements.

Financial statements continued

Balance Sheet

As at 30 June 2007

	Note	2007 \$	2006 \$
Current assets			
Cash assets	6	110	1,800
Receivables	7	60,981	49,108
Total current assets		61,091	50,908
Non-Current assets			
Property, plant and equipment	8	156,014	156,942
Deferred income tax asset	4	88,617	112,450
Intangible assets	9	41,915	67,915
Total non-current assets		286,546	337,307
Total assets		347,637	388,215
Current liabilities			
Payables	10	17,038	21,529
Interest bearing liabilities	11	3,527	69,578
Current tax payable	4	-	-
Provisions	12	34,020	9,667
Total current liabilities		54,585	100,774
Non-current liabilities			
Interest bearing liabilities	11	-	-
Total Non-Current Liabilities		-	-
Total liabilities		54,585	100,774
Net assets/(liabilities)		293,052	287,441
Equity			
Share capital	13	600,000	600,000
Accumulated Losses	14	(306,948)	(312,559)
Total equity		293,052	287,441

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of Cashflows

For the year ended 30 June 2007

	Note	2007 \$	2006 \$
Cash flows from operating activities			
Cash receipts in the course of operations		590,084.00	424,980.00
Cash payments in the course of operations		483,775.00	407,787.00
Interest paid		4,243.00	6,266.00
Interest received		33.00	40.00
Income tax paid		-	-
Net cash flows from operating activities	15b	102,099.00	10,967.00
Cash flows from investing activities			
Payment for intangible assets		-	-
Payments for property, plant and equipment		13,737.00	1,019.00
Net cash flows used in investing activities		13,737.00	1,019.00
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Finance lease payments		-	-
Dividends provided for		24,000.00	-
Net cash flows used in financing activities		24,000.00	-
Net increase/(decrease) in cash held		64,362.00	9,948.00
Add opening cash brought forward		-67,778.00	-77,726.00
Closing cash carried forward	15a	-3,416.00	-67,778.00

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity

For the year ended 30 June 2007

	2007	2007
	\$	\$
SHARE CAPITAL		
Ordinary shares		
Balance at start of year	600,000	600,000
Issue of share capital	Nil	Nil
Share issue costs	Nil	Nil
Balance at end of year	600,000	600,000
RETAINED EARNINGS		
Balance at start of year (Loss)	(312,559)	(307,727)
Profit/(Loss) after income tax expense	29,611	(4,832)
Dividends provided for	24,000	-
Balance at end of year	(306,948)	(312,559)

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. Basis of preparation of the Financial Report

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) 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 financial report was authorised for issue by the Directors on 13 September 2007.

Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2006 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to the financial statements continued

1. Basis of preparation of the Financial Report (continued)

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of Asset	Depreciation Rate
Buildings	5.0%
Plant & Equipment	10-20%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater 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.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Notes to the financial statements continued

1. Basis of preparation of the Financial Report (continued)

Goods and services tax

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the cash flow statement 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 includes related on-costs.

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

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 17.3% per annum.

Cash

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

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

Comparative figures

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

Revenue

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

Notes to the financial statements continued

1. Basis of preparation of the Financial Report (continued)

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.

Interest bearing liabilities

All loans are 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 capital

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

2. Revenue from ordinary activities

	2007	2006
	\$	\$
Operating activities		
- services commissions	138,062	87,569
- other revenue	440,149	350,846
Total revenue from operating activities	578,211	438,415
Non-operating activities:		
- interest received	33	41
- other revenue	-	-
Total revenue from non-operating activities	33	41
Total revenue from ordinary activities	578,244	438,456

Notes to the financial statements continued

	2007	2006
	\$	\$
3. Expenses		
Employee benefits expense		
- wages and salaries	261,083	190,397
- superannuation costs	22,250	16,534
- post-employment benefits (other than superannuation)	-	18,245
- workers' compensation costs	452	530
- other costs	7,551	8,723
	291,336	234,429
Depreciation of non-current assets:		
- plant and equipment	7,182	7,905
- buildings	7,485	3,513
Amortisation of non-current assets:		
- intangibles	26,000	12,348
	40,667	23,766
Finance Costs:		
- Interest paid	4,242	6,766
Bad debts	3,158	1,748

4. Income tax expense

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

Prima facie tax on profit/(loss) before income tax at 30%	16,033	(396)
Add tax effect of:		
- Non-deductible expenses	7,800	3,906
- Future income tax benefit not brought to account	-	-
Current income tax expense	23,833	3,510
Origination and reversal of temporary differences	-	-
Deferred income tax expense	-	-
Income tax expense	23,833	3,510

Notes to the financial statements continued

	2007	2006
	\$	\$
4. Income tax expense (continued)		
Tax liabilities		
Current tax payable	Nil	Nil
Deferred income tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	88,617	112,450
5. Auditors' remuneration		
Amounts received or due and receivable by Judge & Woodward Pty Ltd		
- Audit or review of the financial report of the Company	2,800	2,800
- Other services in relation to the Company	-	-
	2,800	2,800
6. Cash assets		
Cash at bank and on hand	110	1,800
7. Receivables		
GST receivable	-	-
Trade debtors	60,981	-
	60,981	-
8. Property, plant and equipment		
Land		
Freehold land at cost	-	-
Buildings		
At cost	140,522	140,522
Less accumulated depreciation	18,905	11,723
	121,617	128,799

Notes to the financial statements continued

	2007	2006
	\$	\$
8. Property, plant and equipment (continued)		
Plant and equipment		
At cost	73,283	58,526
Less accumulated depreciation	38,886	30,382
	34,397	28,144
Total written down amount	156,014	156,943
Movements in carrying amounts		
Building		
Carrying amount at beginning of year	128,799	132,312
Additions	-	-
Disposals	-	-
Depreciation expense	7,182	3,513
Carrying amount at end of year	121,617	128,799
Plant and equipment		
Carrying amount at beginning of year	28,144	35,030
Additions	13,738	1,019
Disposals	-	-
Depreciation expense	7,485	7,905
Carrying amount at end of year	34,397	28,144
9. Intangible assets		
Franchise Fee		
At cost	60,000	60,000
Less accumulated amortisation	44,923	32,923
	15,077	27,077
Preliminary Expenses		
At cost	90,490	90,490
Less accumulated amortisation	63,653	49,653
	26,837	40,837
	41,914	67,914

Notes to the financial statements continued

	2007	2006
	\$	\$
10. Payables		
Trade creditors	17,037	21,529
Other creditors and accruals	-	-
	17,037	21,529
11. Interest bearing liabilities		
Bank overdraft	3,526	69,578
	3,526	69,578
12. Provisions		
Provision for dividend	24,000	-
Audit fees	2,800	2,800
Employee benefits	7,220	6,867
	34,020	9,667
Number of employees at year end	6	6
13. Share capital		
600,000 Ordinary Shares fully paid of \$1 each	600,000	600,000
14. Accumulated losses		
Balance at the beginning of the financial year	(312,559)	(307,727)
Profit after income tax	29,611	(4,832)
Dividends provided for	24,000	-
Balance at the end of the financial year	(306,948)	(312,559)

Notes to the financial statements continued

	2007 \$	2006 \$
15. Cash flow statement		
(a) Reconciliation of cash		
Cash assets	110	1,800
Bank overdraft	3,526	69,587
	(3,416)	(67,787)
(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities		
Profit / (loss) after income tax paid	53,445	(1,322)
Non cash items		
- Depreciation	14,667	11,418
- Amortisation	26,000	12,348
Changes in assets and liabilities		
- (Increase) decrease in receivables	(11,874)	(13,436)
- Increase (decrease) in payables	(4,491)	1,285
- Increase (decrease) in provisions	24,352	674
Net cashflows from/(used in) operating activities	102,099	10,967

16. Director and related party disclosures

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

Andrew Reynolds
Ross Johnston
Allan Blenkins
Valentine Meynink
Peter Pullos
Chris Testa
David Mitchell
Dr. Paul Hansen

Notes to the financial statements continued

16. Director and related party disclosures (continued)

No Director or related entity has entered into a material contract with the Company with the exception of Allan Blenkins who has an interest in the landlord Company. No Director's fees have been paid as the positions are held on a voluntary basis.

Directors shareholdings	2007	2006
Andrew Reynolds	2,050	2,050
Ross Johnston	6,000	6,000
Peter Pullos	1,750	1,750
Chris Testa	1,500	1,500
Dr. Paul Hansen	16,000	16,000

There was no movement in Directors' shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

17. Subsequent events

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

18. Contingent liabilities

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

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 Tugun, Gold Coast.

20. Corporate information

Tugun District Finances Ltd is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Bendigo Stock Exchange.

The registered office and principal place of business is: 482 Golden Four Drive, Tugun.

Notes to the financial statements continued

	2007	2006
	\$	\$

21. Director and Related party disclosures

(a) Dividends proposed and recognised as a liability

Unfranked dividends - 4 cents per share (2006: Nil)	24,000	Nil
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(b) Dividends paid during the year

(c) Dividends proposed and not recognised as a liability

(d) Franking credit balance

The amount of franking credits available for the subsequent financial year are:

- Franking account balance as at the end of the financial year at 30%	Nil	Nil
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	Nil	Nil
- Franking debits that will arise from the payment of dividends as at the end of the financial year	Nil	Nil
- Franking credits that will arise from the payment of dividends recognised as receivables at the reporting date	Nil	Nil
- Franking credits that the entity may be prevented from distributing in the subsequent year	Nil	Nil
	-	-

Dividends proposed will be franked at a rate of 0% (2006: Nil).

22. Earnings per share

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

	8.9c	Nil
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Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

	4.9c	Nil
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The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit/(loss) after income tax expense	29,612	(4,832)
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Weighted average number of ordinary shares for basic and diluted earnings per share	600,000	600,000
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Notes to the financial statements continued

23. Financial instruments

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The Company does not have any unrecognised financial instruments at 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 Balance Sheet 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								Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing			
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	10	1,700	-	-	-	-	-	-	100	100	3	3
Receivables	-	-	-	-	-	-	-	-	60,981	49,109	-	-
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Interest bearing liabilities	3,526	69,579	-	-	-	-	-	-	-	-	8.4	8.4

Directors' declaration

In accordance with a resolution of the Directors of Tugun & District Finances Ltd, I 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 2007 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the 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.
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2007.

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.



Andrew Reynolds, Chairman

Signed at Tugun on the 13 September 2007.

Independent audit report

INDEPENDENT AUDIT REPORT **TUGUN & DISTRICT FINANCES LIMITED**

Scope

We have audited the financial report of Tugun & District Finances Limited, being the statements of Financial Position, Financial Performance and Cash flows and the Notes to the Financial Statements. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on them to the members of the company.

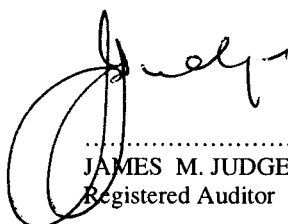
Our Audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the statements are free of material misstatements. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statement, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional requirements so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

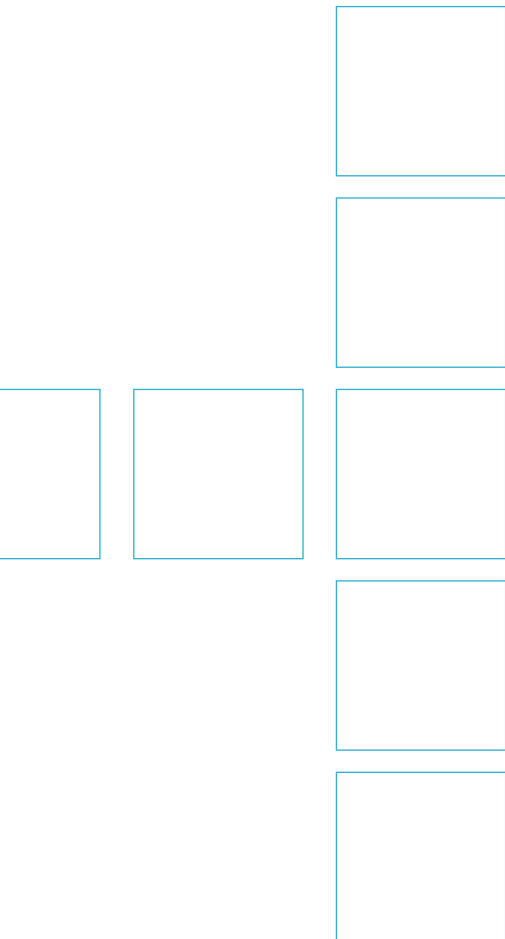
In my opinion the financial report of Tugun & District Finances Limited are in accordance with:

- (a) the corporation law, including:
 - (i) giving a true and fair view of the company's financial position as at 30th June, 2007 and of the company' performance for the year ended on that date and,
 - (ii) complying with Accounting standards and the Corporations Regulations:
and,
- (b) Other mandatory professional reporting requirements.



.....
JAMES M. JUDGE
Registered Auditor

DATED THIS 11TH DAY OF SEPTEMBER, 2007



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