

**Doncaster East Community Financial Services Limited**  
**ABN 69 101 174 270**  
**Directors' Report**

Your Directors submit the financial report of the company for the financial year ended 30 June 2003.

**Directors**

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

James Douglas Christie  
Chairman  
Age: 59  
Occupation: Investor

Raymond Thomas Lord  
Secretary  
Age: 56  
Occupation: Media Liason Officer

William Howard Larkin  
Director  
Age: 69  
Occupation: Retired

Kevin Matthew Madden  
Director  
Age: 68  
Occupation: Clothing Retailer

Olga Vasilopoulos  
Director  
Age: 35  
Occupation: Professional Interpreter  
and Research Assistant

Erica Janice Mounter  
Director  
Age: 59  
Occupation: Accountant

Raymond Bruce Barrington  
Director  
Age: 55  
Occupation: Retail Florist

Irene Kornienko  
Director  
Age: 52  
Occupation: Financial Controller

Peter McLaughlin  
Director  
Age: 61  
Occupation: Journalist

Trevor Leigh Waring  
Director  
Age: 54  
Occupation: Property Manager/  
Plantation Developer

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 Bank Limited.

**Operating Results**

The loss of the company for the financial year was:

Year ended  
30-Jun-03  
\$  
(176,227)

**Doncaster East Community Financial Services Limited**  
**ABN 69 101 174 270**  
**Directors' Report**

**Dividends**

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

**Significant changes in the state of affairs**

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

**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.

**Doncaster East Community Financial Services Limited**  
**ABN 69 101 174 270**  
**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:** 22

**Number of Meetings Attended:**

James Douglas Christie	21
Raymond Thomas Lord	16
William Howard Larkin	19
Kevin Matthew Madden	22
Erica Janice Mounter	16
Olga Vasilopoulos	14
Raymond Bruce Barrington	22
Irene Kornienko	22
Peter McLaughlin	16
Trevor Leigh Waring	16

Signed in accordance with a resolution of the Board of Directors at East Doncaster on the 3rd of September 2003.

  
**Chairman - James Douglas Christie**  
**Director - Erica Janice Mounter**

**Doncaster East Community Financial Services Limited**  
**ABN 69 101 174 270**  
**Statement of Financial Performance**  
**for the year ended 30 June 2003**

	<u>Notes</u>	2003 \$
Revenues from ordinary activities	2	28,608
General Administration		(24,401)
Salaries and employee benefits expense		(156,306)
Advertising and promotion		(4,425)
Occupancy and associated Costs		(76,686)
Systems costs		(2,284)
Depreciation and amortisation expense	3	(13,030)
Borrowing cost expense	3	<u>(80)</u>
<b>Loss from ordinary activities before income tax credit</b>		<b>(248,604)</b>
Income tax credit relating to ordinary activities	4	<u>72,377</u>
<b>Loss from ordinary activities after income tax credit</b>		<b><u>(176,227)</u></b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b><u><u>(176,227)</u></u></b>

The accompanying notes form part of these financial statements

**Doncaster East Community Financial Services Limited**  
**ABN 69 101 174 270**  
**Statement of Financial Position**  
**as at 30 June 2003**

	<u>Notes</u>	2003 \$
<b>Current Assets</b>		
Cash assets	5	139,499
Receivables	6	2,067
<b>Total Current Assets</b>		<u><b>141,566</b></u>
<b>Non-Current Assets</b>		
Property, plant and equipment	7	198,864
Intangibles	8	52,652
Deferred tax assets	9	72,377
<b>Total Non-Current Assets</b>		<u><b>323,893</b></u>
<b>Total Assets</b>		<u><b>465,459</b></u>
<b>Current Liabilities</b>		
Payables	10	3,453
Provisions	11	6,322
<b>Total Current Liabilities</b>		<u><b>9,775</b></u>
<b>Total Liabilities</b>		<u><b>9,775</b></u>
<b>Net Assets</b>		<u><b>455,684</b></u>
<b>Equity</b>		
Contributed equity	12	631,912
Accumulated losses	13	(176,227)
<b>Total Equity</b>		<u><b>455,684</b></u>

The accompanying notes form part of these financial statements

**Doncaster East Community Financial Services Limited**  
**ABN 69 101 174 270**  
**Statement of Cashflows**  
**for the year ended 30 June 2003**

	<u>Notes</u>	
<b>Cash Flows From Operating Activities</b>		
Cash payments in the course of operations		(292,322)
Cash receipts in the course of operations		59,884
Interest received		4,651
Interest paid		(80)
<b>Net cash used in operating activities</b>	14(a)	<u><b>(227,867)</b></u>
<b>Cash Flows From Investing Activities</b>		
Purchase of Property, Plant and Equipment		(204,546)
Payment for Franchise Agreement		(60,000)
<b>Net cash used in investing activities</b>		<u><b>(264,546)</b></u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issue of shares		650,011
Payment of share issue costs		<u>(18,099)</u>
<b>Net cash provided by financing activities</b>		<u><b>631,912</b></u>
<b>Net increase/(decrease) in cash held</b>		<b>139,499</b>
Cash at the beginning of the financial year		-
<b>Cash at the end of the financial year</b>	14(b)	<u><u><b>139,499</b></u></u>

The accompanying notes form part of these financial statements

**Doncaster East Community Financial Services Limited**

**ABN 69 101 174 270**

**Notes to the Financial Statements  
for the year ended 30 June 2003**

**1. Summary of significant accounting policies**

**Basis of preparation**

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

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

The accounting policies are consistent with the previous year.

**Income tax**

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

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

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

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

**Employee entitlements**

The provision for employee entitlements 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 at nominal amounts based on current wage and salary rates and includes related on-costs.

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

**Intangibles**

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

**Doncaster East Community Financial Services Limited**  
**ABN 69 101 174 270**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2003**

**1. Summary of significant accounting policies (continued)**

**Cash**

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

**Property, plant and equipment**

Property, plant and equipment are carried at cost or at independent or directors' valuation, less where applicable any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets employment and subsequent disposal.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<u>Class of fixed assets</u>	<u>Depreciation rate (%)</u>
Plant and equipment	2.5 - 25

**Comparative figures**

Comparatives have not been provided as the company commenced operations in November 2002

**Revenue**

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST).

**Payment terms**

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

**Receivables**

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

**Doncaster East Community Financial Services Limited**

**ABN 69 101 174 270**

**Notes to the Financial Statements  
for the year ended 30 June 2003**

<b>2. Revenue from ordinary activities</b>	2003
	\$
Operating activities	
- Commissions	23,124
- other revenue	833
Non-operating activities:	
- interest received	4,651
	<u>28,608</u>
 <b>3. Expenses</b>	
Depreciation of non-current assets:	
- leasehold improvements	5,682
Amortisation of non-current assets:	
- intangibles	7,348
	<u>13,030</u>
Borrowing expenses:	
- Interest paid	<u>80</u>
 <b>4. Income tax expense</b>	
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:	
Operating Loss	(248,604)
Prima facie tax on loss from ordinary activities at 30%	(74,581)
Add tax effect of:	
- Non-deductible expenses	2,204
Income tax expense on operating profit/loss	<u>(72,377)</u>
 <b>5. Cash assets</b>	
Cash at bank and on hand	<u>139,499</u>
 <b>6. Receivables</b>	
Trade receivables	<u>2,068</u>

**Doncaster East Community Financial Services Limited**

**ABN 69 101 174 270**

**Notes to the Financial Statements  
for the year ended 30 June 2003**

<b>7. Property, plant and equipment</b>	<b>2003</b>
	<b>\$</b>
<i>Leasehold improvements</i>	
At cost	204,546
Less accumulated depreciation	<u>(5,682)</u>
Total written down amount	<u><u>198,864</u></u>

**Movements in carrying amounts:**

<i>Leasehold improvements</i>	
Carrying amount at beginning	-
Additions	204,546
Disposals	-
Less depreciation expense	<u>(5,682)</u>
Carrying amount at end	<u><u>198,864</u></u>

**8. Intangible assets**

<i>Franchise Fee</i>	
At cost	60,000
Less accumulated amortisation	<u>(7,348)</u>
	<u><u>52,652</u></u>

**9. Defferred Tax Benefit**

Future income tax benefit	
Tax losses - revenue	<u><u>72,377</u></u>

**10. Payables**

Sundry creditors	<u><u>3,453</u></u>
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**11. Provisions**

Employee provisions	<u><u>6,322</u></u>
Number of employees at year end	<u><u>4</u></u>

**12. Contributed equity**

Balance at beginning of the year	-
Fully paid ordinary shares issued	650,011
Less: Equity raising costs	<u>(18,099)</u>
Balanace at end of the financial year	<u><u>631,912</u></u>

**Doncaster East Community Financial Services Limited**  
**ABN 69 101 174 270**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2003**

**13. Retained Losses**

Balance at the beginning of the financial year	-
Net profit/(loss) from ordinary activities after income tax	(176,227)
Balance at the end of the financial year	<u>(176,227)</u>

**14. Statement of cashflows**

**(a) Reconciliation of cash**

Cash at bank and on hand	121,624
Security Deposit (not available for use by the entity)	17,875
	<u>139,499</u>

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

Loss from ordinary activities after income tax	(176,227)
Non cash items:	
- depreciation	5,682
- amortisation	7,348
Changes in assets and liabilities:	
- decrease in receivables	(2,068)
- decrease in other assets	(72,377)
Increase in liabilities:	
- payables	9,775
Net cashflows provided by/(used in) operating activities	<u>(227,867)</u>

**15. Auditors' remuneration**

Amounts received or due and receivable by the auditor of the company for:	
- audit & review services	<u>2,200</u>

**16. Related party disclosures**

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

James Douglas Christie  
Raymond Thomas Lord  
William Howard Larkin  
Kevin Matthew Madden  
Erica Janice Mounter  
Olga Vasilopoulos  
Raymond Bruce Barrington  
Irene Kornienko  
Peter McLaughlin  
Trevor Leigh Waring

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.

**Doncaster East Community Financial Services Limited**  
**ABN 69 101 174 270**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2003**

**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. Earnings per Share**

The company was incorporated on 28th June 2002 and issued 550,000 ordinary shares on 20 November 2002. It commenced trading on 18 March 2003. Earnings (losses) per share have not therefore been calculated for this reporting period.

**20. Segment reporting**

The economic entity facilitates community banking services under management rights to operate a franchised branch of Bendigo Bank Limited. The economic entity operates in one geographic area being Doncaster East, Victoria.

**21. Registered office/Principal place of business**

The registered office and principal place of business is:

Registered office

6 Jackson Court  
Doncaster East VIC 3109

Principal place of business

900 Doncaster Road  
Doncaster East VIC 3109

**Doncaster East Community Financial Services Limited**  
**ABN 69 101 174 270**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2003**

## 22. Financial Instruments

### Net fair values

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

### Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.  
There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

### Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate		
			1 year or less		Over 1 to 5 years		Over 5 years						
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
Financial assets													
Cash assets	139,764	-	-	-	-	-	-	-	100	-	4	N/A	
Receivables	-	-	-	-	-	-	-	-	9,243	-	N/A	N/A	
Financial liabilities													
Payables	-	-	-	-	-	-	-	-	4,962	-	N/A	N/A	



**Doncaster East Community Financial Services Limited**  
**ABN 69 101 174 270**  
**Directors' Declaration**

In accordance with a resolution of the directors of Doncaster East Community 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 2003 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and Corporations Regulations 2001 in Australia; 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.

On behalf of the Board:

	
<b>Chairman - James Douglas Christie</b>	<b>Director - Erica Janice Mounter</b>

Signed at Doncaster East on the 3rd day of September 2003.