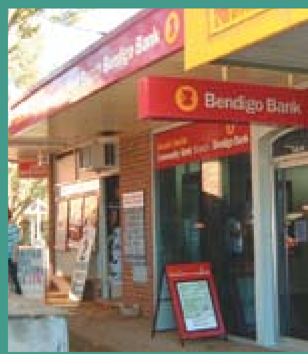
Wandin Seville
Financial Services Limited
ABN 33 098 648 296

2008 annualreport







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Chairman's report

For year ending 30 June 2008

History

We have been trading for just over six years now and are accepted as an integral and important part of the community. Building on this solid foundation, we have expanded our business base and were rewarded with substantial growth. Our staff and Board members are pleased to listen to any suggestions you may have regarding banking or community involvement.

Current position

We achieved significant growth during this year. Our book has grown to almost $80 million funds under management and over 3,500 accounts. This growth has enabled us to consolidate our position and reduce our debt following the purchase of our building. We provided additional ATM's at Seville and Coldstream to broaden our contact with the local communities.

We also paid a fully franked dividend to our shareholders.

Our Marketing Committee has enabled us to be involved in the extension of the Seville Fire Brigade building where we were able to assist them with the timely completion of the project.

A joint venture between Bendigo and Adelaide Bank Limited, LESS, and other **Community Bank®** branches in the Shire of Yarra Ranges involved exchanging almost 50,000 energy saving light bulbs for incandescent bulbs. Local CFA brigades and other community organisations received $120,000 for their work and the savings to the community of tonnes of CO^2 gas.

Our ongoing student awards have enhanced our relationship with local primary schools. We have helped many local organisations and look forward to this continuing.

Future growth

Now we have achieved cumulative surplus, we will be able to provide grants to local organisations for community projects and we will shortly call for submissions for these grants.

We are investigating an opportunity to expand our business and provide additional service to our customers. An announcement will be made following due consideration.

Staff

Tony, along with David, Joanne, Carolyn, Melanie and Carolyn are our face to the public and enjoy a healthy and respected position in our community. The expanded roles assumed by some staff has enhanced our succession planning program and we continue to upgrade all staff to be up to date with products and policies.

Chairman's report continued

Bendigo and Adelaide Bank Limited

Our partnership with Bendigo and Adelaide Bank Limited continues to flourish and develop into a happy and healthy relationship. We have combined with other community branches and Bendigo and Adelaide Bank Limited in some very successful joint ventures with prospects of more in the future.

Board members

Our meetings are held on a monthly basis and all members continue to provide valuable input to running our Company successfully. They continue to give of their time and expertise willingly and with enthusiasm. I am proud to be part of this team.

Communication

We hope you find our newsletters and press announcements provide you with significant events and news from our branch and community. They will continue regularly and we welcome any feedback you may offer.

I thank you for your commitment as a shareholder and if you haven't done so already, ask that you consider bringing your banking to our branch.

The return for this support can be seen in the dividend and the community projects supported by us.

The strength of the **Community Bank®** model comes from members of the community, like you, supporting our branch and the local community.

Kevin Parker
Chairman

Manager's report

For year ending 30 June 2008

Our branch has now been operating for six years as at 3 June 2008. The past year has gone very quickly and it is pleasing to reflect on our achievements in that time.

- Increased contribution to the community in sponsorships and grants.
- Continued growth in our accounts and profitability.
- Greater involvement with ATMs in our catchment area.
- Continued Profitability resulting in future dividends to our shareholders.

Our goals for 2007/08 were to achieve:

- Increase in funds from $68 million. Funds under management to $74 million.

Funds under management.

- Increase our customer base to 3500.
- Two additional ATM sites.
- Continual provision of superior customer service.

It is pleasing to announce our goals set for 2008 have been achieved in that:

Funds under management have reached $83 million.

Our customer base has now risen to above 3,500.

Increase in ATM sites occurred early 2008 with the installation of our second site in the Seville IGA supermarket. Our third site was accomplished in May with the installation in Coldstream IGA supermarket.

Continued superior service has been maintained during 2008 for our customers with the branch receiving two commendations from Bendigo and Adelaide Bank Limited for excellent service to our clients during the year.

The three schools in our catchment continue to receive our education awards to pupils who excel in community awareness. These schools are also aware of grants available to complete larger projects specific to their school.

Our Board of Directors is to again be congratulated on their efforts over the past 12 months. Work pressures for all concerned have increased in proportion with our growth, however, our Board has remained extremely focussed on our direction and goals to maintain and continue a very successful bank branch for our community.

Manager's report continued

What are we to achieve in the next 12 months?

Considering the achievements for 2007/08 and the past five years, the branch is maintaining a greater emphasis on our schools and community infrastructures such - as CFA, youth programs, animal aid, etc.

However to achieve this result we will still need to:

Maintain our excellent profit levels to ensure satisfactory contributions to the community.

Thank you again for your support of the branch in 2007/08. We are extremely well placed to further increase our Business into 2008/09.

We will maintain our service and commitment to our loyal customers as in past years.

We will also encourage people who live in our catchment area to bring their business to the Wandin Seville **Community Bank®** Branch.

As Branch Manager of the Wandin Seville **Community Bank®** Branch, I am proud to present our sixth Annual Report and look forward to continuing our commitment and service to our customers into our sixth year.

Thank you again for all your support and making your **Community Bank®** branch very successful

Tony Forbes

Manager

Directors' report

For year ending 30 June 2008

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

Directors

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

Kevin Parker
Chairman
Occupation: Owner Retail Electrical Store

John Strachan
Treasurer, Secretary and Director
Occupation: Chartered Accountant

John Mould
Director
Occupation: Retired Builder

Megan Gibbons
Director
Occupation: Bookkeeper

Wendy Scott
Director
Occupation: Retired School Teacher

Franklin Trouw (Resigned 22/10/2007)
Director
Occupation: Farmer

Kim Parry
Director
Occupation: Real Estate Agent

Keith Corbett
Director
Occupation: Primary Producer

Garry Byrne
Director
Occupation: Primary Producer

Carolyn Burgi
Director
Occupation: Primary Producer

Randall Pye (Appointed 19/05/2008)
Director
Occupation: Draftsman

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

Directors' report continued

Operating results

Operations have continued to perform in line with expectations. The profit/(loss) of the Company for the financial year after provision for income tax was 177,902 (2006: $157,851).

	Year Ended 30 June 2008	
Dividends	**Cents**	**$'000**
Final dividends recommended:	7	37

Significant changes in the state of affairs

In the opinion of the Directors there have been 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 of which a Director is a member or an entity in which a Director has a substantial financial interest, other than disclosed below. 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.

Accounting services

Accounting services are provided by John Strachan Chartered Accountants, the Principal of which is a Director of the Company.

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 Managers 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' report continued

Directors' meetings

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

Number of meetings held:	12
Number of meetings attended:	
Kevin Parker	12
John Strachan	11
John Mould	7
Megan Gibbons	12
Wendy Scott	5
Franklin Trouw (Resigned 22/10/2007)	0
Kim Parry	10
Keith Corbett	10
Carolyn Burgi	10
Garry Byrne	10
Randall Pye (Appointed 19/05/2008)	2

Company Secretary

John Strachan has been the Company Secretary of Wandin Seville Financial Services Ltd for 5 years.

Mr Strachan is a Chartered Accountant with over 28 years' experience in accounting and tax matters. He has been the principal in his own public practice since May 1990.

Corporate governance

The Company has implemented various corporate governance practices which include:

(a) Director approval of operating budgets and monitoring of progress against these budgets;

(b) Ongoing Director training; and

(c) Monthly Director meetings to discuss performance and strategic plans.

Auditor Independence Declaration

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

Auditor's Independence Declaration

In relation to our audit of the financial report of Wandin Seville Financial Services Ltd for the financial year ended 30 June 2008, 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.

Vin Crowe
Partner
Vin Crowe & Associates
Ringwood
15th September 2008

Signed in accordance with a resolution of the Board of Directors at Wandin on 29 September, 2008.

Kevin Parker
Chairman

John Strachan
Director

Financial statements

Income statement
For year ending 30 June 2008

	Notes	2008 $	2007 $
Revenues from ordinary activities	2	796,016	678,806
Employee benefits expense	3	297,068	263,939
Depreciation and amortisation expense	3	(19,879)	(43,718)
Finance costs	3	(26,629)	(1,174)
Other expenses from ordinary activities		(224,905)	(165,246)
Profit/(loss) before income tax expense		**227,535**	**204,729**
Income tax expense	4	(49,633)	(46,878)
Profit/(loss) after income tax expense		**177,902**	**157,851**

Earnings per share (cents per share)			
- basic/ diluted for profit / (loss) for the year	22	0.34	0.30
- dividends paid per share		-	-

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2008

	Notes	2008 $	2007 $
Current assets			
Cash assets	6	336,647	304,960
Trade and other receivables	7	83,701	105,832
Total current assets		**420,348**	**410,793**
Non-Current assets			
Property, plant and equipment	8	580,469	562,743
Deferred income tax asset	4	32,241	21,971
Intangible assets	9	39,166	49,167
Total non-current assets		**651,876**	**633,881**
Total assets		**1,072,224**	**1,044,674**
Current liabilities			
Trade and other payables	10	54,870	74,871
Interest bearing liabilities	11	39,216	39,216
Current tax payable	4	6,134	35,354
Provisions	12	13,846	12,288
Total current liabilities		**114,066**	**161,729**
Non-current liabilities			
Interest bearing liabilities	11	220,306	305,932
Provisions	12	19,919	
Total Non-current Liabilities		**240,225**	**305,932**
Total liabilities		**354,291**	**467,661**
Net assets/(liabilities)		**717,933**	**577,013**
Equity			
Share capital	13	528,311	528,311
Retained earnings / (accumulated losses)	14	189,622	48,702
Total equity		**717,933**	**577,013**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2008

	Notes	2008 $	2007 $
Cash flows from operating activities			
Cash receipts in the course of operations		799,973	716,553
Cash payments in the course of operations		(547,124)	(545,304)
Interest received		18,174	25,259
Income tax paid		(89,124)	(29,862)
Net cash flows from/(used in) operating activities	**15b**	**181,899**	**166,646**
Cash flows from investing activities			
Payments for property, plant and equipment		(27,604)	(558,240)
Net cash flows from/(used in) investing activities		**(27,604)**	**(558,240)**
Cash flows from financing activities			
Proceeds from borrowings			345,148
Repayment of borrowings		(85,626)	2,500
Dividend paid		(36,982)	
Net cash flows from/(used in) financing activities		**(122,608)**	**342,648**
Net increase/(decrease) in cash held		**31,687**	**48,946**
Add opening cash brought forward		304,960	353,906
Closing cash carried forward	**15a**	**336,647**	**304,960**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2008

	2008 $	2007 $
SHARE CAPITAL		
Ordinary shares		
Balance at start of year	528,311	528,311
Issue of share capital		
Share issue costs		
Balance at end of year	528,311	528,311
Retained earnings		
Balance at start of year	577,013	419,162
Profit/(loss) after income tax expense	177,902	157,851
Dividends paid	(36,982)	-
Balance at end of year	717,933	577,013

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

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.

(b) 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.

(c) 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 2008 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 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

Note 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	2.5%
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.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

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.

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 20% 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.

Note 1. Basis of preparation of the financial report (continued)

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.

Interest bearing liabilities

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

Provisions

Provisions are recognised that 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.

Note 2. Revenue from ordinary activities

	2008 $	2007 $
Operating activities		
- services commissions	762,163	653,106
- other revenue		91
Total revenue from operating activities	**762,163**	**653,197**

Notes to the financial statements continued

Note 2. Revenue from ordinary activities (continued)

	2008 $	2007 $
Non-operating activities:		
- interest received	18,174	25,259
- other revenue	15,679	350
Total revenue from non-operating activities	**33,853**	**25,609**
Total revenue from ordinary activities	**796,016**	**678,806**

Note 3. Expenses

Employee benefits expense		
- wages and salaries	218,606	241,773
- superannuation costs	77,654	21,277
- workers' compensation costs	808	889
	297,068	**263,939**
Depreciation of non-current assets:		
- plant and equipment	1,955	1,289
- buildings	7,924	25,534
Amortisation of non-current assets:		
- intangibles	10,000	16,895
	19,879	**43,718**
Finance costs:		
- Interest paid	26,629	167
- Borrowing cost	-	1,007
- Bad debts	-	53

Notes to the financial statements continued

	2008 $	2007 $

Note 4. Income tax expense

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

	2008 $	2007 $
Prima facie tax on profit/(loss) before income tax at 30%	68,261	61,419
Add tax effect of:		
- Non-deductible expenses	600	2,550
- Future income tax benefit not previously brought to account	(19,228)	(17,091)
Current income tax expense	**49,633**	**46,878**
The components of tax expense comprise:		
Current tax	59,903	65,215
Deferred tax	(10,270)	(18,337)
	49,633	**46,878**
Tax liabilities		
Current tax payable	**6,134**	**35,354**
Deferred income tax asset		
Future income tax benefits arising from deductible temporary differences are recognised to the extent that profits will be available against which such differences can be utilised.	**32,241**	**21,971**

Note 5. Auditors' remuneration

Amount received or and receivable by "Vin Crowe & Associates":

	2008 $	2007 $
- Audit or review of the financial report of the Company	1,925	3,000
- Other services in relation to the Company	-	-
	1,925	**3,000**

Note 6. Cash assets

	2008 $	2007 $
Cash at bank and on hand	**336,647**	**304,960**

Notes to the financial statements continued

	2008 $	2007 $

Note 7. Receivables

Trade debtors	80,272	61,577
Other receivables	3,429	44,255
	83,701	**105,832**

Note 8. Property, plant and equipment

Buildings		
At cost	578,041	557,037
Less accumulated depreciation	(7,924)	-
	570,117	**557,037**
Plant and equipment		
At cost	167,439	160,839
Less accumulated depreciation	(157,087)	(155,133)
	10,352	**5,706**
Total written down amount	**580,469 -**	**562,743**
Movements in carrying amounts		
Building		
Carrying amount at beginning of year	557,037	-
Additions	21,004	557,037
Disposals		-
Depreciation expense	(7,924)	-
Carrying amount at end of year	**570,117**	**557,037**
Plant and equipment		
Carrying amount at beginning of year	5,706	31,326
Additions	6,600	1,204
Disposals	-	-
Depreciation expense	(1,955)	(26,824)
Carrying amount at end of year	**10,351**	**5,706**

	2008 $	2007 $

Note 9. Intangible assets

	2008 $	2007 $
Franchise fee-at cost	60,000	50,000
Additions		10,000
Less accumulated amortisation	(52,167)	(50,167)
	7,833	**9,833**
Preliminary expenses		
At cost	46,370	46,370
Less accumulated amortisation	(46,370)	(46,370)
	-	-
	7,833	**9,833**
Renewal cost recovery fee-at cost	40,000	-
Additions	-	40,000
Less accumulated amortisation	(8,667)	(667)
	31,333	**39,333**
	39,166	**49,166**

Note 10. Payables

	2008 $	2007 $
Trade creditors	18,049	67,195
Other creditors and accruals	36,821	7,676
	54,870	**74,871**

Note 11. Interest bearing liabilities

	2008 $	2007 $
Current:		
Bank loan - secured	39,216	39,216
Other loans	-	
	39,216	**39,216**

Notes to the financial statements continued

	2008 $	2007 $

Note 11. Interest bearing liabilities (continued)

	2008 $	2007 $
Non current:		
Bank loan - secured	220,306	305,932
	220,306	**305,932**

Bank loans are repayable monthly over a period of 15 years. Monthly loan instalment is $3,267.20. Interest rate is determined based on the commercial variable base rate. The loans are secured by mortgage over the property.

Note 12. Provisions

	2008 $	2007 $
Current:		
Employee benefits	**13,846**	**12,288**
Non-current		
Employee benefits	**19,919**	**-**
Number of employees at year end	**6**	**6**

Note 13. Share capital

	2008 $	2007 $
528,311 Ordinary Shares fully paid of $1 each	**528,311**	**528,311**

Note 14. Retained earnings

	2008 $	2007 $
Balance at the beginning of the financial year	48,702	(109,149)
Profit/(loss) after income tax	177,902	157,851
Dividends	(36,982)	-
Balance at the end of the financial year	**189,622**	**48,702**

	2008 $	2007 $

Note 15. Cash flow statement

(a) Reconciliation of cash

	2008 $	2007 $
Cash assets	336,647	304,960
Bank overdraft	-	-
	336,647	**304,960**

(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities

	2008 $	2007 $
Profit / (loss) after income tax	177,902	157,851
Non cash items		
- Depreciation	9,879	1,289
- Amortisation	10,001	42,429
Changes in assets and liabilities		
- (Increase) decrease in receivables	22,131	(42,355)
- (Increase) decrease in other assets	(10,270)	(33,106)
- Increase (decrease) in payables	(20,001)	39,030
- Increase (decrease) in provisions	21,477	1,508
- Increase (decrease) in other liabilities	(29,220)	
Net cash flows from/(used in) operating activities	**181,899**	**166,646**

Note 16. Director and related party disclosures

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

Kevin Parker	Wendy Scott
John Strachan	Kim Parry
John Mould	Keith Corbett
Randall Pye	Carolyn Burgi
Megan Gibbons	Garry Byrne

No Director or related entity has entered into a material contract with the Company.

Notes to the financial statements continued

Note 16. Director and related party disclosures (continued)

Directors shareholdings	2008	2007
Kevin Parker	8,001	8,001
John Strachan	8,001	8,001
John Mould	29,501	29,001
Megan Gibbons	500	1,000
Wendy Scott	1,500	1,500
Kim Parry	1,001	1,001
Keith Corbett	38,000	38,000
Carolyn Burgi	500	500
Garry Byrne	5,000	5,000
Randall Pye	500	-

Each share held has a paid up value of $1 and is fully paid.

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 as detailed in Note 19.

Note 20. Corporate information

Wandin Seville Financial Services Ltd is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is:

Registered Office:
Suite 2 1st Floor,
329 Main Street,
Lilydale VIC 3140

Principal place of Business:
Shop 13,
2 Union Road,
Wandin North VIC 3139

	2008 $	2007 $

Note 21. Dividends paid or provided for on ordinary shares

Dividends proposed and not recognised as a liability

	2008 $	2007 $
Franked dividends - 7 cents per share (2007: 7 cents per share)	36,982	36,982

The tax rate at which dividends have been franked is 30% (2007: 30%).

Dividends proposed will be franked at a rate of 30% (2007: 30%).

Note 22. Earnings per share

Basic 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.

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).

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

	2008 $	2007 $
Profit/(loss) after income tax expense	**177,902**	**157,851**
Weighted average number of ordinary shares for basic and diluted earnings per share	**528,311**	**528,311**

Note 23. Financial risk management

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.

Note 23. Financial risk management (continued)

Maturity analysis

Financial instrument	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average effective interest rate	
	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 %	2007 %
Financial assets												
Cash assets	33,900	96,655	300,000	207,790	-	-	-	-	-		6.10%	5.50%
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	-		-	-
Interest bearing liabilities	259,522	345,148	-	-	-	-	-	-	-	-	8.52%	7.85%

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

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. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount 2008 $	Carrying amount 2007 $
Cash assets	336,647	304,960
Receivables	83,701	44,255
	420,348	**349,215**

Note 23. Financial risk management (continued)

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2007: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount $	Contractual cash flows $	1 year or less $	over 1 to 5 years $	more than 5 years $
30 June 2008					
Payables	54,870	(54,870)	(54,870)	-	-
Interest bearing liabilities	259,522	(259,522)	(60,000)	(60,000)	(139,522)
	314,392	**(314,392)**	**(114,870)**	**(60,000)**	**(139,522)**
30 June 2007					
Payables	74,871	(74,871)	(74,871)	-	-
Interest bearing liabilities	345,148	(345,148)	(85,626)	(60,000)	(199,522)
	420,019	**(420,019)**	**(160,497)**	**(60,000)**	**(199,522)**

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular Board meetings.

Notes to the financial statements continued

Note 23. Financial risk management (continued)

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	2008	**2007**
	$	**$**
Fixed rate instruments		
Financial assets (fixed rate)	300,000	207,790
Financial liabilities (floating rate)	259,522	345,148
	559,522	**552,938**

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

(d) 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.

(e) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:

  (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

  (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2008 can be seen in the Income Statement.

There were no changes in the Company's approach to capital management during the year.

Director's declaration

In accordance with a resolution of the Directors of Wandin Seville 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 their performance for the year ended on that date; 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; and

(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 2008.

Kevin Parker	**John Strachan**
Chairman	**Director**

Signed at Wandin on the 29 September 2008.

Independent audit report

CERTIFIED PRACTISING
ACCOUNTANTS

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PRINCIPAL
VINCENT R CROWE
FCPA FTIA
REGISTERED
COMPANY AUDITOR

VIN CROWE & ASSOCIATES

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
WANDIN SEVILLE FINANCIAL SERVICES LIMITED

SCOPE

The financial report comprises the balance sheet as at 30 June 2008, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements and the director's declaration for Wandin Seville Financial Services Limited, for the year ended on that date.

The directors of company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

AUDIT APPROACH

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatements. The nature of the audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of the internal control, and the availability of persuasive rather that conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and its performance as represented by the results of its operations and cash flows.

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We formed our audit opinion on the basis of the procedures, which include:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENCE

In conducting our audit, we have followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Wandin Seville Financial Services Limited is in accordance with:

(a) 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 year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

VINCENT R CROWE
PRINCIPAL

VIN CROWE & ASSOCIATES

Date: 1st October 2008

Wandin Seville **Community Bank**® Branch
Shop 3, Lot 10 Union Road, Wandin North VIC 3139
Phone: (03) 5964 4595 Fax: (03) 5964 3970

Franchisee: Wandin Seville Financial Services Limited
Suite 2, 1st Floor, 329 Main Street, Lilydale VIC 3140
ABN 33 098 648 296

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Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR8058) (09/08)