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# Chairman's report

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For year ending 30 June 2004

On behalf of the Directors, I am pleased to present to you the Company's second annual report, which is the first report to cover a full year of trading since the branch opened on 18 March 2003.

The year under review has had many highlights and the odd disappointment but on balance we are very satisfied with the Company's performance to date and have a very positive view of the current year, which should see the Company produce its first annual profit.

Business growth during the year under review has been both strong and consistent. In the six months to December 2003 the branch recorded the strongest growth of all Melbourne's 32 Community Bank® branches and has consistently been one of the top ten branches across Australia in terms of business growth on a quarterly basis. Not only have we experienced strong and consistent growth but also and importantly, the growth has been well spread. As expected in the early months deposit growth exceeded lending but lending is now growing faster than deposits and we are heading towards a more balanced portfolio. We also note from the Branch Manager's monthly Board reports, that many new accounts are being opened as a direct result of referrals from existing customers. This is a wonderful trend as there is no better advocate than an existing satisfied customer.

While we are delighted with the Company's growth in comparison to the total Community Bank® branch network – which now totals 136 branches – business growth over the first 15 months of operation fell short of that forecast in the prospectus issued in October 2002. There appear to be many reasons for this including:

1. An overly optimistic year one forecast. While the forecasts presented in the prospectus were based on the results of an independently conducted feasibility study it is now apparent that many individuals (and businesses) who indicated their intention to transfer their banking to the branch within its first 12 months of operation did not do so (see note below)
2. Significant changes in market conditions over the past two years as a result of the now well publicised slow down in the housing market, which has had a negative impact on growth in lending for housing
3. Fierce competition within the local market with some banks making significant concessions to retain existing customers

NOTE: In relation to point (1) above it should be noted that very few metropolitan Community Bank® branch sites have achieved their year-one business growth objectives. However, experience has shown that the year two and three results tend to be higher than forecast. At this early stage of the current year we can confirm that our year two business writings are following this positive trend in that monthly business writings are exceeding those forecast in the prospectus.

Lower than forecast business writings result in lower income and the Company's income of \$271,376 fell short of expectations by \$33,624 or approximately 11%. Given all the circumstances your Directors believe this is a good result.

# Chairman's report continued

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Cost control during the 12 months to 30 June 04 has been excellent. Total operating costs were \$409,748, which was a favourable variation to budget of \$71,653 or 15%. All major categories of expenditure came in under budget. Also, monthly expenditure stabilised during the first few months of the year and is now quite predictable.

The Company's operating loss for the year was \$138,372 (\$100,460 after income tax credit adjustment) against a forecast loss of \$176,401 - A favourable variation of \$38,029 or 22%. As expected, operating losses trended downward throughout the year and the Company achieved its first monthly operating surplus in June.

Your Director's are delighted with the favourable variation for the 12 months to June 2004 and are very confident that the current year will see continued business growth, which we forecast will result in a profitable result for the year ending 30 June 2005, and beyond. It follows that we look forward with confidence and are now within reach of achieving our next objectives of:

1. Paying a dividend to shareholders and
2. Allocating surplus profits to worthy causes and not-for-profit organisations in our local community

The Company's strong performance is the result of many factors but mostly the direct result of the efforts of our Branch Manager, Paul Thompson, and his dedicated team of highly competent and experienced bankers. Bendigo Bank prides itself on the quality of its service to its customers and we know from your feedback that our team is the equal of any in the Bendigo Bank network. I would also like to commend Paul and his team on the continuing high standards they have maintained in terms of operational efficiency, audits, training and compliance – issues which are critically important but often taken for granted. Our branch has excelled in all of these areas.

It was with regret that the Board accepted the resignation of Director, Olga Vasilopoulos during the year. Olga, who had been an original member of the Steering Committee and a founding Director made a valuable contribution to the establishment of the branch. Olga's position on the Board was taken by Daryl Brown a local accountant, businessman and resident of Doncaster East who brings a wealth of experience to the Board. Finally, I would like to commend the Directors of the Company for their continuing commitment and hard work and for the support they have provided to me personally as Chairman. In particular I would like to commend Company Secretary, Ray Lord; Treasurer, Erica Mounter; Public Relations Coordinator, Peter McLaughlin; and Director Ray Barrington, (specifically in relation to premises matters) who have carried the bulk of the workload.

Yours sincerely



**Jim Christie**  
**Chairman**

# Manager's report

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I am proud to report on our first full year of business following our opening in March 2003.

As at 30 June 2004, we have experienced growth in all areas of our business resulting in being ranked in the "Top Ten" in each quarter for growth within all Community Bank<sup>®</sup> branches across Australia. We continue to be an example for new Community Bank<sup>®</sup> branches, of what individual communities can achieve.

By the end of June we held a total of 2,132 accounts, which included 204 loan facilities. Our combined balances totalled \$36.394 million, consisting of deposits of \$22.073 million, and lending of \$14.321 million, making for a good mix of business.

It is noticeable with customers of all ages how much they enjoy being able to deal face to face with our pleasant Customer Service Officers for their daily banking requirements, or discussing investment and finance requirements with our lending staff.

Our customers and the local community are now aware that the Doncaster East Community Bank<sup>®</sup> Branch offers a complete banking and finance option, and by moving their banking they will ultimately provide benefits back to the community.

The growth that we have achieved would not have occurred without a dedicated, professional team. Two of our initial staff, Lisa Jones and Susan Scroop are still with us, and have continued to work extremely well, providing friendly and professional service.

During the year we welcomed Meredith Byrne and Teresa Mullen to our team as Customer Service Officers to assist with the growth the Branch was experiencing. Elise Chan also joined in April 2004 as a Customer Service Supervisor, a role she job shares with Lisa Jones. All three ladies have very quickly become a part of our friendly team.

Our service standards have been recognised by both customers and Bendigo Bank resulting in Sales & Service Awards being received by the staff and branch.

I would like to commend the efforts of all my staff who have demonstrated the philosophies of the Community Bank<sup>®</sup> concept in their dealings with our customers. Through their efforts in providing personalised and friendly service we have many "advocates" within the community.

From the moment I was employed as the Manager of your branch I have received ongoing support and encouragement from the Board. I would like to thank them all for their hard work and commitment to the early success of our branch.

It is very satisfying to have achieved the results we have over the last financial year, but more important to me is the satisfaction of being able to provide a local community based service everybody wants and needs.

Also, the future benefits to our community make it extremely enjoyable to be working for a bank with such a community-based philosophy.



**Paul Thompson**  
**Manager**

# Director's report

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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 Kornienko**

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.

# Director's report continued

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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)

## 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.

# Director's report continued

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

## **Directors meetings**

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

**Number of 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 (Resigned 23 June 2004)	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.



**James Douglas Christie**  
**Chairman**



**Erica Janice Mounter**  
**Director -**

# Financial statements

		2004	2003
	Notes	\$	\$
<b>Statement of financial performance</b>			
For year ended 30 June 2004			
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	(10)	(80)
<b>Loss from ordinary activities</b>			
<b>before income tax credit</b>		<b>(138,372)</b>	<b>(248,604)</b>
Income tax credit relating to			
ordinary activities	4	37,912	72,377
<b>Loss from ordinary activities</b>			
<b>after income tax credit</b>		<b>(100,460)</b>	<b>(176,227)</b>
<b>Total changes in equity other than those</b>			
<b>resulting from transactions with owners</b>			
<b>as owners</b>		<b>(100,460)</b>	<b>(176,227)</b>

The accompanying notes form part of these financial statements.



# Financial statements continued

		2004	2003
	Notes	\$	\$
<b>Statement of financial position</b>			
As at 30 June, 2004			
<b>Current assets</b>			
Cash assets	5	26,178	139,499
Receivables	6	31,714	2,067
<b>Total current assets</b>		<b>57,892</b>	<b>141,566</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	195,421	198,864
Intangibles	8	40,652	52,652
Deferred tax assets	9	110,289	72,377
<b>Total non-current assets</b>		<b>346,362</b>	<b>323,893</b>
<b>Total assets</b>		<b>404,254</b>	<b>465,459</b>
<b>Current liabilities</b>			
Payables	10	39,799	3,453
Provisions	11	13,206	6,322
<b>Total current liabilities</b>		<b>53,005</b>	<b>9,775</b>
<b>Total liabilities</b>		<b>53,005</b>	<b>9,775</b>
<b>Net assets</b>		<b>351,249</b>	<b>455,684</b>
<b>Equity</b>			
Contributed equity	12	627,936	631,912
Accumulated losses	13	(276,687)	(176,228)
<b>Total equity</b>		<b>351,249</b>	<b>455,684</b>

The accompanying notes form part of these financial statements.

# Financial statements continued

		2004	2003
	Notes	\$	\$
<b>Statement of cash flow</b>			
For the year ended 30 June, 2004			
<b>Cash flows from operating activities</b>			
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)
<b>Net cash used in operating activities</b>	<b>14(b)</b>	<b>(112,122)</b>	<b>(227,867)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,199)	(204,546)
Payment for franchise agreement		-	(60,000)
<b>Net cash used in investing activities</b>		<b>(1,199)</b>	<b>(264,546)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	650,011
Payment of share issue costs		-	(18,099)
<b>Net cash provided by financing activities</b>		<b>-</b>	<b>631,912</b>
<b>Net increase/(decrease) in cash held</b>		<b>(113,321)</b>	<b>139,499</b>
Cash at the beginning of the financial year		139,499	-
<b>Cash at the end of the financial year</b>	<b>14(a)</b>	<b>26,178</b>	<b>139,499</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial statements

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## NOTE 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.

## NOTE 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:

Class of fixed assets	Depreciation rate (%)
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).

## NOTE 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
	\$	\$

## NOTE 2. REVENUE FROM ORDINARY ACTIVITIES

### Operating activities

- commissions	267,413	23,124
- other revenue	-	833

### Non-operating activities:

- interest received	3,963	4,651
	271,376	28,608

## NOTE 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
	24,009	13,030

	2004	2003
	\$	\$
Borrowing expenses:		
- Interest paid	10	80

## NOTE 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:

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	(37,912)	(72,377)

## NOTE 5. CASH ASSETS

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

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

## NOTE 6. RECEIVABLES

Trade receivables	31,714	2,067
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## NOTE 7. PROPERTY, PLANT AND EQUIPMENT

Leasehold improvements		
At cost	132,586	204,546
Less accumulated depreciation	(11,023)	(5,682)
Total written down amount	121,563	198,864

Plant & Equipment		
At cost	80,526	-
Less accumulated depreciation	(6,668)	-
Total written down amount	73,858	-
	195,421	198,864

### Movements in carrying amounts:

Leasehold improvements @ cost		
Carrying amount at beginning	198,864	-
Additions	-	204,546

	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
Final fit out expense variance	23,804	-
Disposals	-	-
Items reclassified (Plant & Equipment)	(79,327)	-
Fit out items expensed	(16,437)	-
Less depreciation expense	(5,341)	(5,682)
Carrying amount at end	121,563	198,864
<hr/>		
Plant & Equipment @ cost		
Carrying amount at beginning	-	-
Additions	1,199	-
Disposals	-	-
Items reclassified (Plant & Equipment)	79,327	-
Less depreciation expense	(6,668)	-
Carrying amount at end	73,858	-
	195,421	198,864

## NOTE 8. INTANGIBLE ASSETS

Franchise Fee		
At cost	60,000	60,000
Less accumulated amortisation	(19,348)	(7,348)
	40,652	52,652

## NOTE 9. DEFERRRED TAX BENEFIT

Future income tax benefit		
Tax losses - revenue	110,289	72,377

## NOTE 10. PAYABLES

Sundry creditors	39,799	3,453
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## NOTE 11. PROVISIONS

Employee provisions	13,206	6,322
Number of employees at year end	6	4

## NOTE 12. CONTRIBUTED EQUITY

Balance at beginning of the year	631,912	-
Fully paid ordinary shares issued	-	650,011
Less: Equity raising costs	(3,976)	(18,099)
Balance at end of the financial year	627,936	631,912

	2004	2003
	\$	\$

## NOTE 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	(276,687)	(176,227)

## NOTE 14. STATEMENT OF CASHFLOWS

### (a) Reconciliation of cash

Cash at bank and on hand	8,303	121,624
Security Deposit (not available for use by the entity)	17,875	17,875
	26,178	139,499

### (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	(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	(112,122)	(227,867)

## NOTE 15. AUDITORS' REMUNERATION

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	-
	3,650	2,200

## NOTE 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.

<b>Directors shareholdings</b>	<b>2004</b>
James Douglas Christie	11501
Raymond Thomas Lord	2501
William Howard Larkin	1001
Kevin Matthew Madden	5001
Erica Janice Mounter	6001
Olga Vasilopoulos (Resigned 23 June 2004)	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.

## NOTE 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:

- a) income tax will be calculated based on the “balance sheet” approach, which may result in more deferred tax assets and liabilities;
- b) 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.

## NOTE 18. SUBSEQUENT EVENTS

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

## NOTE 19. CONTINGENT LIABILITIES

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

## NOTE 20. EARNINGS PER SHARE

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

## NOTE 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.

## NOTE 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

## NOTE 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. 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

		Fixed interest rate maturing in										
Financial Instrument	Floating Interest Rate		1 year or less		Over 1 to 5 years		Over 5 years		Non Interest Bearing		Weighted average Effective interest rate	
	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 %	2003 %
<b>Financial Assets</b>												
Cash assets	8,203	121,524	-	-	-	-	-	-	100	100	0.05	0.05
Receivables	-	-	-	-	-	-	-	-	31,714	2,067	N/A	N/A
<b>Financial Liabilities</b>												
Term Deposit			17,875	17,875							4.05	4.05
Payables	-	-	-	-	-	-	-	-	39,799	3,453	N/A	N/A

# Director's Declaration

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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 Mouter**

Signed at Doncaster East on the 10th day of September 2004.

## **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 13<sup>th</sup> day of September 2004

## BSX ADDITIONAL INFORMATION

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 30 September 2004.

### A. Corporate Governance Statement

The board guides and monitors the business and affairs on behalf of the shareholders to whom they are accountable.

The board recognises the importance of a strong corporate governance focus and methodology. The Board is currently working towards adopting policies and procedures that will govern our company into the future. We believe that building policy framework will assist clarify the future direction of our local company, provide accountability and transparency and ensure there are guiding principles in place for future decision making.

### B. Substantial Shareholders – Ten largest shareholders

	Ordinary Shares	Number of Ord Shares
1. Mr John & Mrs Norma Kent	15,000	2.00%
2. Russell Breadmore & Lynne Breadmore [R & L Breadmore Super Fund A/C]	10,000	1.33%
3. James D Christie & Deborah A Christie [Christie Super Fund A/C]	10,000	1.33%
4. Judy A Tutty & Marcus J Tutty	10,000	1.33%
5. Mr Trevor Leigh Waring	5,001	0.67%
6. Mrs Ina H Altes	5,000	0.67%
7. Mr Frank Bangham	5,000	0.67%
8. Mrs Philomena Bangham	5,000	0.67%
9. Mr Robert E Bohun & Mrs Rae Bohun	5,000	0.67%
10. Mr Neil A Bradshaw	5,000	0.67%
	75,001	10%

### C. Voting Rights

Each shareholder has one vote

## **D. Distribution of Shareholders**

The number of shareholders, by size of holding, is:

			Ordinary Shares	
			Number of Holders	Number of Shares
1	-	1,000	146	105,208
1,001	-	5,000	132	494,802
5,001	-	10,000	4	35,001
10,001	-	100,000	1	15,000
100,001 and over			-	-
Total			283	650,011

There are no shareholders holding less than a marketable parcel of shares.

## **E. Monitoring of the Board's Performance and Communication to Shareholders**

In order to ensure that the board continues to discharge its responsibilities in an appropriate manner, the performance of all Director's is reviewed annually by the chairperson. Director's whose performance is unsatisfactory are asked to retire.

The Board and Director's aims to ensure that shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors.

The Board does have an Audit Committee.

## **F. Address and telephone number of the Office which securities register is kept:**

Bendigo Bank Limited  
Share Registry Office  
Fountain Court  
BENDIGO 3552

Telephone: 03 5433 9339