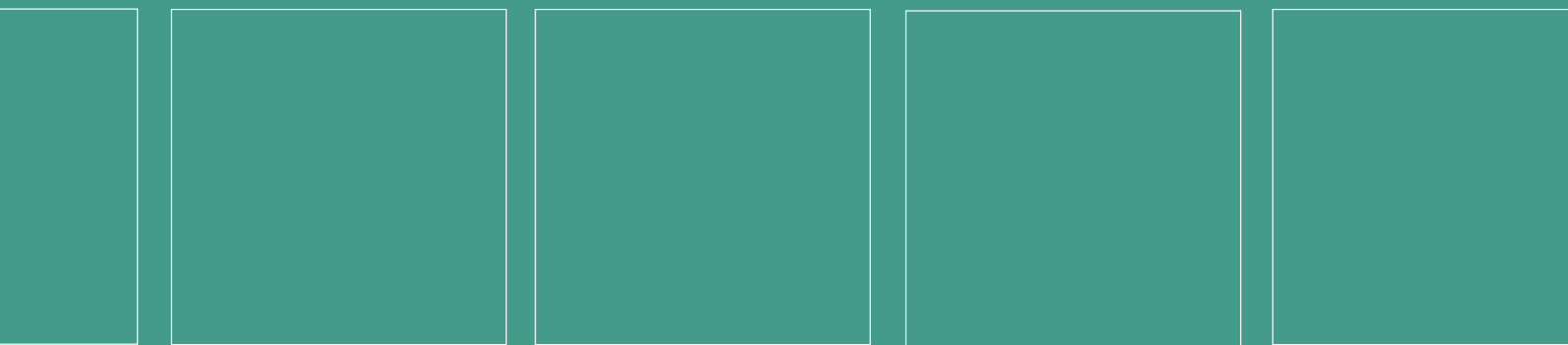


2008
annualreport



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Chairman's report

For year ending 30 June 2008

It is with pleasure that I bring to you, on behalf of the Directors, the Annual Report for the year ended 30 June 2008.

The opening of the Varsity Lakes **Community Bank**[®] Branch on 30 September 2008 at Shop 7, 195 Varsity Parade followed years of hard work and planning by the Board to establish a local banking facility with community ownership.

Share certificates have been issued to local residents and businesses who invested a total of just over \$615,000 required to open the branch.

The bank branch is a franchise of Bendigo and Adelaide Bank Limited and is one of six **Community Bank**[®] branches now established on the Gold Coast and 225 throughout Australia which provide a full business and personal banking service.

Bendigo and Adelaide Bank Limited and the community Company are each entitled to agreed portions of the revenue of the branch. After the payment of branch running costs, the remaining portion of the branch revenue is available to be reinvested back into the community to local community projects and dividends to shareholders.

I'd like to sincerely thank my fellow Directors of Varsity Lakes Financial Services Limited – the entity behind this community project. All are local business and community leaders who volunteer their time in the interests of the community they serve.

I thank all shareholders for their support, belief and confidence in the Varsity Lakes **Community Bank**[®] Branch of Bendigo Bank. I encourage you to support us with your banking because it is important to the ongoing strength and success of our business. By doing so, we will reach profitability sooner, allowing us to put money back into our community by way of grants and community projects as well as rewarding you with a dividend.

In a very short period of time, we have already achieved considerable success, exceeding \$15million in banking business in the first four months to January 2009. This has enabled us to commit money to supporting worthwhile community projects and groups including:

- The purchase of a sailing boat to provide training for local youth
- Sponsorship of the Varsity Lakes Business Forums
- Support for the Varsity Lakes Progress Association; and
- Commitment to sponsor a community event "Varsity under the Stars" in late 2009.

Chairman's report continued

Our Branch Manager, Steven Foster, and his efficient team are now fully operational at the branch and residents and business people are encouraged to call into the branch which is open six days a week, and say hello.

Looking to the future, the Board is focussed on our **Community Bank**[®] Company's performance, developing strategies to grow our business and ensuring efficient operating practices.

If you haven't opened an account yourself, we urge you to consider the benefits of supporting your Company and your community.

A handwritten signature in black ink, appearing to read 'CB', with a large loop at the end.

Carl Bruhn
Chairman

Bendigo Bank Ltd report

For year ending 30 June 2008

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

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

Today, these two towns have been joined by more than 210 communities to form Australia's fastest growing banking network – the **Community Bank**[®] concept. It is a significant milestone for Bendigo Bank and our **Community Bank**[®] partners.

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

More importantly, in excess of \$18 million in **Community Bank**[®] branch profits have been returned to community projects and \$12 million has been paid in dividends to more than 50,000 local shareholders. Behind those numbers are hundreds of stories of **Community Bank**[®] branches making a real difference to the lives of local people.

Whether it's building a community hall, sponsoring an art prize or even buying new footy jumpers for the local side – these **Community Bank**[®] branches are helping improve the economic and social prospects of their local communities. Add to those contributions the employment of more than 1000 staff members and daily expenses in the local economy and you have a truly meaningful contribution to those communities and to local prosperity.

As we reflect on the past 10 years, it's with a feeling of great pride and accomplishment for what has been achieved in partnership between our team at the Bendigo and our community partners. The landscape of banking has changed dramatically, but more importantly – so have the communities we partner and our own organisation.

Our partners have taken charge of outcomes locally that will impact positively for many years to come. Likewise, our organisation has built on our community focussed heritage and evolved to become a true partner to community.

Your commitment, enthusiasm and belief in the **Community Bank**[®] model has been instrumental, and for that we thank you. And here we are, only 10 years into this wonderful journey. Who knows what positive outcomes we'll be talking about in 10 years time, as the **Community Bank**[®] network matures?

It's an exciting prospect – and we are very proud of what our team and the communities we partner have achieved together.



Russell Jenkins

Chief General Manager Retail & Distribution

Directors' report

For year ending 30 June 2008

Your Directors submit the financial report of the Company for the financial year ended 30 June 2008.

Directors

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

Carl Francis Bruhn

Chairman (Appointed 16 July 2008)

Age: 42

Senior Project Director

Jillian Daphne Owen

Secretary

Age: 62

Community Development Officer

Donna Maree Russo

Director

Age: 45

Licensed Real Estate Agent

Nicholas Robert Rone

Director

Age: 41

Managing Director

Angela Leah McGregor-Goodwin

Director

Age: 39

Managing Director

Bruce Robert Barclay

Director (Resigned 4 July 2008)

Age: 48

Managing Director

Nicholas Guy Fortune Suddes

Treasurer (Appointed 3 September 2008)

Age: 40

Accounting & Business Partner

Wayne McArthur Clinton

Director

Age: 55

Disability Support Services Manager

Stephen John Simpson

Director

Age: 50

State Community Enterprise Manager

John Patrick Campbell

Director

Age: 65

Public Relations Consultant

Christopher Gordon Gregory

Director

Age: 63

International Business Consultant

Directors were in office since 5 September 2007 unless otherwise stated.

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

Directors' report continued

Company Secretary

Jillian Daphne Owen was appointed as Company Secretary upon the Company's incorporation on 5 September 2007. Jill is the Chairperson of the Broadbeach Community Police Consultative Committee and Committee member of several other community groups.

Principal activities

The principal activities of the Company during the course of the financial year were in facilitating **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 of the Company for the financial year after provision for income tax was:

**Year ended
30 June 2008**

\$

664

Dividends

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

The Company opened the Branch for business on 29 September 2008. There were no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future years.

Likely developments

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

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' report continued

Directors' benefits

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

Indemnification and Insurance of Directors and Officers

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

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

Directors meetings

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

	Number of Board meetings eligible to attend	Number attended
Carl Francis Bruhn (Appointed 16 July 2008)	-	-
Nicholas Guy Fortune Suddes (Appointed 3 September 2008)	-	-
Jillian Daphne Owen	29	27
Wayne McArthur Clinton	29	28
Donna Maree Russo	29	21
Stephen John Simpson	29	22
Nicholas Robert Rone	29	23
John Patrick Campbell	29	28
Angela Leah McGregor-Goodwin	29	23
Christopher Gordon Gregory	29	19
Bruce Robert Barclay (Resigned 4 July 2008)	29	27

Directors' report continued

Non audit services

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

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

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

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the Auditor;
- none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Auditors' independence declaration

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

Signed in accordance with a resolution of the Board of Directors at Varsity Lakes, Queensland on 9 January 2009.



Nicholas Guy Fortune Suddes
Director



Jillian Daphne Owen
Secretary

Auditor's independence declaration



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ABN 51 061 795 337

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Varsity Lakes Financial Services Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

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

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 9th day of January 2009

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$
Revenues from ordinary activities	3	3,245
Advertising and promotion expenses		(593)
General administration expenses		(1,988)
Profit before income tax expense/credit		664
Income tax expense/credit	4	-
Profit for the period		664
Profit attributable to members of the entity		664
Earnings per share (cents per share)		¢
- basic for profit for the year		0.76

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$
Assets		
Current assets		
Cash assets	5	550,411
Trade and other receivables	6	3,907
Total current assets		554,318
Total assets		554,318
Liabilities		
Current liabilities		
Trade and other payables	7	18,050
Total current liabilities		18,050
Total liabilities		18,050
Net assets		536,268
Equity		
Issued capital	8	535,604
Retained earnings	9	664
Total equity		536,268

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	Note	2008 \$
Cash flows from operating activities		
Receipts from customers		-
Payments to suppliers and employees		(1,694)
Interest received		1
Net cash used in operating activities	10	(1,693)
Cash flows from financing activities		
Proceeds from issues of equity securities		555,719
Payment for share issue costs		(3,615)
Net cash provided by financing activities		552,104
Net increase in cash held		550,411
Cash at the beginning of the financial year		-
Cash at the end of the half-year	5(a)	550,411

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Note	2008 \$
Total equity at the beginning of the period		-
Net profit for the period		664
Net income/expense recognised directly in equity		-
Dividends provided for or paid		-
Shares issued during period		555,719
Costs in share raising		(20,115)
Total equity at the end of the period		536,268

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Summary of significant accounting policies

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

Historical cost convention

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

Goods and services tax

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Employee entitlements

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

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Comparative figures

The Company was incorporated on 5 September 2007 therefore there were no operations during the year ending 30 June 2007.

Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements	40 years
- plant and equipment	2.5 - 40 years
- furniture and fittings	4 - 40 years

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Payment terms

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

Trade receivables and payables

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

Borrowings

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

Provisions

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

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

Contributed equity

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Note 2. Financial risk management

The Company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

(i) Market risk

The Company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The Company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The Company is not exposed to commodity price risk.

(iii) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The Company's franchise agreement limits the Company's credit exposure to one financial institution, being Bendigo Bank Limited.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The Company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest-rate risk. The Company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

Notes to the financial statements continued

	2008 \$
Note 3. Revenue from ordinary activities	
Operating activities:	
- services commissions	-
- other revenue	-
Total revenue from operating activities	-
Non-operating activities:	
- interest receivable	3,245
Total revenue from non-operating activities	3,245
Total revenues from ordinary activities	3,245

Note 4. Income tax expense

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

Operating profit	664
Prima facie tax on profit from ordinary activities at 30%	199
Add tax effect of:	
- non-deductible expenses	-
- timing difference expenses	(973)
- blackhole expenses	(1,207)
Future income tax benefit not brought to account	1,981
Income tax losses	
Future income tax benefits arising from tax losses are not recognised at reporting date as realisation of the benefit is not regarded as virtually certain.	
Future income tax benefit carried forward is:	1,981

Notes to the financial statements continued

	2008
	\$
Note 5. Cash assets	
Cash at bank and on hand	(1,289)
Trust account	551,700
	550,411

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

5(a) Reconciliation of cash

Cash at bank and on hand	(1,289)
Trust account	551,700
	550,411

Note 6. Trade and other receivables

Trade receivables	3,907
-------------------	-------

Note 7. Trade and other payables

Trade Creditors	3,850
Other creditors & accruals	14,200
	18,050

Note 8. Contributed equity

555,719 Ordinary shares fully paid of \$1 each	555,719
Less: equity raising expenses	(20,115)
	535,604

Notes to the financial statements continued

	2008
	\$
Note 9. Retained earnings	
Balance at the beginning of the financial year	-
Net profit from ordinary activities after income tax	664
Dividends Paid	-
Balance at the end of the financial year	664

Note 10. Statement of cash flows

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

Profit from ordinary activities after income tax	664
Non cash items:	
- depreciation	-
- amortisation	-
Changes in assets and liabilities:	
- increase in receivables	(3,907)
- increase in payables	1,550
Net cash flows used in operating activities	(1,693)

Note 11. Auditors' remuneration

Amounts received or due and receivable by the Auditor of the Company for:

- audit & review services	1,200
- non audit services	5,333
	6,533

Notes to the financial statements continued

Note 12. Director and related party disclosures

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

Carl Francis Bruhn (Appointed 16 July 2008)
Nicholas Guy Fortune Suddes (Appointed 3 September 2008)
Jillian Daphne Owen
Wayne McArthur Clinton
Donna Maree Russo
Stephen John Simpson
Nicholas Robert Rone
John Patrick Campbell
Angela Leah McGregor-Goodwin
Christopher Gordon Gregory
Bruce Robert Barclay (Resigned 4 July 2008)

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

Directors shareholdings	2008
Carl Francis Bruhn (Appointed 16 July 2008)	-
Nicholas Guy Fortune Suddes (Appointed 3 September 2008)	1,000
Jillian Daphne Owen	1,501
Wayne McArthur Clinton	4,501
Donna Maree Russo	2,001
Stephen John Simpson	3,001
Nicholas Robert Rone	3,001
John Patrick Campbell	501
Angela Leah McGregor-Goodwin	2,001
Christopher Gordon Gregory	5,001
Bruce Robert Barclay (Resigned 4 July 2008)	2,501

Each share held is valued at \$1.

Notes to the financial statements continued

Note 13. Key management personnel disclosures

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

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

2008
\$

Note 14. Earnings per share

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

664

2008
Number

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

87,889

Note 15. Events occurring after the balance sheet date

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

Note 16. Contingent liabilities

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

Note 17. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Varsity Lakes, Queensland.

Note 18. Registered office/principal place of business

The registered office and principal place of business is:

Registered office

Delfin House

235 Varsity Parade,

Varsity Lakes QLD 4227

Principal place of business

Delfin House

235 Varsity Parade,

Varsity Lakes QLD 4227

Notes to the financial statements continued

Note 19. Financial instruments

Net fair values

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

Credit risk

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

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

Interest rate risk

Financial instrument	Floating interest rate 2008 \$	Fixed interest rate maturing in			Non interest bearing 2008 \$	Weighted average effective interest rate 2008 %
		1 year or less 2008 \$	Over 1 to 5 years 2008 \$	Over 5 years 2008 \$		
Financial assets		-	-	-	-	
Cash assets	(1,289)	-	-	-	-	0.05
Trust account	551,700	-	-	-	-	2.5
Receivables	-	-	-	-	3,907	N/A
Financial liabilities						
Payables	-	-	-	-	18,050	N/A

Director's declaration

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

In the opinion of the Directors:

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

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



Nicholas Guy Fortune Suddes
Director



Jillian Daphne Owen
Secretary

Signed on the 9 January 2009.

Independent audit report



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INDEPENDENT AUDITOR'S REPORT

To the members of Varsity Lakes Financial Services Limited

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

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("Remuneration disclosures"), under the heading "Remuneration Report" in the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors Responsibility for the Financial Report

The directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

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

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

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

Independent audit report continued

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

- 1) The financial report is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of Varsity Lakes Financial Services Limited as of 30 June 2008 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- 2) The financial report also complies with International financial reporting standards as disclosed in Note 1.
- 3) The remuneration disclosures that are contained in the directors' report comply with Accounting Standards AASB 124 Related Party Disclosures.



DAVID HUTCHINGS
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Dated this 9th day of January 2009

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