

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 2004.

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: 60
Occupation: Investor

Raymond Thomas Lord
Secretary
Age: 57
Occupation: Media Liason Officer

William Howard Larkin
Director
Age: 70
Occupation: Retired

Kevin Matthew Madden
Director
Age: 69
Occupation: Clothing Retailer

Raymond Bruce Barrington
Director
Age: 56
Occupation: Retail Florist

Erica Janice Mounter
Director
Age: 60
Occupation: Accountant

Peter McLaughlin
Director
Age: 62
Occupation: Journalist

Irene Komienko
Director
Age: 53
Occupation: Financial Controller

Daryl Brown
Director (*Appointed 8 July 04*)
Age: 61
Occupation: Accountant

Trevor Leigh Waring
Director
Age: 55
Occupation: Property Manager/
Plantation Developer

Olga Vasilopoulos
Director (*Resigned 24 June 2004*)
Age: 36
Occupation: Professional Interpreter
and Research Assistant

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	Year ended
30-Jun-04	30-Jun-03
\$	\$
(100,460)	(176,227)

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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
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Directors' Report

Directors Meetings

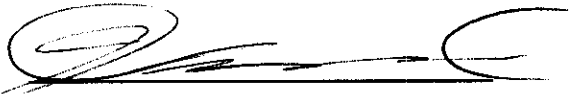
The number of Directors meetings attended by each of the Directors of the company during the year were:

Number of Meetings Held: 12

Number of Meetings Attended:

James Douglas Christie	12
Raymond Thomas Lord	11
William Howard Larkin	12
Kevin Matthew Madden	12
Erica Janice Mounter	9
Olga Vasilopoulos (<i>Resigned 23 June 2004</i>)	5
Raymond Bruce Barrington	11
Irene Kornienko	8
Peter McLaughlin	9
Trevor Leigh Waring	8

Signed in accordance with a resolution of the Board of Directors at Doncaster East on the 10th of September 2004.



Chairman - James Douglas Christie



Director - Erica Janice Mounter

Doncaster East Community Financial Services Limited
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Statement of Financial Performance
for the year ended 30 June 2004

	<u>Notes</u>	2004 \$	2003 \$
Revenues from ordinary activities	2	271,376	28,608
General administration		(66,532)	(24,401)
Salaries and employee benefits expense		(210,305)	(156,306)
Advertising and promotion		(3,871)	(4,425)
Occupancy and associated Costs		(75,880)	(76,686)
Systems costs		(29,141)	(2,284)
Depreciation and amortisation expense	3	(24,009)	(13,030)
Borrowing cost expense	3	<u>(10)</u>	<u>(80)</u>
Loss from ordinary activities before income tax credit		(138,372)	(248,604)
Income tax credit relating to ordinary activities	4	<u>37,912</u>	<u>72,377</u>
Loss from ordinary activities after income tax credit		<u>(100,460)</u>	<u>(176,227)</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u><u>(100,460)</u></u>	<u><u>(176,227)</u></u>

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 2004

	<u>Notes</u>	2004 \$	2003 \$
Current Assets			
Cash assets	5	26,178	139,499
Receivables	6	31,714	2,067
Total Current Assets		<u>57,892</u>	<u>141,566</u>
Non-Current Assets			
Property, plant and equipment	7	195,421	198,864
Intangibles	8	40,652	52,652
Deferred tax assets	9	110,289	72,377
Total Non-Current Assets		<u>346,362</u>	<u>323,893</u>
Total Assets		<u>404,254</u>	<u>465,459</u>
Current Liabilities			
Payables	10	39,799	3,453
Provisions	11	13,206	6,322
Total Current Liabilities		<u>53,005</u>	<u>9,775</u>
Total Liabilities		<u>53,005</u>	<u>9,775</u>
Net Assets		<u>351,249</u>	<u>455,684</u>
Equity			
Contributed equity	12	627,936	631,912
Accumulated losses	13	(276,687)	(176,228)
Total Equity		<u>351,249</u>	<u>455,684</u>

The accompanying notes form part of these financial statements

Doncaster East Community Financial Services Limited
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Statement of Cashflows
for the year ended 30 June 2004

	<u>Notes</u>	2004 \$	2003 \$
Cash Flows From Operating Activities			
Cash payments in the course of operations		(410,229)	(292,322)
Cash receipts in the course of operations		294,154	59,884
Interest received		3,963	4,651
Interest paid		(10)	(80)
Net cash used in operating activities	14(b)	<u>(112,122)</u>	<u>(227,867)</u>
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(1,199)	(204,546)
Payment for franchise agreement		-	(60,000)
Net cash used in investing activities		<u>(1,199)</u>	<u>(264,546)</u>
Cash Flows From Financing Activities			
Proceeds from issue of shares		-	650,011
Payment of share issue costs		-	(18,099)
Net cash provided by financing activities		<u>-</u>	<u>631,912</u>
Net increase/(decrease) in cash held		(113,321)	139,499
Cash at the beginning of the financial year		139,499	-
Cash at the end of the financial year	14(a)	<u><u>26,178</u></u>	<u><u>139,499</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 2004**

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.

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 statement of financial position. Cash flows are included in the statement of cash flows on a gross basis.

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

Doncaster East Community Financial Services Limited

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Notes to the Financial Statements

for the year ended 30 June 2004

1. Summary of significant accounting policies (continued)

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.

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>
Leasehold improvements	2.5 - 15
Plant and equipment	2.5 - 25

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

Doncaster East Community Financial Services Limited

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Notes to the Financial Statements

for the year ended 30 June 2004

1. Summary of significant accounting policies (continued)

Payment terms

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

Receivables and payables

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

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.

	2004	2003
	\$	\$
2. Revenue from ordinary activities		
Operating activities		
- commissions	267,413	23,124
- other revenue	-	833
Non-operating activities:		
- interest received	3,963	4,651
	<u>271,376</u>	<u>28,608</u>
3. Expenses		
Depreciation of non-current assets:		
- leasehold improvements	5,341	5,682
- plant & equipment	6,668	-
Amortisation of non-current assets:		
- intangibles	12,000	7,348
	<u>24,009</u>	<u>13,030</u>
Borrowing expenses:		
- Interest paid	<u>10</u>	<u>80</u>

Doncaster East Community Financial Services Limited

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**Notes to the Financial Statements
for the year ended 30 June 2004**

4. Income tax expense

The prima facie tax on the loss from ordinary activities before income tax is reconciled to the income tax credit as follows:	2004	2003
	\$	\$
Operating Loss	(138,372)	(248,604)
Prima facie tax on loss from ordinary activities at 30%	(41,512)	(74,581)
Add tax effect of:		
- Non-deductible expenses	3,600	2,204
Income tax expense on operating profit/loss	<u>(37,912)</u>	<u>(72,377)</u>

5. Cash assets

Cash at bank and on hand	8,303	121,624
Security Deposit	<u>17,875</u>	<u>17,875</u>
	<u>26,178</u>	<u>139,499</u>

The company has lodged a security deposit with Bendigo Bank Limited to secure obligations under the lease of its premises

6. Receivables

Trade receivables	<u>31,714</u>	<u>2,067</u>
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7. Property, plant and equipment

<i>Leasehold improvements</i>		
At cost	132,586	204,546
Less accumulated depreciation	<u>(11,023)</u>	<u>(5,682)</u>
Total written down amount	<u>121,563</u>	<u>198,864</u>
<i>Plant & Equipment</i>		
At cost	80,526	-
Less accumulated depreciation	<u>(6,668)</u>	<u>-</u>
Total written down amount	<u>73,858</u>	<u>-</u>
	<u>195,421</u>	<u>198,864</u>

Movements in carrying amounts:

<i>Leasehold improvements @ cost</i>		
Carrying amount at beginning	198,864	-
Additions	-	204,546
Final fit out expense variance	23,804	-
Disposals	-	-
Items reclassified (Plant & Equipment)	(79,327)	-
Fit out items expensed	(16,437)	-
Less depreciation expense	<u>(5,341)</u>	<u>(5,682)</u>
Carrying amount at end	<u>121,563</u>	<u>198,864</u>
<i>Plant & Equipment @ cost</i>		
Carrying amount at beginning	-	-
Additions	1,199	-
Disposals	-	-
Items reclassified (Plant & Equipment)	79,327	-
Less depreciation expense	<u>(6,668)</u>	<u>-</u>
Carrying amount at end	<u>73,858</u>	<u>-</u>
	<u>195,421</u>	<u>198,864</u>

Doncaster East Community Financial Services Limited

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**Notes to the Financial Statements
for the year ended 30 June 2004**

8. Intangible assets	2004	2003
	\$	\$
<i>Franchise Fee</i>		
At cost	60,000	60,000
Less accumulated amortisation	<u>(19,348)</u>	<u>(7,348)</u>
	<u>40,652</u>	<u>52,652</u>
9. Deferred Tax Benefit		
Future income tax benefit		
Tax losses - revenue	<u>110,289</u>	<u>72,377</u>
10. Payables		
Sundry creditors	<u>39,799</u>	<u>3,453</u>
11. Provisions		
Employee provisions	<u>13,206</u>	<u>6,322</u>
Number of employees at year end	<u>6</u>	<u>4</u>
12. Contributed equity		
Balance at beginning of the year	631,912	-
Fully paid ordinary shares issued	-	650,011
Less: Equity raising costs	<u>(3,976)</u>	<u>(18,099)</u>
Balance at end of the financial year	<u>627,936</u>	<u>631,912</u>
13. Retained Losses		
Balance at the beginning of the financial year	(176,227)	-
Net loss from ordinary activities after income tax credit	(100,460)	(176,227)
Balance at the end of the financial year	<u>(276,687)</u>	<u>(176,227)</u>
14. Statement of cashflows		
<i>(a) Reconciliation of cash</i>		
Cash at bank and on hand	8,303	121,624
Security Deposit (not available for use by the entity)	<u>17,875</u>	<u>17,875</u>
	<u>26,178</u>	<u>139,499</u>
<i>(b) Reconciliation of profit from ordinary activities after tax to net cash provided by/(used in) operating activities</i>		
Loss from ordinary activities after income tax	(100,460)	(176,227)
Non cash items:		
- depreciation	12,009	5,682
- amortisation	12,000	7,348
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(29,647)	(2,067)
- (increase)/decrease in other assets	(49,254)	(72,377)
- increase/(decrease) in payables	43,230	9,775
Net cashflows used in operating activities	<u>(112,122)</u>	<u>(227,867)</u>

Doncaster East Community Financial Services Limited**ABN 69 101 174 270****Notes to the Financial Statements
for the year ended 30 June 2004****15. Auditors' remuneration**

	2004	2003
	\$	\$
Amounts received or due and receivable by the auditor of the company for:		
- audit & review services	2,700	2,200
- other services in relation to the entity	950	-
	<u>3,650</u>	<u>2,200</u>

16. Director and 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 (*Resigned 23 June 2004*)
 Raymond Bruce Barrington
 Irene Kornienko
 Peter McLaughlin
 Trevor Leigh Waring
 Daryl Brown

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

Directors shareholdings

	2004
James Douglas Christie	11501
Raymond Thomas Lord	2501
William Howard Larkin	1001
Kevin Matthew Madden	5001
Erica Janice Mounter	6001
Olga Vasilopoulos (<i>Resigned 23 June 2004</i>)	1501
Raymond Bruce Barrington	1501
Irene Kornienko	5001
Peter McLaughlin	2001
Trevor Leigh Waring	5001
Daryl Brown	2500

There was no movement in directors shareholdings during the year. Each share held is valued at \$1 and is fully paid.

17. International Financial Reporting Standards

The entity has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). With consultation with our external auditors, the company is ensuring that the impact of the transition to IFRS is fully reviewed and completed.

Based on current requirements, the financial statements of the company prepared at 30 June 2006 will need to comply with IFRS. Comparative figures for the year ended 30 June 2005, within the 30 June 2006 financial statements, will also need to comply with IFRS.

The potential impacts of transition to IFRS have not been fully assessed due to the short timeframe between finalisation of the IFRS standards and completing this report. The impact on future years will depend on circumstances prevailing at the time of preparing relevant financial reports.

The currently identified key potential implications to the Community Bank of the conversion to IFRS are:

- income tax will be calculated based on the "balance sheet" approach, which may result in more deferred tax assets and liabilities;
- changes in accounting policies will be recognised by restating prior year figures, rather than making current year adjustments and the impact will be disclosed in the notes to the financial statements.

Doncaster East Community Financial Services Limited
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Notes to the Financial Statements
for the year ended 30 June 2004

18. Subsequent events

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

19. Contingent liabilities

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

20. Earnings per Share

	2004	2003
	Cents	Cents
Losses per share for the financial year were:	(15)	-

21. 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.

22. 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
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Notes to the Financial Statements
for the year ended 30 June 2004

23. 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.

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					
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	8,203	121,524			-	-	-	-	100	100	0.05	0.05
Term Deposit			17,875	17,875							4.05	
Receivables	-	-	-	-	-	-	-	-	31,714	2,067	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	39,799	3,453	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 2004 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:



Chairman - James Douglas Christie


Director - Erica Janice Mounter

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

INDEPENDENT AUDIT REPORT

To the members of Doncaster East Community Financial Services Limited

Scope

We have audited the financial report of Doncaster East Community Financial Services Ltd for the financial year ended 30 June 2004 including the Directors' Declaration. The company's Directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

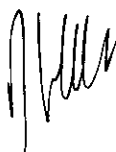
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the financial report,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

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

AUDIT OPINION

In our opinion the financial report of Doncaster East Community Financial Services Ltd 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 2004 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 3rd day of September 2004