

**GOODWOOD / HIGHGATE COMMUNITY
FINANCIAL SERVICES LIMITED
ABN 54 112 676 294
Financial Report for the year ended 30 June 2007**

C O N T E N T S

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*This is annexure A of 30 pages referred
to in Form 388: Copy of financial
statements and reports*


Director

Dated this 28th day of September 2007

GOODWOOD / HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

Your Directors present their report together with the financial report of the Company for the year ended 30 June 2007.

Directors

The names of Directors in office at any time during or since the end of the year are:

Pantaleo (Lee) Amato – (Retired 11/12/2006)

Occupation: Pharmacist

Background information: Operator of Goodwood Central Pharmacy. Accredited by the Australian Association of Consultant Pharmacy since 1998. SA branch committee member of Pharmacy Guild of Australia.

Robert Anthony Barnden – (Retired 11/12/2006)

Occupation: Owner / Manager Liquor store

Background information: Owner/operator of Cellarbrations at Fullarton. Served 22 years with the Reserve Bank. Member of various sporting Boards.

Leslie Ronald Birch

Occupation: Union official

Background information: Vice President of the Australian Workers Union as well as Industrial Officer for the Australian Railways Union. Served as a Board member of the Workcover Corporation. Member of various council committees.

Ken James Bridge

Occupation: Part-time University researcher

Background information: Semi-retired academic, teaching and researching for three universities. Facilitated a community development project in a Housing Trust suburb. Involved in local community campaigns in Goodwood.

Pamela Anne Dale

Occupation: Community Centre Coordinator

Background information: Employee of Goodwood Community Services Inc for the past 20 years, Co-publisher Darwin community newspaper, Tourist Resort Manager, Diploma in Community Service Management.

Graham Ralph Pitman

Occupation: Retired banker

Background information: Former Manager BankSA Highgate, Treasurer Theatre Organ Society of Australia, Owner/operator Capri Cinema Goodwood.

Susan Patricia Straschko

Occupation: Pharmacy co-owner

Background information: Owner/operator Highgate Pharmacy and Newsagent. Member Highgate Village Traders Association. Represents Association on the Unley Street Life Trust.

GOODWOOD / HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

Ian Robert Telfer

Occupation: Building contractor

Background information: Manages small construction company, Accreditation as an International BMX Official.

Richard Everritt Thorne – (Retired 28/03/2007)

Occupation: Retired Businessman

Background information: Experience in Real Estate, manufacturing and retailing.

Kathleen Mary Truran – (Retired 11/12/2006)

Occupation: University teacher

Background information: Lecturer in Mathematics Education Uni of SA, Coordinator International Stochastics Research Group 1988-2001. Committee St Johns Shelter for Young Men.

Anthony Lapidge

Occupation: Wholesale Distributor

Background information: Anthony has been an Industrial Designer and for the past 14 years a Director in a family business supplying to the picture framing, interior design and tourist industry in SA and NT. Anthony is in his third term as a Councillor for the City of Unley.

Jenny Panagaris – (Retired 11/12/2006)

Occupation: Local Government Councillor/Home Duties

Background information: Jenny has psychology/research qualifications with 12 years experience as a vocational counsellor for people with disabilities, as a social researcher in the health field and projects Officer in a medical research unit and has owned a small wholesale aromatherapy business for a number of years. She is a local government councillor with Unley Council.

Paula Stacey-Thomas – (Appointed 28/02/2007)

Occupation: Physiotherapist

Rufus Luke Salaman – (Appointed 28/02/2007)

Occupation: Building Inspector

Simon Phillip Wood – (Appointed 28/02/2007)

Occupation: Co-owner Shoex Goodwood

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

GOODWOOD / HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

Directors meetings attended

During the financial year, 11 meetings of Directors were held. Attendances by each Director during the year were as follows:

Names of Directors	Directors' Meetings	
	Number eligible to attend	Number attended
Robert Barnden	3	3
Kathleen Truran	3	3
Pantaleo Amato	3	3
Les Birch	11	8
Ken Bridge	11	9
Pam Dale	11	8
Graham Pitman	11	11
Susan Straschko	11	9
Ian Telfer	11	11
Richard Thorne	6	5
Anthony Lapidge	11	10
Jenny Panagaris	3	0
Paula Stacey-Thomas	6	5
Rufus Salaman	6	6
Simon Wood	6	5

Principal activity and review of operations

The principal activity and focus of the Company's operations during the year was the operation of a Branch of Bendigo Bank, pursuant to a franchise agreement.

Operating results

The loss of the Company after providing for income tax amounted to \$191,187

Dividends paid or recommended

The company did not pay or declare a dividend during the financial period.

Significant changes in 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 these financial statements.

After balance date events

No matters or circumstances have arisen since the end of the financial year that 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 financial years.

GOODWOOD / HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

REMUNERATION REPORT

Remuneration policy

All directors of the company are on a voluntary basis therefore no remuneration policy is currently relevant.

The remuneration package of the bank manager is done on an annual basis and is endorsed by the Board.

Remuneration packages are reviewed with due regard to performance and other relevant factors.

Details of remuneration for year ended 30 June 2007

Details of the nature and amount of each element of the emolument of the bank managers of the Company receiving the highest emolument for the financial period are as follows:

Remuneration packages may contain the following key elements:

(a) primary salary

(b) post employment benefits including superannuation

	Salary, Fees and Commissions	Superannuation Contribution	Cash Bonus	Non-cash Benefits	Total
	\$	\$	\$	\$	\$
<i>Annette Seeliger</i>	61,425	5,528			66,953
	61,425	5,528	-	-	66,953

Details of remuneration for year ended 30 June 2006

	Salary, Fees and Commissions	Superannuation Contribution	Cash Bonus	Non-cash Benefits	Total
	\$	\$	\$	\$	\$
<i>Annette Seeliger</i>	12,062	1,086			13,148
<i>Anthony Conroy</i>	49,859	4,487			54,346
	61,921	5,573	-	-	67,494

GOODWOOD / HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

Employment contracts of bank manager

The employment conditions of the bank manager are formalised in contracts of employment. The bank manager is a permanent employee of the company.

The employment contracts stipulate a range of one to four week resignation periods.

In the instance of serious misconduct the Company can terminate employment at any time.

Options

No options over issued shares or interests in the Company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

Indemnifying officers or auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an officer, but not an auditor, of the Company. The insurance contract prohibits disclosure of any details of the cover.

Share options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Environmental issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory.

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.

GOODWOOD / HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

Non-audit Services

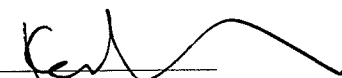
The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2002. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2007:

Other services:	\$2,475
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Signed in accordance with a resolution of the Board of Directors


Director

Dated this 28th day of September 2007

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS
GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

David Wall

DAVID WALL
Partner

Perth, WA

Date: **28 SEPTEMBER 2007**

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Major Offices in:
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Chartered Accountants

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Goodwood/Highgate Community Financial Services Limited (the company), which comprises the balance sheet as at 30 June 2007, 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.

We have also audited the remuneration disclosure contained in the directors' report. As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Report' in the directors' report and not in the financial report.

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.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

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. Our responsibility is to also express an opinion on the remuneration declarations contained in the directors' report based on our audit.

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 and the remuneration disclosures contained in the directors' report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion on the Financial Report

In our opinion:

- a. the financial report of Goodwood/Highgate Community Financial Services Limited is 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 2007 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Auditor's Opinion on the AASB 124 Remuneration Disclosures Contained in the Directors' Report

In our opinion the remuneration disclosures that are contained in the directors' report comply with Accounting Standards AASB 124

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

David Wall

DAVID WALL
Partner

Perth, WA

Date: **28 SEPTEMBER 2007**

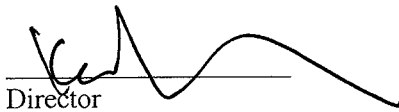
GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the Company.
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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


Director

Dated this 28th day of September 2007

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

INCOME STATEMENT

For the year ended 30 June 2007

	Note	2007 \$	2006 \$
Revenue	2	171,265	79,574
Employee benefits expense		(184,788)	(229,215)
Depreciation and amortisation expense		(24,492)	(5,888)
Finance costs		(130)	(123)
Other expenses	3	<u>(153,042)</u>	<u>(224,791)</u>
Loss before income tax expense		(191,187)	(380,443)
Income tax expense	4	<u>-</u>	<u>-</u>
Loss attributable to members		<u>(191,187)</u>	<u>(380,443)</u>
Overall Operations			
Basic loss per share (cents per share)		(23.3)	(47.4)
Diluted loss per share (cents per share)		(23.3)	(47.4)

The accompanying notes form part of these financial statements

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

BALANCE SHEET

As at 30 June 2007

	Note	2007 \$	2006 \$
CURRENT ASSETS			
Cash and cash equivalents	5	10	138,698
Trade and other receivables	6	-	2,773
Other current assets	7	6,000	18,000
TOTAL CURRENT ASSETS		<u>6,010</u>	<u>159,471</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	229,972	236,463
Intangible assets	9	35,258	52,887
Other non-current assets	7	11,629	-
Deferred tax asset	4	-	-
TOTAL NON-CURRENT ASSETS		<u>276,859</u>	<u>289,350</u>
TOTAL ASSETS		<u>282,869</u>	<u>448,821</u>
CURRENT LIABILITIES			
Trade and other payables	10	7,094	19,796
Financial liabilities	11	31,672	-
Short-term provisions	12	13,042	6,777
TOTAL CURRENT LIABILITIES		<u>51,808</u>	<u>26,573</u>
TOTAL LIABILITIES		<u>51,808</u>	<u>26,573</u>
NET ASSETS		<u>231,061</u>	<u>422,248</u>
EQUITY			
Issued capital	13	802,691	802,691
Accumulated losses		(571,630)	(380,443)
TOTAL EQUITY		<u>231,061</u>	<u>422,248</u>

The accompanying notes form part of these financial statements

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2007

	Share Capital (Ordinary shares) \$	Accumulated losses \$	Total \$
Balance at 1 July 2005	802,691	-	802,691
Loss attributable to the members of the Company	<u>-</u>	<u>(380,443)</u>	<u>(380,443)</u>
Balance at 30 June 2006	<u>802,691</u>	<u>(380,443)</u>	<u>422,248</u>
Balance at 1 July 2006	802,691	(380,443)	422,248
Profit attributable to the members of the Company	<u>-</u>	<u>(191,187)</u>	<u>(191,187)</u>
Balance at 30 June 2007	<u>802,691</u>	<u>(571,630)</u>	<u>231,061</u>

The accompanying notes form part of these financial statements

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

CASH FLOW STATEMENT

For the year ended 30 June 2007

	Note	2007 \$	2006 \$
Cash flows from operating activities			
Receipts from customers		170,855	62,356
Payments to suppliers and employees		(344,397)	(498,443)
Interest Received		3,182	14,446
		<hr/>	<hr/>
Net cash used in operating activities	14(a)	(170,360)	(421,641)
		<hr/>	<hr/>
Cash flows from investing activities			
Payments for plant and equipment		-	(242,352)
		<hr/>	<hr/>
Net cash used in investing activities		-	(242,352)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from borrowings		-	802,691
		<hr/>	<hr/>
Net cash provided by financing activities		-	802,691
		<hr/>	<hr/>
Net increase/(decrease) in cash held		(170,360)	138,698
Cash held at the beginning of the financial year		138,698	-
		<hr/>	<hr/>
Cash held at the end of the financial year	5 / 10	(31,662)	138,698
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

1. Statement of significant accounting policies

Basis of preparation

The financial report has been prepared on a going concern basis after consideration by the Directors of the following matters:

- (i) The Company is budgeting to return a profit for the year ended 30 June 2009; and
- (ii) The Bendigo Bank has confirmed that it will support the Company such that it will be in a position to meet its financial obligations for a period of twelve months from the date of this report.

In consideration of the above matters, the Directors believe that it is appropriate to adopt the going concern basis of accounting in the preparation of this financial report.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Goodwood/Highgate Community Financial Services Limited as an individual entity. Goodwood/Highgate Community Financial Services Limited is a listed public company, incorporated and domiciled in Australia.

The financial report complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

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

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting policies

- (a) Income tax

The change for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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 and comply with the conditions of deductibility imposed by the law.

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic 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 the estimated useful lives of the improvements.

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

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

(d) Financial instruments

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.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

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.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

(f) Intangibles

Franchise fee

The franchise fee paid by the Company pursuant to a Franchise Agreement with Bendigo Bank is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Employee benefits

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.

(h) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(j) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative figures

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

Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2007. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2007 amounting to \$35,258.

The financial report was authorised for issue on 28th September 2007 by the board of directors.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

	2007 \$	2006 \$
2. Revenue		
Franchise margin income	170,856	65,128
Interest revenue from:		
Other parties	409	14,446
	<u>171,265</u>	<u>79,574</u>
3. Expenses		
Rental on operating lease	27,690	31,200
IT leasing and running costs	25,855	14,746
Other operating expenses	98,674	178,845
Bad debts	823	-
	<u>153,042</u>	<u>224,791</u>
Remuneration of the auditor of the Company		
- Audit services	7,499	15,664
- Other services	2,475	16,161

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

4. Income tax expense

No income tax is payable by the Company as it has recouped tax losses previously brought to account for income tax purposes.

	2007	2006
	\$	\$
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax (Note 20)	-	-
	-	-
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2006: 30%)	(57,356)	(114,133)
Add:		
Tax effect of:		
- under-provision for income tax in prior years		
- non-deductible depreciation and amortization	3,600	3,823
- other non-allowable items	4,139	11,504
Less:		
Tax effect of:		
- allowable items	(2,933)	-
- Tax losses not previously brought to account	(52,550)	(98,806)
Income tax attributable to entity	-	-

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

At balance date, the Company had tax losses of \$175,167 (2006: \$380,443) which are available to offset future years' taxable income.

The future income tax benefit of these tax losses is \$151,356 (2006: \$114,133). This benefit has been recognised as an asset in the statement of financial position as there is a high probability of its realisation. It was not brought to account in previous years. The benefits will only be obtained if:

- (a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- (b) the Company continues to comply with the conditions for deductibility imposed by the law; and
- (c) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

	2007 \$	2006 \$
5. Cash and cash equivalents		
Cash at bank and in hand	10	138,698
Short-term bank deposits	<u> </u>	<u> </u>
	10	138,698
	<u> </u>	<u> </u>
6. Trade and other receivables		
Trade debtors	-	2,773
	<u> </u>	<u> </u>
7. Other assets		
Current		
Prepayment	6,000	18,000
	<u> </u>	<u> </u>
Non current		
Prepayment	11,629	-
	<u> </u>	<u> </u>

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

	2007 \$	2006 \$
8. Property, plant and equipment		
Plant and equipment		
Cost	242,352	242,351
Accumulated depreciation	<u>(12,380)</u>	<u>(5,888)</u>
	229,972	236,463
	<hr/>	<hr/>
<i>Movement in carrying amount</i>		
Balance at the beginning of the year	236,463	-
Additions	-	240,450
Depreciation expense	<u>(6,491)</u>	<u>(5,435)</u>
Carrying amount at the end of the year	229,972	235,015
	<hr/>	<hr/>
9. Intangible assets		
Franchise fee		
Cost	60,000	-
Accumulated amortisation	<u>(24,742)</u>	<u>-</u>
	35,258	-
	<hr/>	<hr/>
<p>Pursuant to a five year franchise agreement with Bendigo Bank, the Company operates a branch of Bendigo Bank at Goodwood, trading as "Goodwood Community Branch – Bendigo Bank", providing a core range of banking products and services. The Company entered into the franchise agreement at a cost of \$60,000 in respect of the franchise fee.</p>		
10. Trade and other payables		
Trade creditors and accruals	4,021	21,474
GST payable	<u>3,073</u>	<u>(1,678)</u>
	7,094	19,796
	<hr/>	<hr/>

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

	2007 \$	2006 \$
11. Financial liabilities		
Current		
Bank overdraft	31,672	-
	<u>31,672</u>	<u>-</u>
<i>Security:</i>		
The bank overdraft are secured by a floating charge over the Company's assets.		
12. Provisions		
Provision for employee entitlements	<u>13,042</u>	<u>6,777</u>
Number of employees at year end	5	5
13. Equity		
817,810 ordinary shares fully paid	<u>802,691</u>	<u>802,691</u>

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

	2007	2006
	\$	\$
14. Cash flow information		
(a) Reconciliation of cash flow from operations with loss after tax		
Loss after tax	(191,187)	(380,443)
Depreciation and amortisation	(509)	5,888
Movement in assets and liabilities		
Receivables	2,773	(2,773)
Other assets	(6,671)	(70,887)
Payables	25,235	26,573
	<hr/>	<hr/>
Net cash provided by/(used in) operating activities	(170,359)	(421,642)
	<hr/>	<hr/>
(b) Credit standby arrangements with Bendigo Bank overdraft facility of \$120,000 provided by Bendigo Bank. As at reporting date \$31,672 (2006: NIL) of the facility has been used.		

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

15. Related party transactions

The related parties have not entered into a transaction with the Company during the financial years ended 30 June 2007 and 30 June 2006.

16. Financial instruments

(a) Interest rate risk

	<u>2007</u>					Total
	Rates	Variable	Fixed 1 year	Fixed 1 to 5 years	Non- interest	
Financial Assets						
Cash and cash equivalents	-	-	-	-	10	10
Receivables		-	-	-	-	-
		-	-	-	10	10
Financial Liabilities						
Bank Overdraft	-	31,672	-	-	-	31,672
		31,672	-	-	-	31,672

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

2006

	Rates	Variabl e	Fixed 1 year	1 to 5 years	Non- interest	Total
Financial Assets						
Cash assets	5.5%	33,652	105,036	-	10	138,698
Receivables	-	-	-	-	2,773	2,773
		<u>33,652</u>	<u>105,036</u>	<u>-</u>	<u>2,783</u>	<u>141,471</u>

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

(c) Net fair values

The net fair value of financial assets and liabilities of the Company approximates their carrying amount.

The Company has no financial assets and liabilities where the carrying amount exceeds the net fair value at balance date.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

17. Segment reporting

The Company operates in the financial services sector as a branch of Bendigo Bank in South Australia.

18. Events after the balance sheet date

No matters or circumstances have arisen since the end of the financial year that 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 subsequent financial years.

19. Contingent liabilities

There were no contingent liabilities at the reporting date.

20. Tax

Deferred Tax Assets

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(a) occur:

— provisions	3,913	1,710
— tax losses: operating losses	151,356	114,133
	<u>155,269</u>	<u>115,843</u>

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

21. Changes in accounting policy

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2005-10: Amendments to Australian Accounting Standards	AASB 1: First time adoption of AIFRS	The disclosure requirements of AASB 132: Financial Instruments: Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial Instruments: Disclosures in August 2005. These amendments will involve changes to financial instrument disclosures within the financial report. However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard.	1 Jan 2007	1 July 2007
	AASB 4: Insurance Contracts			
	AASB 101: Presentation of Financial Statements			
	AASB 114: Segment Reporting			
	AASB 117: Leases			
	AASB 133: Earnings per Share			
	AASB 1023: General Insurance Contracts			
AASB 7: Financial Instruments: Disclosures	AASB 1038: Life Insurance Contracts	As above	1 Jan 2007	1 July 2007
	AASB 139: Financial Instruments: Recognition and Measurement			
	AASB 132: Financial Instruments: Disclosure and Presentation			

22. Company details

The registered office and principal place of business of the Company is:

Level 4, 191 Pulteney Street
Adelaide SA 5000