

**East Ivanhoe**  
**Community Corporation Limited**

**Financial Statements**

**as at**

**30 June 2008**

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Directors' Report**

Your Directors submit the financial report of the company for the financial year ended 30 June 2008.

**Directors**

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

**Nancy Louise Caple**

Chairman  
Retailer

**Graham Peter Norman**

Treasurer  
Chartered Accountant

**John Kenneth Nelson**

Secretary  
Chartered Accountant

**Evelyn Stagg**

Director  
Teacher

**Alexander Aaron Harris**

Director  
Building Contractor

**Cameron David Bragg**

Director  
Manager

**Catherine Richmond**

Director  
Lecturer

**Paul Anthony Gittings**

Director (*Appointed 5 May 2008*)  
Retired Real Estate Agent

**Peter Moloney**

Director (*Resigned 13 November 2007*)  
Barrister

**Deborah Judith Edgley**

Director (*Resigned 25 February 2008*)  
Home Duties

**Gabrielle Eve Reardon**

Director (*Resigned 5 February 2008*)  
Teacher

Directors were in office for this entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the company.

**Company Secretary**

The company secretary is John Kenneth Nelson. John was appointed to the position of secretary on 1 August 2007, replacing Gabrielle E Reardon. John is a Chartered Accountant and has 35 years experience in industry accounting. He has had extensive corporate secretariate knowledge including previously performing the role as Company Secretary for a public company.

**Principal activities**

The principal activities of the company during the course of the financial year were in facilitating 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 of the company for the financial year after provision for income tax was:

Year ended 30 June 2008	Year ended 30 June 2007
\$	\$
194,740	192,202

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Directors' Report**

<b>Dividends</b>	<b>Year Ended 30 June 2008</b>	
	<b><u>Cents</u></b>	<b><u>\$</u></b>
Final dividends declared and provided for in accounts:		
- Franked dividend to be paid from 2008 profits	13	62,083
Dividends paid in the year from 2007 profits as recommended in last year's report:		
- Franked dividend	13	62,083

**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.

**Matters subsequent to the end of the financial year**

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 facilitating 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 except as disclosed in note 21 to the financial statements. 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 Manager 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.

**Proceedings on Behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

**Corporate Governance**

The company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit committee. Members of the audit committee are Graeme Norman (Convenor) John Nelson and Nancy Caple.
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Directors' Report**

**Remuneration Report**

This report details the nature and amount of remuneration for each director of East Ivanhoe Community Corporation Limited, and for the executives receiving the highest remuneration.

**Remuneration Policy**

**Directors**

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.

**Key Management Personnel Remuneration Policy**

Key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation and performance incentives.

Key management personnel also receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

Key management personnel compensation is disclosed in Note 20 to the financial statements.

**Directors Meetings**


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


	Number of Board Meetings	
	<u>eligible to attend</u>	<u>Number attended</u>
Nancy Louise Caple	11	10
Graham Peter Norman	11	8
John Kenneth Nelson	11	11
Evelyn Stagg	11	8
Alexander Aaron Harris	11	9
Cameron David Bragg	11	10
Catherine Richmond	11	8
Paul Anthony Gittings ( <i>Appointed 5 May 2008</i> )	2	1
Deborah Judith Edgley ( <i>Resigned 25 February 2008</i> )	6	-
Peter Moloney ( <i>Resigned 13 November 2007</i> )	4	3
Gabrielle Eve Reardon ( <i>Resigned 5 February 2008</i> )	6	3

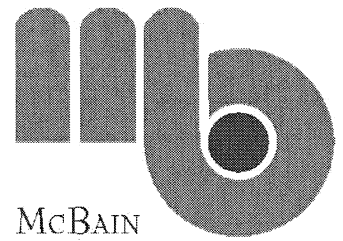
**Auditors' independence declaration**

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Board of Directors at East Ivanhoe, Victoria on 11 September 2008.

  
Nancy Louise Caple, Chairman

  
Graham Peter Norman, Secretary  
DIRECTOR.



McBAIN

McCartin & Co

Chartered Accountants  
Audit & Assurance Services

Po Box 82 Balwyn  
Victoria, Australia 3103

ABN 26 028 714 960

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF EAST IVANHOE COMMUNITY CORPORATION LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

1. no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

**David W McBain FCA  
Partner**

**McBain McCartin & Co**

Dated this 11<sup>th</sup> day of September 2008

123 Whitehorse Rd  
BALWYN VIC 3103

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Income Statement**  
**for the year ended 30 June 2008**

	<u>Notes</u>	2008 \$	2007 \$
Revenues from ordinary activities	3	1,125,559	956,889
Salaries and employee benefits expense		(366,417)	(323,040)
Advertising and promotion expenses		(207,116)	(134,846)
Occupancy and associated costs	4	(86,468)	(69,805)
Systems costs		(26,634)	(21,945)
Depreciation and amortisation expense	4	(12,516)	(11,970)
General administration expenses	4	(145,170)	(120,810)
<b>Profit before income tax expense</b>		<b>281,238</b>	<b>274,473</b>
Income tax expense	5	(86,498)	(82,271)
<b>Profit for the period</b>		<b>194,740</b>	<b>192,202</b>
<b>Profit attributable to members of the entity</b>		<b>194,740</b>	<b>192,202</b>
<b>Earnings per share (cents per share)</b>		<u>c</u>	<u>c</u>
- basic earnings per share	24	40.78	40.20
- diluted earnings per share	24	40.78	40.20
- dividends per share	23	26	10

The accompanying notes form part of these financial statements

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Balance Sheet**  
**as at 30 June 2008**

	<u>Notes</u>	2008 \$	2007 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash assets	6	194,870	576,197
Current tax assets	7	2,128	-
Trade and other receivables	8	122,379	119,015
<b>Total Current Assets</b>		<b><u>319,377</u></b>	<b><u>695,212</u></b>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	1,189,994	67,537
Intangible assets	10	5,833	7,833
Deferred tax assets	11	10,593	9,348
<b>Total Non-Current Assets</b>		<b><u>1,206,420</u></b>	<b><u>84,718</u></b>
<b>Total Assets</b>		<b><u>1,525,797</u></b>	<b><u>779,930</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	55,785	33,764
Borrowings	13	5,332	-
Current tax liabilities	14	-	22,960
Provisions	15	77,331	16,349
<b>Total Current Liabilities</b>		<b><u>138,448</u></b>	<b><u>73,073</u></b>
<b>Non-Current Liabilities</b>			
Provisions	15	20,065	14,815
Borrowings	13	604,668	-
<b>Total Non-Current Liabilities</b>		<b><u>624,733</u></b>	<b><u>14,815</u></b>
<b>Total Liabilities</b>		<b><u>763,181</u></b>	<b><u>87,888</u></b>
<b>Net Assets</b>		<b><u>762,616</u></b>	<b><u>692,042</u></b>
<b>Equity</b>			
Issued capital	15	473,010	473,010
Retained profits	16	289,606	219,032
<b>Total Equity</b>		<b><u>762,616</u></b>	<b><u>692,042</u></b>

The accompanying notes form part of these financial statements

**East Ivanhoe Community Corporation Limited**

**ABN 62 095 312 744**

**Statement of changes in equity  
for the year ended 30 June 2008**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Total equity at the beginning of the period	692,042	547,596
Net profit for the period	194,740	192,202
Net income/expense recognised directly in equity	-	-
Dividends provided for or paid	(124,166)	(47,756)
Shares issued during period	-	-
Total equity at the end of the period	<u><b>762,616</b></u>	<u><b>692,042</b></u>

The accompanying notes form part of these financial statements



**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 612 744**  
**Statement of Cashflows**  
**for the year ended 30 June 2008**

	<u>Notes</u>	2008 \$	2007 \$
<b>Cash Flows From Operating Activities</b>			
Receipts from customers		1,083,232	1,007,988
Payments to suppliers and employees		(784,600)	(748,122)
Interest expense		(14,416)	-
Interest received		32,344	29,529
Income taxes paid		(112,831)	(49,936)
<b>Net cash provided by operating activities</b>	17	<u>203,729</u>	<u>239,459</u>
<b>Cash Flows From Investing Activities</b>			
Payments for property, plant and equipment		(1,132,973)	(5,806)
<b>Net cash used in investing activities</b>		<u>(1,132,973)</u>	<u>(5,806)</u>
<b>Cash Flows From Financing Activities</b>			
Proceeds from borrowings		610,000	-
Repayment of borrowings		-	(3,140)
Dividends paid		(62,083)	(47,756)
<b>Net cash provided by/(used in) financing activities</b>		<u>547,917</u>	<u>(50,896)</u>
<b>Net increase/(decrease) in cash held</b>		(381,327)	182,757
Cash at the beginning of the financial year		576,197	393,440
<b>Cash at the end of the financial year</b>	6(a)	<u><u>194,870</u></u>	<u><u>576,197</u></u>

The accompanying notes form part of these financial statements

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**1. Summary of significant accounting policies**

**Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

The financial report covers East Ivanhoe Community Corporation Limited as an individual entity. East Ivanhoe Community Corporations Limited is a company limited by shares, incorporated and domiciled in Australia.

East Ivanhoe Community Corporation Ltd shares are publicly traded on the Bendigo Stock Exchange.

*Compliance with IFRS*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

*Historical cost convention*

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

**Revenue**

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

**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 for the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the 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 operation cash flows.

**Income tax**

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

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

**Income tax (continued)**

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

**Employee entitlements**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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**

Cash and cash equivalents include cash on hand and deposits held at call with banks.

**Comparative figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

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

**Property, plant and equipment**

Freehold land and buildings are shown at cost. Buildings are shown at cost less subsequent depreciation for buildings.

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a diminishing value basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the diminishing value method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- buildings	40 years
- leasehold improvements	40 years
- plant and equipment	2.5 - 13 years

**Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Payment terms**

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

**Trade 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.

**Borrowings**

All loans are initially 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 Equity**

Ordinary shares are 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.

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

### **Earnings per Share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

### **Authorised for Issue**

The financial report was authorised for issue on 9 September 2008 by the Board of Directors.

## **2. Financial Risk Management**

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

#### **(i) Market Risk**

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

#### **(ii) Price Risk**

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

#### **(iii) Credit Risk**

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank Limited.

#### **(iv) Liquidity Risk**

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

#### **(v) Cash flow and fair value interest rate risk**

Interest-bearing assets are held with Bendigo Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

### **Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

### **Receivables and Payables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

### **Financial Liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

### **Interest Bearing Liabilities**

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>3. Revenue from ordinary activities</b>		
Operating activities:		
- services commissions	1,082,131	925,121
- other revenue	-	-
Total revenue from operating activities	<u>1,082,131</u>	<u>925,121</u>
Non-operating activities:		
- interest received	36,208	31,768
- rental revenue	7,220	-
Total revenue from non-operating activities	<u>43,428</u>	<u>31,768</u>
Total revenues from ordinary activities	<u><u>1,125,559</u></u>	<u><u>956,889</u></u>
<b>4. Expenses</b>		
Depreciation of non-current assets:		
- plant and equipment	10,516	9,970
- leasehold improvements	-	-
Amortisation of non-current assets:		
- franchise agreement	2,000	2,000
	<u>12,516</u>	<u>11,970</u>
Finance costs:		
- interest paid	<u>14,416</u>	<u>-</u>
Bad debts	<u>6</u>	<u>3,395</u>
Rental expense on operating leases - minimum lease payments	<u><u>66,119</u></u>	<u><u>51,637</u></u>
<b>5. Income tax expense</b>		
(a) The component of tax expense comprise:		
Current tax	87,743	83,993
Deferred tax	(1,245)	(1,722)
	<u>86,498</u>	<u>82,271</u>
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Operating profit	281,238	274,473
Prima facie tax on profit from ordinary activities at 30%	84,371	82,342
Add tax effect of:		
- non-deductible expenses	600	600
- non-assessable income	1,527	(671)
Income tax expense on operating profit	<u>86,498</u>	<u>82,271</u>
<b>6. Cash assets</b>		
Cash at bank and on hand	29,197	12,104
Term Deposits	165,673	564,093
	<u>194,870</u>	<u>576,197</u>
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:		
<b>6(a) Reconciliation of cash</b>		
Cash at bank and on hand	29,197	12,104
Term deposit	165,673	564,093
	<u>194,870</u>	<u>576,197</u>

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>7. Current tax assets</b>		
Current tax refundable	<u>2,128</u>	<u>-</u>
<b>8. Trade and other receivables</b>		
Trade receivables	91,515	76,596
Debtors & prepaid expenses	30,864	42,419
	<u>122,379</u>	<u>119,015</u>
<b>9. Property, plant and equipment</b>		
<i>Plant and equipment</i>		
At cost	178,422	161,450
Less accumulated depreciation	(99,536)	(93,913)
	<u>78,886</u>	<u>67,537</u>
<i>Land &amp; buildings</i>		
At cost	1,111,108	-
Less accumulated depreciation	-	-
	<u>1,111,108</u>	<u>-</u>
Total written down amount	<u>1,189,994</u>	<u>67,537</u>
<b>Movements in carrying amounts:</b>		
<i>Plant and equipment</i>		
Carrying amount at beginning	67,537	71,701
Additions	23,199	5,806
Disposals	(1,334)	-
Less: depreciation expense	(10,516)	(9,970)
Carrying amount at end	<u>78,886</u>	<u>67,537</u>
<i>Land &amp; buildings</i>		
Carrying amount at beginning	-	-
Additions	1,111,108	-
Disposals	-	-
Less: depreciation expense	-	-
Carrying amount at end	<u>1,111,108</u>	<u>-</u>
Total written down amount	<u>1,189,994</u>	<u>67,537</u>
<p>The entity purchased 223-225 Lower Heidelberg Road, Ivanhoe East on 28 March 2008. The cost of land and buildings has not been split at reporting date and the entity is in the process of obtaining a valuation. Borrowing costs have been capitalised and depreciation expense has been assessed as immaterial for current year.</p>		
<b>10. Intangible assets</b>		
<i>Franchise Fee</i>		
At cost	10,000	10,000
Less: accumulated amortisation	(4,167)	(2,167)
	<u>5,833</u>	<u>7,833</u>
<b>11. Deferred Tax</b>		
Opening balance	9,348	7,626
Recognition of provisions (see Note 4)	1,245	1,722
Closing balance	<u>10,593</u>	<u>9,348</u>

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>12. Trade and other payables</b>		
Trade Creditors	49,263	33,764
Other creditors & accruals	6,522	-
	<u>55,785</u>	<u>33,764</u>
<b>13. Borrowings</b>		
<i>Current:</i>		
Mortgage loan	<u>5,332</u>	<u>-</u>
<i>Non-current:</i>		
Mortgage loan	<u>604,668</u>	<u>-</u>
Bank loans are repayable monthly with the final instalment due on 28 April 2023. Interest is recognised at an average rate of 9.4%. The mortgage loan is secured over the premises and is interest only for the first twelve months (28 April 2009).		
<b>14. Current tax liability</b>		
Current tax payable	<u>-</u>	<u>22,960</u>
<b>15. Provisions</b>		
<i>Current:</i>		
Provision for annual leave	15,248	16,349
Provision for dividend	62,083	-
	<u>77,331</u>	<u>16,349</u>
<i>Non-current:</i>		
Provision for long service leave	<u>20,065</u>	<u>14,815</u>
Number of employees at year end	<u>6</u>	<u>6</u>
<b>16. Contributed equity</b>		
477,560 Ordinary shares fully paid of \$1 each (2007: 477,560)	<u>473,010</u>	<u>473,010</u>
<b>17. Retained earnings</b>		
Balance at the beginning of the financial year	219,032	74,586
Net profit from ordinary activities after income tax	194,740	192,202
Dividends	(124,166)	(47,756)
Balance at the end of the financial year	<u>289,606</u>	<u>219,032</u>



**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**18. Statement of cashflows**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<i>Reconciliation of loss from ordinary activities after tax to net cash provided by operating activities</i>		
Profit from ordinary activities after income tax	194,740	192,202
Non cash items:		
- depreciation	10,516	9,970
- amortisation	2,000	2,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(3,364)	(972)
- (increase)/decrease in other assets	-	34,057
- (increase)/decrease in deferred tax asset	(3,373)	(1,722)
- increase/(decrease) in payables	(939)	(1,818)
- increase/(decrease) in provisions	4,149	5,742
Net cashflows provided by operating activities	<u>203,729</u>	<u>239,459</u>

**19. Auditors' remuneration**

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

- audit & review services	9,500	8,150
- non audit services	-	-
	<u>9,500</u>	<u>8,150</u>

**20. Key management personnel compensation**

Branch Manager

Short Term Benefits		
Salary and fees	50,934	53,909
Post Employment Benefits		
Superannuation	51,050	46,064
Total Compensation	<u>101,984</u>	<u>99,973</u>

**21. Director and Related party disclosures**

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

Nancy Louise Caple  
Graham Peter Norman  
John Kenneth Nelson  
Evelyn Stagg  
Alexander Aaron Harris  
Cameron David Bragg  
Catherine Richmond  
Paul Anthony Gittings (*Appointed 5 May 2008*)  
Deborah Judith Edgley (*Resigned 25 February 2008*)  
Peter Moloney (*Resigned 13 November 2007*)  
Gabrielle Eve Reardon (*Resigned 5 February 2008*)

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.

East Ivanhoe Community Corporation Limited  
ABN 62 095 312 744  
Notes to the Financial Statements  
for the year ended 30 June 2008

**21. Director and Related party disclosures (continued)**

<b>Directors shareholdings</b>	<b>2008</b>	<b>2007</b>
Nancy Louise Caple	5,251	5,251
Graham Peter Norman	14,751	12,751
John Kenneth Nelson	500	500
Evelyn Stagg	1,000	1,000
Alexander Aaron Harris	5,251	5,251
Cameron David Bragg	500	500
Catherine Richmond	-	-
Paul Anthony Gittings ( <i>Appointed 5 May 2008</i> )	-	-
Deborah Judith Edgley ( <i>Resigned 25 February 2008</i> )	-	-
Peter Moloney ( <i>Resigned 13 November 2007</i> )	-	-
Gabrielle Eve Reardon ( <i>Resigned 5 February 2008</i> )	-	-

Each share held is valued at \$1.

**22. Capital and leasing commitments**

**a. Operating Lease Commitments**

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments

not later than 12 months

between 12 months and five years

65,769	50,895
115,096	147,817
<u>180,865</u>	<u>198,712</u>

**b. Capital Expenditure Commitments**

There were no capital commitments as at 30 June 2008.

**23. Dividends paid or provided**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>a. Dividends paid during the year</b>		
Prior year proposed final		
100% (2007: 100%) franked dividend - 13 cents (2007: 10 cents) per share	<u>62,083</u>	<u>47,756</u>
<b>b. Dividends proposed and not recognised as a liability</b>		
Nil% (2007: 100%) franked dividend - Nil cents (2007: 13 cents) per share	<u>-</u>	<u>47,756</u>
<b>c. Dividends proposed and recognised as a liability</b>		
100% (2007: Nil%) franked dividend - 13 cents (2007: Nil cents) per share	<u>62,083</u>	<u>-</u>

The tax rate at which dividends have been franked is 30% (2007: 30%).

Dividends proposed will be franked at a rate of Nil% (2007: 30%).

**d. Franking credit balance**

Balance of franking account at year end adjusted for franking credits arising from:

- payment of provision for income tax

143,504 117,966

Subsequent to year-end, the franking account would be reduced by the proposed dividend reflected per (a) as follows:

(26,607) (38,218)

116,897 79,748

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

<b>24. Earnings per share</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	194,740	192,202
	<b><u>2008</u></b>	<b><u>2007</u></b>
	<b><u>Number</u></b>	<b><u>Number</u></b>
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	477,560	477,560

**25. New accounting standards and interpretations**

There is no direct impact on the entity's financial statements for the year ended 30 June 2008 arising from accounting standards issued but not effective at the reporting date.

**26. Events occurring after the balance sheet date**

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

**27. Contingent liabilities**

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

**28. Segment reporting**

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being the East Ivanhoe suburb of Melbourne, Victoria.

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

The registered office and principal place of business is:

**Registered office**  
235 Lower Heidelberg Road  
Ivanhoe East VIC 3079

**Principal place of business**  
235 Lower Heidelberg Road  
Ivanhoe East VIC 3079

### 30. Financial Instruments

#### Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The company does not have any unrecognised financial instruments at 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 Income Statement 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					
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	2008 %	2007 %
Financial assets												
Cash assets	29,198	12,103	-	-	-	-	-	-	-	-	6.41	4.50
Term deposits	165,673	564,093	-	-	-	-	-	-	-	-	7.39	6.20
Receivables	-	-	-	-	-	-	-	-	122,379	76,596	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	5,332	-	-	137,609	-	-	467,059	-	9.4	N/A
Payables	-	-	-	-	-	-	-	-	55,785	33,764	N/A	N/A

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Directors' Declaration**


In accordance with a resolution of the directors of East Ivanhoe Community Corporation Limited, we state that:

In the opinion of the directors:

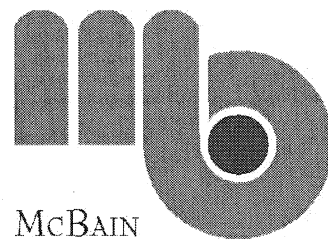
- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; 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.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the *Corporations Regulations 2001*.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the *Corporations Act*.

This declaration is made in accordance with a resolution of the Board of Directors.

  
\_\_\_\_\_  
Nancy Louise Caple, Chairman  
\_\_\_\_\_  
Graham Peter Norman, Secretary  
DIRECTOR.

Signed on the 11th of September 2008.



McBAIN

McCartin & Co

Chartered Accountants  
Audit & Assurance Services

Po Box 82 Balwyn  
Victoria, Australia 3103

ABN 26 028 714 960

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
EAST IVANHOE COMMUNITY CORPORATION  
LIMITED**

ACN 095 312 744

**Report on the financial report**

We have audited the accompanying financial report of East Ivanhoe Community Corporation Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: "Presentation of Financial Statements", that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

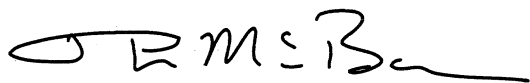
**Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of East Ivanhoe Community Corporation Limited has not changed as at the date of providing our audit opinion.

**Auditor's Opinion**

In our opinion,

- 1) the financial report of East Ivanhoe Community Corporation Limited is in accordance with the *Corporations Act 2001*, including:
  - a) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
  - b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- 2) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



David W McBain FCA  
Partner



McBain McCartin & Co

Dated this 11<sup>th</sup> day of September 2008

123 Whitehorse Rd  
BALWYN VIC 3103