



Ettalong Beach Financial Services Limited

1st Annual Report

Chairman's Report

Introduction

On behalf of the Board of Director's, Steering Committee and the staff of the Ettalong Beach Community Bank Branch – Bendigo Bank I am proud to present the First Annual Report of Ettalong Beach Financial Services Limited. As the Chairman, it has been a pleasure to act in this position on your behalf.

As we only opened the doors of the branch on 5 April 2005, the Report, in so far as the trading figures are concerned, only relates to the period from 5 April 2005 to 30 June 2005.

As expected, [and forecast in the Prospectus], the figures for the period show a loss. However, up to the time of writing, the level of business is increasing with each month.

Concept

The basic concept of a Community Bank Branch – Bendigo Bank is to obtain, establish and then operate a franchise business consisting of the running of a bank, under the banner of the Bendigo Bank. The ownership of the franchise business is vested in a Public Company, Ettalong Beach Financial Services Limited, the issued shares in which are owned by local residents and businesses. Ettalong Beach Financial Services Limited is now listed on the Bendigo Stock Exchange.

The branch at Ettalong Beach is a totally separate entity and not in any way connected, financially or otherwise, with any of the other branches of the Bendigo Bank.

The profits generated by Ettalong Beach Financial Services Ltd are to be distributed as follows:

1. Fifty per cent (50%) of the profits go to Bendigo Bank in return for the use of the name, Bendigo Bank and the provision of banking facilities and infrastructure.
2. The other fifty per cent (50%) remains with Ettalong Beach Financial Services to be dealt with as follows:
 - a. Eighty per cent (80%) percent is put back into the community by way of donations, sponsorships etc. The Board, in its absolute discretion, determines the recipients and the amount.
 - b. The then remaining twenty per cent (20%) is paid, at the discretion of the Board of Directors, to the shareholders as dividends on their shares.

Of course, we have to turn a profit for this to occur which, on the projected figures and the trading to date, will take less than two years.

History

The concept of creating our own Community Bank originated over three years ago following the withdrawal of the last of the major Banks from Ettalong Beach. It was obvious that, in order to service the banking needs of the business sector and residents of the area, a bank was necessary. A Steering Committee was established to look into the feasibility and logistics of opening an Ettalong Beach branch of the Bendigo Bank as a Community Bank. The Committee had to convince Bendigo Bank of the viability of a branch at Ettalong Beach and this required pledges of financial support amounting to in excess of \$600,000.00 to be obtained from the community as part of a feasibility report to be prepared by an independent firm of Accountants. A survey of the banking needs of the local community was carried out with over 9,000 survey forms distributed to local businesses and residents. The responses received showed strong support for the proposal. It was then necessary to raise the funds needed to establish and fit out premises and also to provide working capital for the branch. The company, Ettalong Beach Financial Services Limited was incorporated and floated with the target figure of \$750,000 for by way of share subscriptions. The local businesses and residents supported the float and took up shares and the required level of capital was achieved. These funds were then applied, in part, towards the leasing and fitting out of the premises on the corner of Ocean View Road and Pacific Avenue. The Ettalong Beach Community Bank Branch – Bendigo Bank opened its doors on 5 April 2005.

Staff

Of course, the successful and continued operation of the bank is largely reliant on those who have the day-to-day responsibility of running it. From the many applications received for the position of Manager, one stood out more than any other and we were very fortunate in securing the services of Casandra Brewis. Casandra came with strong references, and, since opening the branch, has more than convinced the Board of her abilities. The rapid increase in business is largely due to her efforts and those of her staff :

Supervisors, Maree Richardson and Kym Kelleher and Customer Service Officers, Vanessa Hallum and Belinda Boyle.

Future Growth

As of 8 September 2005 we had achieved in excess of \$10,000,000.00 in aggregated banking business that encompassed a wide range of products. All other revenue raising aspects are also outperforming the target estimates in the Prospectus. [Table 2 , 80% of Modified Forecast].

Assuming these trends continue we are looking at a successful business which will see the return of profits to the local community by way of sponsorships, contributions to community groups and activities and importantly the payment of dividends to shareholders.

Board of Directors and Steering Committee

My personal thanks go to the members of the Board of Directors and the Steering Committee who have given their time voluntarily in supporting the community in which they live and/or work.

The depth of experience and talent of those sitting on the Board and Steering Committee would match that of the largest public companies in Australia. The only difference is that the Directors/Committee members chose to donate their time freely as part of their ongoing community commitments.

The Steering Committee comprised:

Co-coordinator, Debra Wales

Errol Baker, Dr Lynn Berry, Robyn Brown, John Byfield, Dennis Cole, Veronica Cusack, Simon Della Vedova, Les Fitzgerald, Peter Hale, Don Leggett, Peter Mote, Michael Pearson, Ken Pulley, Alf Salter, Ron Sinclair, David Steele, Stephanie Vidler, Matthew Wales and Brian Wright.

The Board of Directors comprises:

Chairman, David Steele, Treasurer, Peter Mote, Secretary, Brian Wright,
Dr Lynn Berry, John Byfield, Simon Della Vedova, Peter Hale,
Don Leggett and Matthew Wales.

Finally, I would like to thank those members of the local business community and residents of the Ettalong Beach area who have supported the establishment of the Ettalong Beach Community Bank Branch – Bendigo Bank by way of donation and/or subscribing for shares in the company.

It has been a magnificent effort by all those involved and I look forward to a bright and prosperous future for our Community Bank.



David Steele
Chairman

Manager's Report

I am pleased to report that as at 30th June 2005 our Community Bank had been trading for nearly three months. During that time there were 588 accounts opened and the branch had deposits and loans totaling \$7.174 million. This is a great result for such a short time.

Another milestone reached during that time was the opening our 500th account, with a small presentation taking place in the branch. This was a wonderful occasion for both the branch and our customers.

In the initial stages of opening, all staff were working full time hours, together with additional support from Bendigo Bank staff to cope with the influx of business. Our staff have now settled into a normal working hours routine with our focus on customer service.

As the Manager I would like to acknowledge the efforts of all the staff over those twelve weeks. They have provided a level of service that has been instrumental in the success of our initial opening phase.

I would like to extend my thanks to the Board that freely devote their time and efforts in assuring our community bank is a success.

As staff we are very keen to move the Community Bank into profitability so that financial returns will begin to flow back to the shareholders and the community.

We thank the customers who have domiciled accounts with us and trust that our service will encourage them to both initiate and generate further business.

We are looking forward to a profitable 2005-2006 financial year and working with the Board of Directors, shareholders and our customers to deliver the best possible service to the local community.



Casandra Brewis
Manager

Director's Report

Your Directors submit the financial report of the company for the financial year ended 30 June 2005.

Director	Position	Service	Meetings	
			Eligible	Attended
David Steel Retired Solicitor	Chairman	16/07/04 to 30/06/05	18	12
Brian Wright Retired	Secretary	16/07/04 to 30/06/05	18	18
Peter Mote Management & Business Consultant	Treasurer	16/07/04 to 30/06/05	18	16
Lynn Berry Speech Technology Specialist	Director	16/07/04 to 30/06/05	18	11
John Byfield Retired	Director	16/07/04 to 30/06/05	18	12
Peter Hale General Manager, Ettalong Beach Memorial Club	Director	16/07/04 to 30/06/05	18	2
Donald Leggett Company Director	Director	16/07/04 to 30/06/05	18	18
Ronald Sinclair Retired	Director	16/07/04 to 04/03/05	6	1
Simon Della Vedova Optometrist, Partner in Bay Optical	Director	16/07/04 to 30/06/05	18	15
Matthew Wales Director of Wales and Assoc, Urban Design and Development	Director	16/07/04 to 30/06/05	18	14

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.

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

Operating Results

Operations have continued to perform in line with expectations. The profit/(loss) of the company for the financial year after provision for income tax was (\$162,285).

Remuneration Report

(a) Remuneration of directors

All Directors of the company are on a voluntary basis, therefore no remuneration guidelines have been prepared.

(b) Remuneration of Executives

The company aims to provide market-competitive compensation by offering a package of fixed pay and benefits. There were no added incentives in place as at 30th June 2005.

Details of Remuneration

C. Brewis

Within a range of \$20,000 to \$40,000

Director's 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.

Environmental Regulation

The company is not subject to any significant environmental regulation

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.

Non Audit Services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the Auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts. The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Signed in accordance with a resolution of the Board of Directors at Point Clare on 22nd September 2005.



David Steele, Chairman

Ettalong Beach Financial Services Limited

ABN 11 068 049 178

Statement of Financial Performance *for the year ending 30 June 2005*

		2005	2004
	Notes	\$	\$
Revenues from ordinary activities	2	28,581	-
General administration expenses		(105,585)	-
Salaries and employee benefits expense		(73,791)	-
Advertising and promotion expenses		(1,754)	-
Occupancy and associated costs		(3,549)	-
Depreciation and amortisation expense	3	(6,186)	-
		<hr/>	<hr/>
Profit/(Loss) from ordinary activities before income tax expense/credit		(162,285)	-
		<hr/>	<hr/>
Income tax expense/credit relating to ordinary activities	4	-	-
Profit/(Loss) from ordinary activities after income tax expense/credit		(162,285)	-
		<hr/>	<hr/>
Total changes in equity other than those resulting from transactions with owners as owners		(162,285)	-
		<hr/>	<hr/>

Ettalong Beach Financial Services Limited

ABN 11 068 049 178

Statement of Financial Performance *for the year ending 30 June 2005*

	Notes	2005 \$	2004 \$
Current Assets			
Cash assets	5	280,707	-
Receivables	6	26,055	-
Total Current Assets		306,762	-
Non-Current Assets			
Property, plant and equipment	7	219,943	-
Intangibles	8	57,000	-
Total Non-Current Assets		276,943	-
Total Assets		583,704	-
Current Liabilities			
Payables	9	23,441	-
Provisions	10	10,443	-
Total Current Liabilities		33,884	-
Total Liabilities		33,884	-
Net Assets		549,820	-
Equity			
Contributed equity	11	712,104	-
Retained profits/(Accumulated losses)	12	(162,285)	-
Total Equity		549,820	-

Statement of Cash Flow *for the year ending 30 June 2005*

		2005	2004
	Notes	\$	\$
Cash Flows From Operating Activities			
Cash received in the course of operations		27,163	-
Cash paid in the course of operations		(176,850)	
Interest received		1,418	-
Interest paid		-	-
Net cash provided by/(used in) operating activities	13(b)	(148,269)	-
Cash Flows From Investing Activities			
Payment for intangible assets		(60,000)	-
Purchase of property plant and equipment		(223,129)	-
Net cash provided by/(used in) investing activities		(283,129)	-
Cash Flows From Financing Activities			
Proceeds of share issues		746,711	-
Payment of share issue costs		(34,607)	-
Dividends Paid		-	-
Net cash provided by financing activities		712,104	-
Net increase/(decrease) in cash held		280,707	-
Cash at the beginning of the financial year		-	-
-			
Cash at the end of the financial year	13(a)	280,707	-

Statement of Financial Statements *for the year ending 30 June 2005*

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.

Statement of Financial Statements *for the year ending 30 June 2005*

1. Summary of significant accounting policies (continued)

Employee entitlements

The provision for employee benefits to wages, salaries and annual leave represents the amount which the company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

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

Intangibles

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 (%)
Plant and equipment	2.5 - 25
Furniture and fittings	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 fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST).

Statement of Financial Statements for the year ending 30 June 2005

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.

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.

2. Revenue from ordinary activities

	2005	2004
	\$	\$
Operating activities:		
- Margin Income	6,885	
- Commissions	2,237	
- Other Revenue	2,541	
Total revenue from operating activities	<u>11,663</u>	<u>-</u>
Non-operating activities:		
- Interest received	1,418	
- Community Contributions	15,500	
Total revenue from non-operating activities	<u>16,918</u>	<u>-</u>
Total revenues from ordinary activities	<u><u>28,581</u></u>	<u><u>-</u></u>

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Statement of Financial Statements *for the year ending 30 June 2005*

	2005	2004
	\$	\$
3. Expenses		
Depreciation of non-current assets:		
- plant and equipment	832	
- leasehold improvements	2,354	
Amortisation of non-current assets:		
- intangibles	3,000	
	<u>6,186</u>	<u>-</u>

4. Income tax expense

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

Operating Profit/(Loss)	(162,285)	
Prima facie tax on profit/(loss) from ordinary activities at 30%	(48,686)	
Add tax effect of:		
- Non-deductible expenses	(900)	
Tax losses not brought to account	49,586	
Income tax expense on operating profit/(loss)	<u>-</u>	<u>-</u>
Future income tax benefit carried forward	<u>49,586</u>	
Future income benefit arising from tax losses are not recognised at reporting date as realisation of the benefit is not regarded as virtually certain.		

5. Cash assets

Cash at bank	280,244	-
Cash on hand	<u>463</u>	<u>-</u>
	<u>280,707</u>	<u>-</u>

6. Receivables

Trade receivables	446	
Prepayments	25,609	
	<u>26,055</u>	<u>-</u>

7. Property, plant and equipment

<i>Office furniture and equipment</i>		
At cost	38,305	-
Less accumulated depreciation	<u>(832)</u>	<u>-</u>
	<u>37,473</u>	<u>-</u>
<i>Leasehold improvements</i>		
At cost	184,824	-
Less accumulated depreciation	<u>(2,354)</u>	<u>-</u>
	<u>182,470</u>	<u>-</u>
Total written down amount	<u>219,943</u>	<u>-</u>

Statement of Financial Statements for the year ending 30 June 2005

7. Property, plant and equipment (continued)

Movements in carrying amounts:

Office furniture and equipment

Carrying amount at beginning	-	
Additions	38,305	
Disposals	-	
Less: depreciation expense	(832)	
Carrying amount at end	<u>37,473</u>	<u>-</u>

Leasehold improvements

Carrying amount at beginning	-	
Additions	184,824	
Disposals	-	
Less: depreciation expense	(2,354)	
Carrying amount at end	<u>182,470</u>	<u>-</u>

8. Intangible assets

Franchise Fee		
At cost	60,000	
Less: accumulated amortisation	(3,000)	
	<u>57,000</u>	<u>-</u>

9. Payables

Trade Creditors	13,441	
Other creditors & accruals	10,000	
	<u>23,441</u>	<u>-</u>

10. Provisions

Employee provisions	<u>10,443</u>	<u>-</u>
Number of employees at year end	<u>5</u>	<u>-</u>

11. Contributed equity

746,711 Ordinary shares fully paid of \$1 each	746,711	-
Less preliminary expenses	(34,607)	-
	<u>712,104</u>	<u>-</u>

12. Retained Earnings / Accumulated Losses

Balance at the beginning of the financial year	-	-
Net profit/(loss) from ordinary activities after income tax	(162,285)	-
Dividends Paid	-	-
Balance at the end of the financial year	<u>(162,285)</u>	<u>-</u>

Statement of Financial Statements for the year ending 30 June 2005

13. Statement of cashflows

(a) Reconciliation of cash

Cash at bank and on hand
Bank overdraft

\$	\$
280,707	-
-	-
<u>280,707</u>	<u>-</u>

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

Profit/(Loss) from ordinary activities after income tax

(162,285) -

Non cash items:

- depreciation

3,186 -

- amortisation

3,000 -

Changes in assets and liabilities:

- (increase)/decrease in receivables

(26,055) -

- (increase)/decrease in other assets

- -

- increase/(decrease) in payables

33,884 -

Net cashflows provided by/(used in) operating activities

(148,269) -

14. Auditors' remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit & review services

2,000

- other services in relation to the company

3,140

5,140

-

15. Director and Related party disclosures

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

Lynn Maree Berry

John Ernest Byfield

Peter John Hale

Donald Ernest Leggett

Peter John Fordham Mote

Ronald Richard Sinclair (resigned 4/3/05)

David George Steele

Simon Della Vedova

Matthew Donald Wales

Brian George Wright

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

Lynn Maree Berry

2005

2004

1,001

-

John Ernest Byfield

501

-

Peter John Hale

501

-

Donald Ernest Leggett

5,001

-

Peter John Fordham Mote

5,001

-

Ronald Richard Sinclair (resigned 4/3/05)

1

-

David George Steele

1,001

-

Simon Della Vedova

3,001

-

Matthew Wales

5,001

Brian Wright

1,001

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

Statement of Financial Statements *for the year ending 30 June 2005*

16. Earnings per Share

Earnings/(Losses) per share for the financial year were:

	C	C
	(0.22)	-

17. International Financial Reporting Standards - Impact of adopting Australian equivalents to IFRS

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2005.

The Company has established a project team to manage the transition to AIFRS, including training of staff and internal control changes necessary to gather all the required financial information.
The transition is currently on schedule.

In the Company's opinion, no material impacts are expected in relation to the financial report for the year ended 30 June 2005. There are no impacts to be disclosed.

Impact on the statements of financial performance

Nil

Impact on the statements of financial position

Nil

17 (a) Income Tax

Under AASB 112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

17. International Financial Reporting Standards - Impact of adopting Australian equivalents to IFRS (Continued...)

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

If the policy required by AASB 112 had been applied during the year ended 30 June 2005, there would have been no impact on the value of deferred tax assets or liabilities.

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. 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 Ettalong Beach, NSW.

21. Registered office/Principal place of business

The registered office and principal place of business is: 263-267 Oceanview Road, Ettalong Beach, NSW.

Statement of Financial Statements for the year ending 30 June 2005

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					
	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 %	2004 %
Financial assets												
Cash assets	280,244	-	-	-	-	-	-	-	463	-	2.25	-
Receivables	-	-	-	-	-	-	-	-	26,055	-	-	N/A
Financial liabilities												
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-	-	23,441	-	-	N/A

Director's Declaration

In the Directors opinion:

- (1) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards the Corporations Regulations 2001; and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance as represented by the results of its operations and its cash flows for the financial year ended on that date; and
- (2) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer (and chief financial officer) required by Section 295A of the Corporations Act 2001



David Steele, Chairman



Brian Wright, Director

Signed on 22nd of September 2005.

INDEPENDENT AUDIT REPORT

To the members of Ettalong Beach Financial Services Limited

Scope

We have audited the financial report of Ettalong Beach Financial Services Limited for the financial year ended 30 June 2005 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 Ettalong Beach Financial Services Limited is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2005 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 22 September 2005

22 September 2005

Auditor's Independence Declaration

As lead auditor for the audit of Ettalong Beach Financial Services Limited for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ettalong Beach Financial Services Limited

David Hutchings
Auditor



Andrew Frewin & Stewart
Bendigo
VIC 3550

Notes



Ettalong Beach Financial Services Limited

39 Stewart Street Killcare Heights New South Wales 2257

ACN 110 069 120 Franchisee of Bendigo Bank Limited. Fountain Court, Bendigo, Vic 3550

ABN 11 068 049 178 AFSL 237879