

Woodstock Financial  
Services Limited  
ABN 61 105 527 697

# 2008 annualreport



Photo provided by MU Times Newspaper

## Notice of Annual General Meeting

Woodstock Financial Services Limited  
A.B.N. 61 105 527 697

To be held at 7pm on 13<sup>th</sup> October 2008  
at CWA Hall Wason St, Milton

### Ordinary Business

#### 1. Receipt of Annual Report

To receive the Company's Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2008.

#### 2. Election of directors

To consider, and if thought fit, to pass each of the following resolutions as an ordinary resolution.

- (a) That Alan Foreman be elected as a director of the Company.
- (b) That Peter Culham be elected as a director of the Company.
- (c) That Robert Miller be elected as a director of the Company.
- (d) That Norma Lowe be elected as a director of the Company.
- (e) That Emmie Anderson be elected as a director of the Company.
- (f) That Heidi Rawson be elected as a director of the Company.
- (g) That Paul McDonald be elected as a director of the Company.

#### [Agenda item 2: Election of directors]

The following information is provided about candidates for election to the Board.

- (a) Alan Foreman, retires by rotation in accordance with the constitution of the Company, and being eligible, offers himself for re-election.
- (b) Peter Culham, retires by rotation in accordance with the constitution of the Company, and being eligible, offers himself for re-election.
- (c) Robert Miller, retires by rotation in accordance with the constitution of the Company, and has chosen not to offer himself for re-election.
- (d) Ron Kelly, retires by rotation in accordance with the constitution of the Company, and has chosen not to offer himself for re-election.
- (e) Emmie Anderson, Aged 41 lifelong resident of the district, mother of 4, currently employed as CEO of local small business, previously long term bank employee.
- (f) Paul McDonald, Aged 32 moved to Sydney for further education at a young age, former financial controller with Toyota Australia, returned as a permanent resident and proprietor of Milton Newsagency.
- (g) Norma Lowe, Aged 56 co-owner of local mobile home village for the last 23years, Life member of Milton Ulladulla Netball Association, former member of Tourist Association and many other local community groups.

Woodstock Financial Services Limited  
A.B.N. 61 105 527 697

[Registered Office – 41 Deering St, Ulladulla NSW 2539]



- (h) Heidi Rawson, Aged 23 Resident last 18 years, educated in Ulladulla and Canberra, holder of Diploma of Child Care working as Early Childhood Educated. Recently married. Previously a Director of this Company

### 3. Appointment of auditor

The Board has reconsidered our position with the Company Audit. In the past we have engaged the services of Richmond Sinnott & Delahunty who are experienced in auditing Community Bank Companies.

However, we have appointed Hales Douglas to conduct the Audit in the future based on the fact that they are a locally based Company and it would be our objective to support a local Company.

We are satisfied there is no conflict of interest.  
We are awaiting an answer from Hales Douglas in the affirmative.

#### **Resolution:**

That should Hales Douglas accept our offer, they be appointed our Company Auditors.

### **Attending the meeting**

All shareholders may attend the Annual General Meeting.

*Joint holders:* In the case of joint shareholders, all holders may attend the Meeting. If only one holder attends (including by proxy), that shareholder may vote at the Meeting as if that holder were solely entitled to the shares. If more than one joint holder is present (including by proxy), the joint holder whose name appears first in the register may vote.

*Corporate shareholder:* A corporate shareholder may appoint one or more persons to act as its representative under section 250D of the Corporations Act, but only one representative may exercise the corporate shareholder's powers at any one time. The Company requires written evidence of a representative's appointment to be given to the Company before the Meeting.

*Proxy:* If you are unable to attend the Meeting, you are entitled to appoint a proxy to attend and vote. See the attached Proxy Form for information on appointing a proxy.

## **Voting rights**

Each shareholder is entitled to **one** vote.

For the purposes of voting at the Meeting, shares will be taken to be held by the persons who are registered as members as at 7pm on 13<sup>th</sup> October 2008.

By order of the board

Woodstock Financial Services Limited  
Company Secretary  
15<sup>th</sup> September 2007

A proxy form accompanies this Notice of Meeting. A member entitled to attend and vote at this meeting is entitled to appoint a proxy. The proxy need not be a member of the Company.

## **Explanatory Notes**

This information has been included to assist you in making an informed decision about the resolutions proposed at the meeting.

# Proxy Form

**Woodstock Financial Services Ltd**

ABN 61 105 527 697

All correspondence to:  
Woodstock Financial Services Ltd  
83 Princes Highway, Milton 2538

Enquiries 02 44542659

Facsimile 02 44542651



Name.....

Address.....

Shareholder No.....

## Appointment of proxy

I/We being a member/s of Woodstock Financial Services Ltd and entitled to attend and vote appoint the person named below or, if no person is named below, the Chairman of the Meeting as my/our proxy to vote in accordance with directions set out below (with a discretion as to any business not referred to below) or, if no directions are given, as my/our proxy sees fit, at the Annual General Meeting of the Company to be held at CWA Hall Wason St, Milton on 13<sup>th</sup> October 2008 at 7 pm and at any adjournment of that meeting.



the Chairman  
of the Meeting  
(mark with an 'X')

OR

Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.

Voting directions to your proxy – please mark



to indicate your directions

### Ordinary Business

Item 1. Receipt of financial report, directors' report and auditor's report

Item 2. Re-election of Alan Foreman & Peter Culham & Election of New Directors Norma Lowe, Emmie Anderson, Heidi Rawson & Paul McDonald

Item 3. Appointment of Hales Douglas as Company Auditor

|   | For | Against | Abstain* |
|---|-----|---------|----------|
| Item 1. Receipt of financial report, directors' report and auditor's report   |     |         |          |
| Item 2. Re-election of Alan Foreman & Peter Culham & Election of New Directors Norma Lowe, Emmie Anderson, Heidi Rawson & Paul McDonald |     |         |          |
| Item 3. Appointment of Hales Douglas as Company Auditor   |     |         |          |

\*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in working out the required majority on a poll.

## PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Shareholder 1

Sole Director and  
Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary



## How to complete the Proxy Form

### 1 Your name and address

This is your name and address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. **Please note, you cannot change ownership of your shares using this form.**

### 2 Appointment of a proxy

A member entitled to attend and vote at the Meeting may appoint one proxy. A proxy need not be a member of the Company. A proxy may be an individual or a company.

### 3 Identity of proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, the Chairman of the Meeting will act as your proxy.

### 4 Voting instructions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### 5 Signing instructions

The Proxy Form must be signed in the spaces provided.

*Individual:* If the holding is in one name, the holder must sign.

*Joint Holding:* If the holding is in more than one name, any one holder may sign.

*Power of Attorney:* To sign under power of attorney, you must have already lodged this document with the Company or attach a certified copy of the power of attorney to this form when you return it.

*Companies:* If the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (under section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the Company is to attend the meeting, the appropriate "Certificate of Appointment of Corporate Representative" must be produced before admission to the meeting.

### Lodging instructions

This Proxy Form (and any power of attorney under which it is signed) must be received by the Company not later than 2 business days before the meeting (ie by 7pm on 13<sup>th</sup> October 2008). Any Proxy Form received after that time will not be valid for the scheduled meeting. Documents may be lodged in any of the following ways.

- By post or hand delivery to the Company's registered office at Bendigo Bank Ltd, 83 Princes Highway, Milton 2538
- By facsimile to 02 44542651.

## CHAIRMANS REPORT

This is my fifth Annual Report on the Company's operation and again it is a pleasant and rewarding task with the book about to achieve the \$65M point.

The Company continues to grow . After levelling off after the third year the growth has since taken a steady climb, notwithstanding the current economic climate. We are still the envy of our competitors who are now trying the chase the "Community Support" aspect of our operations.

The advertising the BAB undertook during the Olympic Games was outstanding and raised positive comments from all quarters.

During the whole of the Group 7 Rugby League Final Series our Banners have been on display at Mollymook Oval.

Again, our position is a reflection of the hard work that the Steering Committee did in the early days and the work the Manager and his Staff and the Directors undertake.

Since the last AGM the Board has undertaken:-

- A review of our Business Plan with a fresh Plan being prepared . We are mindful of expansion and are considering Sussex Inlet and Ulladulla when such operations would be cost justified. We have a customer base at Sussex Inlet and have installed an ATM in the CBD.
- To pay a 5c dividend to our shareholders.
- To introduce a scheme giving shareholders the opportunity to be involved in the distribution of profits to local organisations as part of the Bank's function.
- To increase the Branch Staff Complement by two, notwithstanding the resignation of Hayley Hansen. Due to the growth in activity we have increased the staffing on Saturday mornings.
- Not to list on the Bendigo Stock Exchange because of the costs and the fact that we have so few trades.
- To maintain contact with the Schools regarding incentives for students and training etc.
- To continue the maintenance of a succession of directors policy and maintain a minimum number of 10 directors. We have balanced the gender content of our Board and attempted to reduce the average age.
- To conduct a review of Salary Packages for staff. Both the Branch Manager and Supervisor have been placed on performance based agreements and have achieved the goals that were set.

The merger with the Adelaide Bank has settled down and has not effected our Branch directly.

Some of the milestones our Branch has achieved during the past 12 months were as follows:-

- The Chairman and Branch manager have Mentored the growth and development of Community banks at Pambula and Nowra.
- We forged past the \$50M hurdle and are in a position to make a nett profit each month after creating a Reserve for our Franchise Renewal.
- 'The Encounter' , the vessel owned by the RVCP and of which we sponsor it's



maintenance , received national exposure when it assisted in the m Sydney Harbour escort during the papal visit.

- We were entered in three sections of the 2008 Business Awards after having won awards every year since the inception of the Awards. This year we were finalists in three sections.
- There has been a noticeable improvement in business confidence in Milton CBD since the Community was assured a Banking presence. Property owners are showing pride in ownership with a great improvement in the streetscape.
- Again we have been singled out as a progressive Branch by the BAB Administrators and made reference to because of our success.

During the last term Paul Hales , Russell Rogers and Robyn Cross resigned as Directors of the Company mainly for business reasons. Longstanding Director and original Steering Committee member Ron Kelly will not be seeking re election at the AGM .Ron has moved to Nowra to live. On behalf of the Board I would like to thank all four for their contributions to the Community Bank

The Board Members continue to be devoted to the job at hand. Some with young families make the time to attend meetings and play an active role in the community.

Last month five Directors including Alan Foreman, Paul Mc Donald, Norma Lowe, Heidi Rawson and myself attended an Australian Institute of Company Directors one day seminar at Nowra and it is our policy to keep our Directors upskilled as well as our Staff.

Paula Brett has been our Minutes Secretary since the Company was formed and continues to do a fine job.

Hales Douglass and Associates continue to allow us the use their Board Room for meetings, Staff Training and Directors training at no charge and we thank them also.

Above all, without the Shareholders and customers we would not be able to function and provide a vital service to our vibrant Community.

Good luck to all and Compliments of the Season

TONY HARDMAN – CHAIRMAN



## **Shareholder Donation Nomination 2008**

Following our continue growth and profitability we are in the position to increase our commitment to donating a larger proportion of our profits to local organizations as our function of a Community bank.

The Board of Directors has formulated a policy to give each shareholder the opportunity to participate in this process of allocation of money to local charities and community organizations.

Each shareholder if they choose, may donate \$15.00 to his or her nominated charity or community organization by filling out the form below. The total commitment will be approx \$5,000.

This is not compulsory to undertake and you may choose not to if you do not wish too. The board reserves the right to withhold the donation if it is felt not appropriate but we will make all endeavours to contact you.

Please fill out the form below and return to bank premises or post to PO Box 880, MILTON, NSW 2538.

The offer will closes on the 1<sup>st</sup> of November 08. Upon receipt of all the forms we will collate the entries and allocate the monies to the organizations. A list of the recipients we will displayed at our bank premises.

| Shareholder No | Phone no | Name on share certificate | Recipient organization |
|----------------|----------|---------------------------|------------------------|
|                |          |                           |                        |

Please fill out email address if you would like to receive all future reports and returns by email

| Shareholder No | Phone no | email address |
|----------------|----------|---------------|
|                |          |               |

Signature of Shareholder or Trustee

## MANAGERS REPORT

It is with great pleasure that I once again report to the shareholders on another stellar year for our local Community Bank. This year has seen many a challenge with Financial Markets in general seeing corrections and downturns of significant proportions and overseas influences which have an impact on the markets here in Australia. Now whilst the doom and gloom of the International Market is there I can say that the Milton & Districts Community Bank have gone against the trends of the markets and have increased its market share and business under management. We now have a business with around \$63Million in funds under management, some 400 new clients for the last financial year which saw the branch increasing its business by \$8.2Million which is around 125% of the targeted growth set by our partner and Bendigo & Adelaide Bank Limited.

The branch itself has undergone some internal restructure with different staff taking on different responsibilities and as a result we lost one of our original employees Hayley Hansen who has gone on to pursue other career interests. We have since replaced Hayley with a new staff member Jenni Greenhalgh and also due to the restructure and the increase in business load we have put on another part time employee, Rachelle Kerin. I'm sure with these new employees and the existing team, we will continue to provide the excellent service we are renowned for and to further increase the returns to the community and shareholders alike.

Thanks for a great 2007/2008 and we now look forward to an even better 2008/2009. I also thank my team of ladies who are dedicated to assisting the Community of Milton & Districts with their Banking & Financial needs and doing so in a friendly and courteous manner and a team that, I, as manager am proud to lead and learn from. See you in the new Financial Year.

Matt Adams  
Branch Manager



**Woodstock Financial Services Ltd**  
**ABN 61 105 527 697**  
**Directors' Report**

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 are:

Alan Brian Foreman  
Director  
Business proprietor

Anthony James Hardman  
Chairman  
Investor/semi retired

Paul Gerard Hales (resigned 8 January 2008)  
Company Secretary  
Chartered accountant

Matt Dell  
Director  
Business Proprietor

Ronald Gordon Kelly  
Director  
Boat builder

Peter Eric Culham  
Treasurer  
Travel agent

Russell Robert Tangye Rogers (resigned 10 June 2008)  
Director  
Business proprietor

Beverley Conran  
Secretary (appointed 6 June 2008)  
Retired

Heidi Marchello (appointed 25 June 2008)  
Director  
Student

Robyn Cross (resigned 10 June 2008)  
Director  
Business Proprietor

Robert Miller  
Director  
Dairy Farmer

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 banking services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

**Operating Results**

The profit of the company for the financial year after provision for income tax was \$58,038 (2007: \$39,223).

**Woodstock Financial Services Ltd**  
**ABN 61 105 527 697**  
**Directors' Report**

| <b>Dividends</b>                          | <b>Year Ended 30 June 2008</b> |           |
|---|--------------------------------|-----------|
|   | <b>Cents Per Share</b>         | <b>\$</b> |
| Dividends paid in the year:               |                                |           |
| - As recommended in the prior year report | 3                              | 22,500    |

**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 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.



**Woodstock Financial Services Ltd**  
**ABN 61 105 527 697**  
**Directors' Report**

**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:**

|  |    |
|--|----|
| Alan Brian Foreman                                   | 12 |
| Anthony James Hardman                                | 8  |
| Paul Gerard Hales (resigned 8 January 2008)          | 1  |
| Matt Dell  | 10 |
| Ronald Gordon Kelly                                  | 6  |
| Peter Eric Culham                                    | 9  |
| Russell Robert Tangye Rogers (resigned 10 June 2008) | 6  |
| Beverley Conran                                      | 10 |
| Heidi Marchello (appointed 25 June 2008)             | 1  |
| Robyn Cross (resigned 10 June 2008)                  | 5  |
| Robert Miller  | 11 |

**Company Secretary**

Paul Gerard Hales resigned from the Board on 8 January 2008 . Paul had been the Company Secretary for four years. Paul Hales is a qualified Chartered Accountant and is also a Company director of a number of organisations. He had been a director of Woodstock Financial Services Ltd since incorporation.

Beverly Conran was appointed Company Secretary on 6 June 2008. Beverly is a retired real estate agent.

**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 Paul Hales (resigned 8 January 2008) and Tony Hardman;
- (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.

**Woodstock Financial Services Ltd**  
**ABN 61 105 527 697**  
**Directors' Report**

**Auditor Independence Declaration**

The directors received the following declaration from the auditor of the company:

**Richmond Sinnott & Delahunty**  
**Chartered Accountants**



172-176 McIvor Rd  
PO Box 30  
Bendigo, 3552  
Ph. 03 5443 1177  
Fax. 03 5444 4344  
E-mail: [rsd@rsdadvisors.com.au](mailto:rsd@rsdadvisors.com.au)

**Auditor's Independence Declaration**

In relation to our audit of the financial report of Woodstock 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.

**Warren Sinnott**  
**Partner**  
**Richmond Sinnott & Delahunty**  
**18 September 2008**

Signed in accordance with a resolution of the Board of Directors at Milton, New South Wales on 18 September 2008

  
\_\_\_\_\_  
Anthony Hardman, Chairman



**Woodstock Financial Services Ltd**  
**ABN 61 105 527 697**  
**Income Statement**  
**For the year ended 30 June 2008**

|  | <u>Notes</u> | <b>2008</b><br><b>\$</b> | <b>2007</b><br><b>\$</b> |
|--|--------------|--------------------------|--------------------------|
| Revenue from ordinary activities                         | 2            | 627,314                  | 516,494                  |
| Employee benefits expense                                | 3            | (263,070)                | (221,455)                |
| Charitable donations and sponsorship                     |              | (45,078)                 | (16,881)                 |
| Depreciation and amortisation expense                    | 3            | (31,583)                 | (33,810)                 |
| Finance costs  | 3            | (351)                    | -                        |
| Administration & other expenses from ordinary activities |              | <u>(199,178)</u>         | <u>(183,173)</u>         |
| <b>Profit before income tax expense</b>                  |              | 88,054                   | 61,175                   |
| Income tax expense                                       | 4            | <u>30,016</u>            | <u>21,952</u>            |
| <b>Profit after income tax expense</b>                   |              | <u><u>58,038</u></u>     | <u><u>39,223</u></u>     |
| <b>Earnings per share (cents per share)</b>              |              |                          |                          |
| - basic for profit for the year                          | 22           | 7.74                     | 5.23                     |
| - diluted for profit for the year                        | 22           | 7.74                     | 5.23                     |
| - dividends paid per share                               | 21           | 3.00                     | -                        |

The accompanying notes form part of these financial statements

**Woodstock Financial Services Ltd**  
**ABN 61 105 527 697**  
**Balance Sheet**  
**As at 30 June 2008**

|                                      | <u>Notes</u> | 2008<br><u>\$</u> | 2007<br><u>\$</u> |
|--------------------------------------|--------------|-------------------|-------------------|
| <b>Current Assets</b>                |              |                   |                   |
| Cash assets                          | 6            | 378,042           | 290,522           |
| Receivables                          | 7            | 55,360            | 48,489            |
| Other assets                         |              | 3,333             | 3,516             |
| <b>Total Current Assets</b>          |              | <u>436,735</u>    | <u>342,527</u>    |
| <b>Non-Current Assets</b>            |              |                   |                   |
| Property, plant and equipment        | 8            | 89,590            | 83,828            |
| Deferred income tax asset            | 4            | 53,599            | 83,615            |
| Intangible assets                    | 9            | -                 | 12,000            |
| <b>Total Non-Current Assets</b>      |              | <u>143,189</u>    | <u>179,443</u>    |
| <b>Total Assets</b>                  |              | <u>579,924</u>    | <u>521,970</u>    |
| <b>Current Liabilities</b>           |              |                   |                   |
| Payables                             | 10           | 43,284            | 37,184            |
| Interest bearing liabilities         | 11           | 5,123             | -                 |
| Provisions                           | 12           | 21,871            | 49,993            |
| <b>Total Current Liabilities</b>     |              | <u>70,278</u>     | <u>87,177</u>     |
| <b>Non-Current Liabilities</b>       |              |                   |                   |
| Interest bearing liabilities         | 11           | 16,815            | -                 |
| <b>Total Non-Current Liabilities</b> |              | <u>16,815</u>     | <u>-</u>          |
| <b>Total Liabilities</b>             |              | <u>87,093</u>     | <u>87,177</u>     |
| <b>Net Assets</b>                    |              | <u>492,831</u>    | <u>434,793</u>    |
| <b>Equity</b>                        |              |                   |                   |
| Share capital                        | 13           | 745,003           | 745,003           |
| Accumulated losses                   | 14           | (252,172)         | (310,210)         |
| <b>Total Equity</b>                  |              | <u>492,831</u>    | <u>434,793</u>    |

The accompanying notes form part of these financial statements



Woodstock Financial Services Ltd  
 ABN 61 105 527 697  
 Cash Flow Statement  
 For the year ended 30 June 2008

|  | <u>Notes</u> | 2008<br>\$      | 2007<br>\$     |
|--|--------------|-----------------|----------------|
| <b>Cash Flows From Operating Activities</b>        |              |                 |                |
| Cash receipts in the course of operations          |              | 661,823         | 545,263        |
| Cash payments in the course of operations          |              | (566,462)       | (453,659)      |
| Interest received                                  |              | 18,417          | 12,039         |
| Borrowing costs                                    |              | (351)           | -              |
| <b>Net cash flows from operating activities</b>    | 15b          | <u>113,427</u>  | <u>103,643</u> |
| <b>Cash Flows From Investing Activities</b>        |              |                 |                |
| Proceeds from sale of investments                  |              | -               | 1,000          |
| Payments for property, plant and equipment         |              | (25,345)        | (1,135)        |
| <b>Net cash flows used in investing activities</b> |              | <u>(25,345)</u> | <u>(135)</u>   |
| <b>Cash Flows From Financing Activities</b>        |              |                 |                |
| Dividends paid                                     |              | (22,500)        | -              |
| Proceeds from borrowings                           |              | 21,938          | -              |
| <b>Net cash flows used in financing activities</b> |              | <u>(562)</u>    | <u>-</u>       |
| <b>Net increase in cash held</b>                   |              | 87,520          | 103,508        |
| Add opening cash brought forward                   |              | 290,522         | 187,014        |
| <b>Closing cash carried forward</b>                | 15a          | <u>378,042</u>  | <u>290,522</u> |

The accompanying notes form part of these financial statements

**Woodstock Financial Services Ltd**  
**ABN 61 105 527 697**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2008**

|  | 2008<br>\$       | 2007<br>\$       |
|--|------------------|------------------|
| <b>SHARE CAPITAL</b>                       |                  |                  |
| <i>Ordinary shares</i>                     |                  |                  |
| Balance at start of year                   | 745,003          | 745,003          |
| Issue of share capital                     | -                | -                |
| Share issue costs                          | -                | -                |
| <b>Balance at end of year</b>              | <u>745,003</u>   | <u>745,003</u>   |
| <br><b>ACCUMULATED LOSSES</b>              |                  |                  |
| Balance at start of year                   | (310,210)        | (326,933)        |
| Profit after income tax expense            | 58,038           | 39,223           |
| Dividends proposed or paid during the year | -                | (22,500)         |
| <b>Balance at end of year</b>              | <u>(252,172)</u> | <u>(310,210)</u> |

The accompanying notes form part of these financial statements

**Woodstock Financial Services Ltd**  
**ABN 61 105 527 697**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**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.

The financial report was authorised for issue by the Directors on 18 September 2008.

**(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 2007 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.



**Woodstock Financial Services Ltd**  
**ABN 61 105 527 697**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**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.

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

| <i>Class of Asset</i>    | <i>Depreciation Rate</i> |
|--------------------------|--------------------------|
| Buildings & improvements | 5%                       |
| Furniture & fittings     | 30%                      |

*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.

**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.

**Woodstock Financial Services Ltd**  
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**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

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

**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.

**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 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.



**Woodstock Financial Services Ltd**  
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**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

| <b>2. Revenue from ordinary activities</b>   | <b>2008</b>    | <b>2007</b>    |
|--|----------------|----------------|
|  | <b>\$</b>      | <b>\$</b>      |
| Operating activities   |                |                |
| - services commissions   | 608,897        | 504,455        |
| Non-operating activities:  |                |                |
| - interest received  | 18,417         | 12,039         |
| Total revenue from ordinary activities   | <u>627,314</u> | <u>516,494</u> |
| <br>   |                |                |
| <b>3. Expenses</b>   |                |                |
| Employee benefits expense  |                |                |
| - wages and salaries   | 220,845        | 193,155        |
| - superannuation costs   | 19,458         | 18,624         |
| - workers' compensation costs  | 1,368          | 3,718          |
| - other costs  | 21,399         | 5,958          |
|  | <u>263,070</u> | <u>221,455</u> |
| Depreciation of non-current assets:  |                |                |
| - plant and equipment  | 17,710         | 19,868         |
| - buildings  | 1,873          | 1,942          |
| Amortisation of non-current assets:  |                |                |
| - intangibles  | 12,000         | 12,000         |
|  | <u>31,583</u>  | <u>33,810</u>  |
| Finance costs  | 351            | -              |
| Bad debts  | 260            | 52             |
| <br>   |                |                |
| <b>4. Income Tax Expense</b>   |                |                |
| The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:  |                |                |
| Prima facie tax on profit at 30%   | 26,416         | 18,352         |
| Add tax effect of:   |                |                |
| - Non-deductible expenses  | 3,600          | 3,600          |
|  | <u>30,016</u>  | <u>21,952</u>  |
| <i>Current income tax expense</i>  |                |                |
| Income tax expense   | <u>30,016</u>  | <u>21,952</u>  |
| <b>Deferred income tax asset</b>   |                |                |
| Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable. |                |                |
|  | <u>53,599</u>  | <u>83,615</u>  |
| <br>   |                |                |
| <b>5. Auditors' Remuneration</b>   |                |                |
| Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:   |                |                |
| - Audit or review of the financial report of the company   | <u>3,650</u>   | <u>3,650</u>   |



**Woodstock Financial Services Ltd**  
**ABN 61 105 527 697**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

|   | 2008             | 2007             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>6. Cash Assets</b>                   |                  |                  |
| Cash at bank and on hand                | <u>378,042</u>   | <u>290,522</u>   |
| <b>7. Receivables</b>                   |                  |                  |
| Trade debtors                           | <u>55,360</u>    | <u>48,489</u>    |
| <b>8. Property, Plant and Equipment</b> |                  |                  |
| <i>Plant &amp; equipment</i>            |                  |                  |
| At cost                                 | 178,218          | 152,873          |
| Less accumulated depreciation           | <u>(124,223)</u> | <u>(106,513)</u> |
|   | <u>53,995</u>    | <u>46,360</u>    |
| <i>Leasehold improvements</i>           |                  |                  |
| At cost                                 | 44,633           | 44,633           |
| Less accumulated depreciation           | <u>(9,038)</u>   | <u>(7,165)</u>   |
|   | <u>35,595</u>    | <u>37,468</u>    |
| Total written down amount               | <u>89,590</u>    | <u>83,828</u>    |
| <b>Movements in carrying amounts</b>    |                  |                  |
| <i>Plant &amp; equipment</i>            |                  |                  |
| Carrying amount at beginning of year    | 46,360           | 66,228           |
| Additions                               | 25,345           | -                |
| Disposals                               | -                | -                |
| Depreciation expense                    | <u>(17,710)</u>  | <u>(19,868)</u>  |
| Carrying amount at end of year          | <u>53,995</u>    | <u>46,360</u>    |
| <i>Leasehold improvements</i>           |                  |                  |
| Carrying amount at beginning of year    | 37,468           | 38,275           |
| Additions                               | -                | 1,135            |
| Disposals                               | -                | -                |
| Depreciation expense                    | <u>(1,873)</u>   | <u>(1,942)</u>   |
| Carrying amount at end of year          | <u>35,595</u>    | <u>37,468</u>    |
| <b>9. Intangible Assets</b>             |                  |                  |
| <i>Franchise Fee</i>                    |                  |                  |
| At cost                                 | 60,000           | 60,000           |
| Less accumulated amortisation           | <u>(60,000)</u>  | <u>(48,000)</u>  |
|   | <u>-</u>         | <u>12,000</u>    |
| <b>10. Payables</b>                     |                  |                  |
| Trade creditors                         | 18,308           | 15,064           |
| Accrued expenses                        | 3,650            | 3,650            |
| Other creditors and accruals            | <u>21,326</u>    | <u>18,470</u>    |
|   | <u>43,284</u>    | <u>37,184</u>    |

**Woodstock Financial Services Ltd**  
**ABN 61 105 527 697**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

| <b>11. Interest Bearing Liabilities</b>   | <b>2008</b>      | <b>2007</b>      |
|---|------------------|------------------|
|   | <b>\$</b>        | <b>\$</b>        |
| <i>Current</i>  |                  |                  |
| Chattel mortgage  | <u>5,123</u>     | <u>-</u>         |
| <i>Non - Current</i>  |                  |                  |
| Chattel mortgage  | <u>16,815</u>    | <u>-</u>         |
| <b>12. Provisions</b>   |                  |                  |
| Employee benefits   | 21,871           | 27,493           |
| Provision for dividends   | -                | 22,500           |
|   | <u>21,871</u>    | <u>49,993</u>    |
| Number of employees at year end   | <u>8</u>         | <u>6</u>         |
| <b>13. Share Capital</b>  |                  |                  |
| 750 000 Ordinary shares fully paid of \$1 each                                      | 750,000          | 750,000          |
| Less preliminary expenses   | (4,997)          | (4,997)          |
|   | <u>745,003</u>   | <u>745,003</u>   |
| <b>14. Accumulated Losses</b>   |                  |                  |
| Balance at the beginning of the financial year                                      | (310,210)        | (326,933)        |
| Profit after income tax   | 58,038           | 39,223           |
| Dividends proposed  | -                | (22,500)         |
| Balance at the end of the financial year  | <u>(252,172)</u> | <u>(310,210)</u> |
| <b>15. Cash Flow Statement</b>  |                  |                  |
| <i>(a) Reconciliation of cash</i>   |                  |                  |
| Cash assets   | <u>378,042</u>   | <u>290,522</u>   |
| <i>(b) Reconciliation of profit after tax to net cash from operating activities</i> |                  |                  |
| Profit after income tax   | 58,038           | 39,223           |
| Non cash items  |                  |                  |
| - Depreciation  | 19,583           | 21,810           |
| - Amortisation  | 12,000           | 12,000           |
| Changes in assets and liabilities   |                  |                  |
| - (Increase) decrease in receivables / other assets                                 | (6,688)          | (8,901)          |
| - Increase (decrease) in payables   | 6,100            | 11,188           |
| - Increase (decrease) in provisions   | (5,622)          | 6,371            |
| - (Increase) decrease in deferred income tax asset                                  | 30,016           | 21,952           |
| Net cashflows from operating activities   | <u>113,427</u>   | <u>103,643</u>   |

**Woodstock Financial Services Ltd**  
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**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**16. Director and Related Party Disclosures**

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

Peter Eric Culham  
 Alan Brian Foreman  
 Paul Gerard Hales (resigned 8 January 2008)  
 Anthony James Hardman  
 Ronald Gordon Kelly  
 Matt Dell  
 Russell Robert Tangye Rogers (resigned 10 June 2008)  
 Beverley Conran  
 Heidi Marchello (appointed 25 June 2008)  
 Robyn Cross (resigned 10 June 2008)  
 Robert Miller

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.

| <b>Directors shareholdings</b>                       | <b>2008</b> | <b>2007</b> |
|--|-------------|-------------|
| Peter Eric Culham                                    | 1,000       | 1,000       |
| Alan Brian Foreman                                   | 7,000       | 7,000       |
| Paul Gerard Hales (resigned 8 January 2008)          | 22,000      | 22,000      |
| Anthony James Hardman                                | 2,900       | 2,900       |
| Ronald Gordon Kelly                                  | 5,000       | 5,000       |
| Matt Dell  | 7,000       | 7,000       |
| Russell Robert Tangye Rogers (resigned 10 June 2008) | 5,000       | 5,000       |
| Beverley Conran                                      | 4,500       | 4,500       |
| Heidi Marchello (appointed 25 June 2008)             | -           | -           |
| Robyn Cross (resigned 10 June 2008)                  | 1,000       | 1,000       |
| Robert Miller  | 2,000       | 2,000       |

There was no movements in shares held 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 Milton NSW.

**20. Corporate Information**

Woodstock Financial Services Ltd is a company limited by shares incorporated in Australia.

The registered office and principal place of business is: 41 Deering St , Ulladulla 2539



Woodstock Financial Services Ltd  
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 Notes to the Financial Statements  
 for the year ended 30 June 2008

| <b>21. Dividends paid or provided for on ordinary shares</b>        | <b>2008</b>   | <b>2007</b>   |
|---|---------------|---------------|
|   | <b>\$</b>     | <b>\$</b>     |
| <b>(a) Dividends paid during the year</b>                           |               |               |
| Unfranked dividends - 3 cents per share (2007: Nil cents per share) | <u>22,500</u> | <u>-</u>      |
| <b>(b) Dividends proposed and recognised as a liability</b>         |               |               |
| Unfranked dividends - Nil cents per share (2007: 3 cents per share) | <u>-</u>      | <u>22,500</u> |

**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.

Diluted earnings per share amounts are calculated by dividing profit 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:

|   |                |                |
|---|----------------|----------------|
| Profit after income tax expense   | <u>58,038</u>  | <u>39,223</u>  |
| Weighted average number of ordinary shares for basic and diluted earnings per share | <u>750,000</u> | <u>750,000</u> |

**Woodstock Financial Services Ltd**  
**ABN 61 105 527 697**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2008**

**23. Financial risk management**

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:

|             | <u>Carrying Amount</u> |                |
|-------------|------------------------|----------------|
|             | <u>2008</u>            | <u>2007</u>    |
|             | \$                     | \$             |
| Cash assets | 378,042                | 290,522        |
| Receivables | 55,360                 | 48,489         |
|             | <u>433,402</u>         | <u>339,011</u> |

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of the 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.

Woodstock Financial Services Ltd  
 ABN 61 105 527 697  
 Notes to the Financial Statements  
 For the year ended 30 June 2008

**23. Financial risk management (continued)**

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

|                              | Carrying<br>amount<br>\$ | Contractual<br>cash flows<br>\$ | 1 year<br>or less<br>\$ | over 1 to<br>5 years<br>\$ | more than<br>5 years<br>\$ |
|------------------------------|--------------------------|---------------------------------|-------------------------|----------------------------|----------------------------|
| <b>30 June 2008</b>          |                          |                                 |                         |                            |                            |
| Payables                     | 43,284                   | (43,284)                        | (43,284)                | -                          | -                          |
| Interest bearing liabilities | 21,938                   | (26,092)                        | (6,958)                 | (19,134)                   | -                          |
|                              | <u>65,222</u>            | <u>(69,376)</u>                 | <u>(50,242)</u>         | <u>(19,134)</u>            | <u>-</u>                   |
| <b>30 June 2007</b>          |                          |                                 |                         |                            |                            |
| Payables                     | 37,184                   | (37,184)                        | (37,184)                | -                          | -                          |
| Interest bearing liabilities | -                        | -                               | -                       | -                          | -                          |
|                              | <u>37,184</u>            | <u>(37,184)</u>                 | <u>(37,184)</u>         | <u>-</u>                   | <u>-</u>                   |

**(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.

**Sensitivity analysis**

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

|                                  | <u>Carrying Amount</u> |                |
|----------------------------------|------------------------|----------------|
|                                  | 2008<br>\$             | 2007<br>\$     |
| <b>Fixed rate instruments</b>    |                        |                |
| Financial assets                 | 345,802                | 268,325        |
| Financial liabilities            | 21,938                 | -              |
|                                  | <u>367,740</u>         | <u>268,325</u> |
| <b>Variable rate instruments</b> |                        |                |
| Financial assets                 | 32,240                 | 22,197         |
| Financial liabilities            | -                      | -              |
|                                  | <u>32,240</u>          | <u>22,197</u>  |

**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.

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2007 there was also no impact. As at both dates this assumes all other variables remain constant.



**Woodstock Financial Services Ltd**  
**ABN 61 105 527 697**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2008**

**23. Financial risk management (continued)**

**(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.

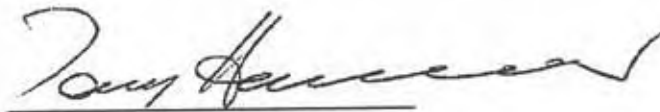
There were no changes in the Company's approach to capital management during the year.

**Woodstock Financial Services Ltd**  
**ABN 61 105 527 697**  
**Directors Declaration**

In accordance with a resolution of the directors of Woodstock Financial Services Limited,  
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 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; 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.



Anthony Hardman, Chairman

Signed at Milton, New South Wales on 18 September 2008.



# Richmond Sinnott & Delahunty

Chartered Accountants



18 September 2008

The Directors  
Woodstock Financial Services Limited  
PO Box 385  
ULLADULLA NSW 2539

Partners:  
Kenneth J Richmond  
Warren J Sinnott  
Philip P Delahunty  
Brett A Andrews

Dear Directors

We have now completed our audit of the financial report of Woodstock Financial Services Limited for year ended 30 June 2008. Subject to the Board of Directors adopting the financial report, we are in a position to issue an unqualified audit opinion on the company's financial report.

## 1. Overview of Audit Approach

Our audit was designed in accordance with Australian Auditing Standards (AUS), which provides for reasonable, rather than absolute, assurance that the financial report is free of material misstatement. The nature and scope of the audit work performed was designed to achieve our primary goal of supporting the audit opinion on the financial report.

## 2. Operations

### 2.1 Income Statement

|   | 30 June 2008 | 30 June 2007 |
|---|--------------|--------------|
|   | \$           | \$           |
| Revenue from ordinary activities            | 627,314      | 516,494      |
| Salaries & employment benefits expense      | (263,070)    | (221,455)    |
| Charitable donations & sponsorship          | (45,078)     | (16,881)     |
| Depreciation & amortisation expenses        | (31,583)     | (33,810)     |
| Finance costs                               | (351)        | -            |
| Administration and other operating expenses | (199,178)    | (183,173)    |
| Profit before income tax                    | 88,054       | 61,175       |
| Income tax expense                          | 30,016       | 21,952       |
| Profit after income tax                     | 58,038       | 39,223       |

### 2.2 Balance Sheet

|                      | 30 June 2008 | 30 June 2007 |
|----------------------|--------------|--------------|
|                      | \$           | \$           |
| Current assets       | 436,735      | 342,527      |
| Non-current assets   | 143,189      | 179,443      |
| Total assets         | 579,924      | 521,970      |
| Total liabilities    | 87,093       | 87,177       |
| Shareholders' equity | 492,831      | 434,793      |



**3. Auditing/Accounting Issues**

Our audit did not highlight any significant issues.

**4. Summary of Audit Differences**

There are no material audit differences that have not been included in the financial report for Woodstock Financial Services Limited.

**5. Other Matters**

Our work is not primarily directed towards the discovery of weaknesses or the detection of fraud or other irregularities, other than those that would influence us in forming our audit opinion.

Should you have any queries in relation to the above or any other matters please do not hesitate to contact either Stephen Brown or myself.

Yours sincerely



**Warren Sinnott**  
**Partner**  
**Richmond Sinnott & Delahunty**



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